BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION )
OF DELMARVA POWER & LIGHT  )   DOCKET NO. 12-546
COMPANY FOR AN INCREASE IN  )
GAS BASE RATES               )

DIRECT
TESTIMONY
OF
MICHAEL J. MCGARRY, SR.
ON BEHALF OF THE
COMMISSION STAFF
DELaware public service commission

JUNE 3, 2013
Q: Please state your name, position, and business address.
A: My name is Michael J. McGarry, Sr. I am President and CEO of Blue Ridge Consulting Services, Inc. My business address is 2131 Woodruff Road, Suite 2100, PMB 309, Greenville, SC 29607.

Q: Please state your experience and educational background.
A: I have been President and CEO of Blue Ridge Consulting Services, Inc. since 2004. In my career, I have overseen or been part of numerous rate cases (electric, gas and water) rate case audits, prudency reviews, and management and operational audits. I have worked with clients to manage various aspects of the regulatory and rate case process; prepared supporting analyses and testimony for submission to regulatory bodies; prepared revenue requirement and cost of service analyses; and developed complex revenue requirement models to present alternative positions to a utility’s proposed rate request. Prior to assuming my present position, I was Vice President of East Coast Operations from July 2003 to June 2004 with Hawks, Giffels & Pullin (HGP), Inc. In that position, I was responsible for developing and overseeing client engagements in utility regulatory affairs, management audits, and rate case management. From August 2001 to July 2003, I was an independent consultant working on a number of different projects, including a renewal/update of delivery service tariffs for Illinois Power and several utility street lighting cost benefit assessment projects. From June 2000 until August 2001, I was a senior consultant with Denali Consulting, Inc., a utility supply chain and e-procurement strategy and implementation firm. From October 1997 through June 2000, I was employed by Navigant Consulting, Inc. and several of its predecessors or acquired firms working
on a number of different projects, including a management audit of Southern Connecticut Gas Company and the original delivery service tariff filing for Illinois Power. From July 1985 through October 1997, I was employed by the New York State Department of Public Service (NYSDPS) in its Utility Operational Audit Section in which the staff conducted focused operational audits in many facets of utility operations for all sectors of the utility industry, including gas, electric, telecommunications, and water. Prior to my employment with the NYSDPS, I was a rate analyst with Orange and Rockland Utilities (1981 to 1983) and then Seminole Electric Cooperative (1983 to 1985). I received my Masters of Business Administration from the State University of New York at Buffalo in 1996 and a Bachelor of Arts in Economics from Potsdam College (SUNY) in 1981.

Q: Have you included a more detailed description of your qualifications?
A: Yes. A detailed description of my qualification is included as Appendix A.

Q: What is the purpose of your testimony?
A: The purpose of my testimony is to address the policy issues associated with Delmarva Power and Light Company’s (Delmarva or Company) proposed changes to its gas main extension policy and related fees.

Q: What have you reviewed in preparing this testimony?
A: I have reviewed the Company’s application, testimony, responses to data and information requests and industry white-papers on the subject.

Q: Was this testimony prepared by you or under your direct supervision?
A: Yes.

Q. Are you submitting any exhibits?
A: Yes. Included with this are the following Exhibits:

- Exhibit MJM-01 – Company’s response to CRI-07
- Exhibit MJM-02 – Company’s response to PSC-ME-1
- Exhibit MJM-3 - Company’s response to PSC-ME-8

Summary of Position

Q: Please summarize your position with respect to the Company’s proposed main extension policies and fees?

A. I recommend that the Commission approve the Company’s proposed changes to its natural gas main extension policy with several modifications. After reviewing the various components of the proposal including the changes to the revenue test, the allocation of “free main” lengths, and the overall policy, I believe that allowing the Company to implement these changes will be consistent with the state’s desire to allow flexibility with respect to choice of energy providers, reduce the dependence on foreign oil, and provide end users who would otherwise not have a choice of the type of energy with the opportunity to lower their energy costs in using natural gas.

However, while the Company’s proposed changes have merit and are in keeping with public policy to reduce energy costs and dependence on foreign oil, certain modifications must be made to ensure that the occurrence of uneconomical extensions is minimized.
Discussion

Q: Please describe the Company’s proposal to modify its main extension policy and tariffs?

A: In his direct testimony, Delmarva Witness Collacchi presented the Company’s proposed changes to Delmarva’s tariffs concerning the natural gas main extension policy. Witness Collacchi contends, “[M]ore residents of the State of Delaware should have choices in meeting their energy needs and that those choices should be based upon the current state of energy markets in Delaware. Many residential neighborhoods and commercial developments in Delmarva’s territory were built during a period when extending natural gas mains was prohibited by federal regulation due to a perceived natural gas supply shortage.”¹ He argues that the natural gas market supply and prices for natural gas have “changed dramatically over the past several years.”² These changes have resulted in an increasing number of Delmarva’s customers seeking ways to lower their energy costs. One way that they are seeking to do this is by having natural gas brought to their homes and businesses. However, the Company contends that provision for extending service under the current tariff has “proven too expensive for the majority of customers.”³ The Company “believes that a revised main extension tariff will make gas service more affordable for residents and small business owners seeking to make such a change and will reduce their energy costs and the environmental impact of their energy use. These are benefits that accrue to all residents of the State, and not just those seeking

¹ Direct Testimony of Robert M. Collacchi at 9:11-16
² Direct Testimony of Robert M. Collacchi at 9:16-17
³ Direct Testimony of Robert M. Collacchi at 9:19-21
service from the Company. Witness Collacchi states that the Company’s proposed changes “[simplify] the current process and attempts to address cost effectiveness concerns raised by our customers.” To that end, Delmarva is proposing to do the following:

- For residential customers in existing subdivisions and small-commercial businesses, the Company would provide the first 100 ft of main extension for each customer without any additional charges.
- After the first 100 ft, a new customer would be charged $38.93 per foot of additional main.
- The Company is proposing that civic or maintenance organizations should petition residents and then act on their collective behalf in applying for extensions.
- The Company is not proposing any changes to its tariff provision for large commercial or industrial customers and would rely on the three-year revenue test.

Q: **What reason(s) did Delmarva give for the proposed change?**

A: Witness Collacchi cited that because of improvements in equipment efficiency over the last 15 years (since the last tariff revision in 1997), non-fuel revenue per customer has remained flat at approximately $406 and as a result the current tariff’s revenue

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4 Direct Testimony of Robert M. Collacchi at 9:21 to 10:2
5 Direct Testimony of Robert M. Collacchi at 10: 4-6
6 The Company originally proposed $40.23 but later revised that figure in response to a data request – CRI-07 (Exhibit MJM-01).
7 Direct Testimony of Robert M. Collacchi at 11:8-12.
payback/rate of return method does not work. He argues that very few customers qualify for service extensions under the current method and as a result are not able to take advantage of the savings that might be available from using natural gas. He also contends, “[E]nvironmental benefits from reduced emissions [have not] been realized.”

Q. Please describe this revenue payback/rate of return test that the Company is proposing to change?

A. In simple terms, the revenue payback test measures the breakpoint at which revenue from the customer covers the Company’s cost of extending the mains and providing service. The current revenue payback test was approved by the Commission in 1997 and includes a five-year revenue test. The Company uses a detailed revenue requirements model that includes a number of variables such as the increases in net plant and an agreed-to rate at which customers would come on to the system.

Q: Does the Company maintain a history of who has requested main service extensions?

A: In response to a data request, the Company stated that it takes calls from customers and provides information but does not log or record the calls. However, the Company provided information that states that they have a record of 43 individual customers and 15 civic associations who “have chosen not to move forward due to the cost of the CIAC.” (CIAC stands for Contribution in Aid of Construction.) In addition, the

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9 Direct Testimony of Robert M. Collacchi at 10:7-12.
11 Delaware Public Service Commission Order No. 4635, November 5 1997
12 Exhibit MJM-02 – Company response to CRI-7
Company files an annual report which shows the number of extensions that it actually performed.

Q: What are your concerns related to the Company’s proposed changes related to main extension tariff?

A. There are several concerns. The first concern is the recognition that the existing revenue payback test has served well to protect the interests of existing ratepayers from the possibility of the Company placing into service an uneconomic main extension. The consequence of making that kind of decision is that the Company’s actual rate of return would be lower (from the uneconomic decision) and thus might cause the Company to file unnecessary and continuing rate relief requests. Second, civic organizations (which I take to include residential subdivision homeowner associations and similar entities) can petition the Company to have mains extended on behalf of all of their constituents (namely, homeowners) in existing residential subdivisions. This may result in a situation in which the mains might be extended to the subdivision, but the homeowners do not sign on for service for one reason or another. This would create a potential revenue shortfall and make what was a viable and economic decision, uneconomical with the consequences noted above.

Q. Please continue.

A: By way of example, assume there is an existing subdivision of 25 residential homes that the homeowners association wants to act as a single entity requesting service. Also assume that the subdivision will require 1500 ft of main within the subdivision, and the entrance to the subdivision is 1000 ft (or a 1/4 mile) from where the Company’s existing main is and the new main will tap onto. Again, also assume that
the existing main has sufficient capacity to be able to handle the load of the 25 homes. Under the Company’s proposal of providing 100 ft of main without charge, there would be no charge to either the requesting entity or any resident since all the main that is required is covered by the 25 residents or $25 \times 100 = 2500$ ft. The Company’s proposal would assume that all 25 customers would sign on for service. However, there are no provisions for cost recovery should residents elect not to take service. So, if 5 of the 25 residents within the association elect not to take service (which is possible as some residents may be 100% green\textsuperscript{13} or do not want to pay for the switching costs from their other energy devices such as converting an electric water heater to gas), there would be 500 ft of main that would be placed in service that is being subsidized. Under the Company’s existing revenue payback method, the revenue stream assumed that customers would phase in over a period of 5 years at a rate of $26\%$ in year 1, $34\%$ in year 2, $19\%$ in year 3, $10\%$ in year 4, and $11\%$ in year 5. This does total 100% and as such assumes that all customers who can switch do. But the calculation’s starting point is the potential number of customers which should take into account those that would not sign on.

Q: **What do you recommend?**

A: I believe that the Company’s tariff should be strengthened to dissuade/mitigate situations similar to this example and protect existing ratepayers by requiring a surety bond or some similar financial instrument from the existing homeowner association or civic organization for the cost of the 100 ft per main per resident. This places the burden on the HOA or civic organization to make sure that their residents are sincere and are willing to guarantee that they will take service. The bond or surety

\textsuperscript{13}“Green” referring to using solar, wind, geo-thermal to meet there heating and cooling needs
instrument would be returned when the customers for whom the 100 ft is being
provided sign on and take service.

Q. **Is there a basis for the Company proposing 100 ft of main per customer versus
any other particular level?**

A: Yes. In response to a data request, I asked for support for the 100 ft. of main. In
response, the Company stated that there are approximately 10.3 million ft of gas main
and 114,000 residential customers, which calculates to 90.4 ft per residential
customer.\(^{14}\) I conclude that the 100 ft is a reasonable number of the base footage.

Q: **You mentioned that you related to the existing revenue payback method for
determining if a customer would need to make a contribution to aid in
construction. What is that concern?**

A: As I mentioned, the revenue payback method in my opinion has served the
ratepayers well to protect against uneconomic construction decisions being made. It
is conservative and includes a thorough analysis that clearly allows decision makers
(the Company and the Commission) to have the appropriate information when
deciding or reviewing those decisions that the extension was a good economic
decision balancing the cost of providing service and the revenues from that service. It
has been in place since 1997. I understand that there have been a number of potential
customers who would have to pay for the main extension, which from their
perspective made it uneconomic, but that decision is theirs to make and does not
involve having others subsidize their benefit. As such, I am hesitant to recommend
moving away from this conservative approach. However, I am also aware of the

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\(^{14}\) Exhibit MJM-3 Company’s response to PSC-ME-8
public policy initiatives in Delaware to broaden the use of natural gas as a cleaner alternative to other fossil fuels such as oil.

Q: Are you aware of any public policy initiatives that shed some light on the regulatory aspects of promoting natural gas use?

A: Yes. In February, 2013, the National Regulatory Research Institute recently published a white paper titled “Line Extensions for Natural Gas: Regulatory Considerations.”

This white paper specifically addresses the issue here at hand. For example, the white paper identifies the following:

“Current and expected natural gas prices now make it economically sensible for more energy consumers to switch from oil or propane to natural gas. Switching to natural gas also may have broader public benefits, such as a cleaner environment, more reliable service, and economic development. With natural gas prices presently far lower than oil and propane prices, large-scale switching to natural gas could create public benefits substantial enough to warrant governmental actions.”

The whitepaper continues:

“Fuel switching might fit within a state’s energy, economic development, or environmental policy. From an operational standpoint, the integration of new lines into a utility’s existing distribution network can lead to internal efficiencies. These benefits can lower the average cost of a utility’s service. Overall, switching to natural gas has the potential to save energy consumers substantial sums of money and contribute to a cleaner and more robust economy.”

Interestingly, the whitepaper provides support for the concept that there are potential benefits to existing customers for allocating a portion of line extension costs to all customers. These include: (1) increase in net revenues (i.e., that is an amount greater than the incremental cost to serve the new customers) should result in lower overall

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17 Ibid.
costs to the benefit all customers over time, (2) society may not achieve the optimal
amount of benefit from fuel switching if new customers bear all of the incremental costs,
and (3) that existing customers may benefit from economies of scope.\(^{18}\)

The author\(^{19}\) of the paper argues that because the societal and economy of scope benefits
are hard to quantify, the “preferred approach” would be a mix or hybrid where the
economic portion of the extension costs are shared by all customers and the non-
economic costs (or net incremental costs) are charged to the new customers. He states,
“Most state utility commissions, in fact, tend to support this hybrid-pricing scheme in
protecting both existing customers and utility shareholders. New customers alone pay for
the “uneconomic” costs of new gas lines, while existing customers absorb the remaining
portion of costs that a utility expects to recover from new customers over time.”\(^{20}\)

Q: From your review of this regulatory insight research paper, what did you
conclude?

A: First, I concluded that what Delmarva is proposing is consistent with the hybrid
method described in the paper of rolling in a portion of the costs (the economic line
extension costs or the first 100 ft) and then charging new customers for uneconomic
costs (the $38.93 per ft above 100 feet). Second, I concluded that the issue of line
extensions continues to evolve from the regulatory perspective. The author of the
white paper recommends that Commissions review their lines extension policies to
update them to match the current market situation for natural gas and take into
account the broader societal questions concerning fuel switching.\(^{21}\) Third, I

\(^{18}\) Ibid. at iv and v.
\(^{19}\) Ken Costello  Principal Researcher National Regulatory Research Institute
\(^{20}\) Exhibit MJM-4 Line Extensions for Natural Gas: Regulatory Considerations, by Ken Costello
\(^{21}\) Ibid at 42.
concluded that there are many broader regulatory aspects that may impact the
Commission’s decision whether to encourage and/or promote fuel switching (i.e.,
other fossil fuels to natural gas) and the related costs of line extension to further this
decision. The specific scope of this case relates to Delmarva’s proposed main
extension tariff changes. However, this is just an aspect of the broader fuel switching
and related societal benefits to all residents. That discussion is for another forum.

Q: Are there any other aspects of Delmarva’s proposed changes you would like to
discuss?

A: Yes. I am aware that other Dockets under the Commission’s review are looking at the
issue of line extension and what the incremental cost should be to new customers.
However, due to the confidentiality of the settlement discussions around those
proceedings I have not been able to review any of the specifics of those cases. It may
be argued that the Commission should standardize whether the Companies offer any
particular set of “free footage.”22 I do not think that this is necessary. Individual
company demographics, circumstances, and costs should be evaluated in their own
context and decisions made based on the particular situation. In addition, should the
Commission decide to approve the Company’s tariff changes with my suggested
modification, the Commission could order a review of the policy to be filed with the
Company’s next annual report. I am not recommending any change to that process.
This should provide the Commission, Staff, and intervenors an opportunity to know
whether existing customers are being negatively impacted on a cost basis, and then a

22 I consider the term “free footage” somewhat misleading as the Company would begin to collect on the
capital costs associated with that amount of “free footage” after its next base rate case when the net plant
(which would include the cost of this “free footage” is reflected in the Company’s rate base.
review of the other factors should be done to determine if the societal benefits balance
out any increased costs existing customers are incurring.

Q: Does this conclude your testimony?

A: Yes.
Summary
Mr. McGarry’s professional experience spans Thirty-two years within the private and public sectors. He has conducted over thirty comprehensive management and operational audits of investor-owned energy, telecommunications, and water utilities. These audits have included comprehensive management audits and/or operational audits on most utility functions including corporate governance, strategic planning, internal auditing, capital and operating budget process and practices, distribution operations and maintenance, fuel procurement, supply chain management, demand side management, crew operations, affiliates transactions, commodity trading and construction program practices.

Project Management
Mr. McGarry’s experience includes management of multi-discipline teams for a wide range of client engagements, development and implementation of detailed work plans and project schedules. He has analyzed and planned interdivisional resource utilization, supervised, developed and coached interdivisional team members and created numerous executive reports, briefings, and presentations.

Regulatory and Rate Case Management
Mr. McGarry has worked with clients to manage all aspects of the regulatory and rate case process. He has developed efficient processes to prepare supporting analyses and testimony for submission to the regulatory bodies and interveners. He is a seasoned project manager and has analytical expertise to respond to interrogatories and data requests from all rate case interveners in a timely manner. Mr. McGarry has assisted a number of clients in preparing revenue requirement and cost of service analyses. He has also developed rate structure and billing determinant information analyses, time of day and interruptible rates analyses, fuel and purchased power reports and annual wholesale rates for member cooperatives. He has developed complex revenue requirement models to present alternative positions to a utility’s proposed rate request.

Testimony and Witness Preparation
Mr. McGarry has proffered testimony in Arizona, Colorado, Delaware, Illinois, Maine, Michigan, Maryland, New York, Nova Scotia, Ohio, Pennsylvania and Utah. These proceedings included testimony involving management decision and prudence impacts, operations and maintenance expenses, capital investments, revenue requirements, project management and others.

Utility Management and Operational Audits
Mr. McGarry has conducted over thirty comprehensive management and operational audits of investor-owned energy and telecommunications utilities. These audits have included comprehensive management audits and/or operational audits on most functions with the utility environment including corporate governance, strategic
planning, internal auditing, capital and operating budget process and practices, distribution operations and maintenance, fuel procurement, supply chain management, demand side management, crew operations, affiliates transactions, commodity trading and construction program practices.

**Restructuring, Unbundling, and Cost Allocation**

Mr. McGarry has developed the supporting analyses and regulatory filing requirements needed to support unbundling rates for utilities. This has included detailed studies where the company’s plant-in-service and depreciation reserve was allocated to each unbundled function. He has assessed utility management actions to prepare the company for competition, including the processes and practices used by the utility to prepare to enter new markets and offer new services.

**Training and Public Speaking**

Mr. McGarry has presented topics before Commission staff groups, NARUC sub-committee groups, and as a program faculty member (2010) for the Institute of Public Utilities at Michigan State University. Topics presented include management auditing and prudence reviews, service company costs and allocations, forecasting methodology and modeling, revenue requirements, rate base, and price regulation theory.

**Education**

Potsdam College, B.A., Economics, 1981
University at Buffalo School of Management, MBA, 1996

**Regulatory Experience**

**Before the Arizona Corporation Commission**

(Docket No. E-01933A-12-0291) *In the matter of the application of Tucson Electric Power for the establishment of just and reasonable rates and charges designed to realize a reasonable rate of return on the fair value of its operations throughout the State of Arizona*. August 2012 - present  Michael McGarry testified as to cost recovery of energy efficiency, renewable energy, and compliance with environmental regulations;


**Before the Department of Energy and Environmental Protection – Public Utilities Regulatory Authority (formerly Connecticut Department of Utility Control)**

Docket 10-02-13 Application of Aquarion Water Company to Amend its Rate Schedules On behalf of the Connecticut Department of Public Utility, April 2010 – August 2010 Project Manager. Oversaw rate case analysis and assessment of company’s proposed revenue requirement specifically related to cash working capital and test year expenses.
Assisted with analysis of specific issues and preparation of Commission’s recommended decision.

Docket 07-07-01 *Diagnostic Management Audit of Connecticut Light and Power Company.*
On behalf of the Staff of the Connecticut Department of Public Utility, July 2008-June 2009
Project Manager. Performed overall day to day project management responsibilities to conduct a diagnostic management audit of the Connecticut Light & Power Company (CL&P). Managed a project team of accountants, engineers and industry specialists who were responsible for evaluating the effectiveness of the management and operations of all aspects of the company. In addition, managed a focused prudency review of Northeast Utilities’ (CL&P’s parent company) development and implementation of a $122 million customer information system known as CustomerCentral or C2.

**Before the Delaware Public Service Commission**

Docket No. 11-528 *On behalf of the Staff of the Delaware Public Service Commission in the matter of the application of Delmarva Power & Light Company (DPL) for approval of modifications to its electric base rates* January - July 2012
Project Manager/Testifying Witness – Mr. McGarry analyzed the company’s inter-company allocations in the context of the electric base rate case. He testified regarding issues related to the sale of Conectiv Energy and their impact on intercompany allocations and the resulting effect on revenue requirements. Testimony filed: May 15, 2012.

Docket No. 09-414 *On behalf of the Staff of the Delaware Public Service Commission in the matter of the application Delmarva Power & Light Company for approval of modifications to its electric base rates* September 2009 - May 2010
Project Manager. Oversaw rate case analysis and assessment of company’s proposed revenue requirement. Assisted with analysis of specific issues and preparation of witness testimony.

Docket No. 07-239F *On behalf of the Staff of the Delaware Public Service Commission in the matter of the application Delmarva Power & Light Company for approval of modifications to its gas cost rates,* October 2007-April 2008
Project Manager. Oversaw a review of Delmarva Power and Light’s gas hedging program.

Docket No. 06-287 *On behalf of the Staff of the Delaware Public Service Commission in the matter of Chesapeake Gas Corporation’s implementation of a Gas Hedging program,* June-August 2007
Project Manager. Provided industry expertise and suggestions to the Commission on a proposal plan to implement a gas hedging procurement program at the Company.

Docket No. 06-284 *On behalf of the Staff of the Delaware Public Service Commission in the matter of Delmarva Power and Light Company’s request for a $15 million increase in gas base rates,* October 2006-March 2007
Project Manager and testifying witness. Provide expert testimony on several rate base and revenue requirement issues. Recommended Commission reduce proposed rate increase request to $8.4 million (56%).

**Before the District of Columbia Public Service Commission**

Formal Case No. 1076 In the Matter of the Application of the Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service.

On Behalf of the DCPSC, July-June 2010

Project Manager: Advised Commission Staff on the Company’s and intervener’s filings and testimony regarding revenue requirements, rate base, cost of service, rate design, bill stabilization, and depreciation.

Formal Case No. 1053 - Technical consultant for the Commission in the matter of Potomac Electric Power Company’s request for a $50.4 million increase in base rates, February 2007-June 2008

Project Manager. Provide technical expertise to Commission in evaluating the Company’s rate case filing. Commission accepted adjustments which reduced the allowed increase by a significant percentage.

Formal Case No. 1032 In the Matter of the Investigation into Potomac Electric Power Company’s Distribution Service Rates

On Behalf of the DCPSC, January-March 2005

Project Manager. Review and evaluation of Potomac Electric Power Company compliance filings for class cost of service and revenue requirements for distribution service pursuit to a settlement approved in May 2002. Provided analysis and recommended adjustments to Staff on 23 designated issues and 13 Company proposed adjustments. Proceeding was settled in anticipation of a full rate case for rates to be effective August 8, 2007.

Formal Case No. 1016 In the Matter of the Application of Washington Gas Light Company, District of Columbia Division, for Authority to Increase Existing Rates and Charges for Gas Service

On Behalf of the DCPSC, June-December 2003

Project Manager and Consultant to Commissioners and Staff. Project Manager for the analysis of WGL’s rate filings. Provided analysis and recommended adjustments to the DCPSC Staff on WGL’s proposed increase to base rates. Advised the Commission during deliberations on party positions and possible recommendations.

**Before the Hawaii Public Utilities Commission**

Docket No. 05-0075 In the matter of a proceeding to investigate Kauai Island Utility Cooperative’s Proposed Revised Integrated Resource Plan and Demand Side Management Framework, June-November 2005

Project Manager. Managed a team of consultants responsible for evaluating the impact of the changes proposed by the Company.
Before the Illinois Commerce Commission
Project Manager and Testifying Witness. Provided analysis and recommended adjustments in the general rate increase of 20.1% or $320 million filed by ComEd.

Consultant to Illinois Power Company. Conducted mandated compliance filing to un-bundle utility’s rate tariffs. Prepared filing requirements and all support schedules analysis to justify allocation of generation, transmission and distribution. Prepared testimony on behalf of the Company’s Controller.


Before Maine Public Utilities Commission
Project Manager and Testifying Witness. Litigated proceeding and led a consultant team to assist the State of Maine Public Advocate to follow-up on investigation for the need for the program and the company’s management of the repair or replacement of its cast iron facilities.

Project Manager and Testifying Witness. Litigated proceeding and led a consultant team to assist the State of Maine Public Advocate to investigate the need for an accelerated cast iron replacement program the company’s management of the repair or replacement of its cast iron facilities.

Before the Maryland Public Service Commission
Case No. 9092/9093 (Phase II) On behalf of the Staff of the Commission in Base Rate Proceeding for Potomac Electric Power Company and Delmarva Power and Light Company December-March 2008
Project Manager. Provided rebuttal testimony on behalf of the Commission related to the reasonableness of the costs and charges of Pepco Holdings, Inc. Service Company.

Case No. 9092 On behalf of the Staff of the Commission in Base Rate Proceeding for Potomac Electric Power Company, January-June 2007
Project Manager. Reviewed and analyzed company’s base increase request and all pro formas, adjustments to test year revenue requirement and supported witness testimony. Commission approved less than 20% of Company’s original request.
Case No. 9062 On behalf of the Staff of the Commission in the matter of the application of Chesapeake Utilities Corporation for authority to revise its rates and charges for gas service, May-October 2006
Project manager. Managed a project team responsible for providing expert witness testimony in the areas of revenue requirements, rate base, cost of service, revenue allocation, rate design, revenue normalization, and cost of capital.

**Before the Massachusetts Department of Public Utilities**
Case No. D.P.U. 08-110 On behalf of the Massachusetts Department of Public Utilities regarding the Petition and Complaint of the Massachusetts Attorney General for an Audit of New England Gas Company, February 2010-August 2010
Project manager. Managed a project team of accountants and industry specialists who were responsible for evaluating the accuracy of the accounting records, practices and procedures used in the development of New England Gas Company’s revenue requirements calculations in the Company’s base rate request.

**Before the Michigan Public Service Commission**
Case No. U-16047 On behalf of the Attorney General of the State of Michigan in the matter of the application of The Detroit Edison Company for authority to implement a Power Supply Cost Recovery Plan in its rate schedules for 2010 metered jurisdictional sales of electricity, January-May 2010
Project manager and testifying witness. Reviewed power supply cost recovery plan requirements and testified to appropriateness of specific components of that factor.

Case No. U-15415-R On behalf of the Attorney General of the State of Michigan in the matter of the application of Consumers Energy Company for the reconciliation of power supply cost recovery costs and revenues for the calendar year 2008 and for other relief related to pension and OPEB costs, May-November 2009
Reviewed power supply cost recovery reconciliation and provided analysis of potential issues and developed recommendations including basis, past precedence, and/or industry expertise.

Reviewed the Energy Optimization Plans of both Detroit Edison and Michigan Consolidated Gas and provided analysis of issues and shortcomings concerning the plans in relation to the specifications of the Act and the benefit to customers.

Reviewed the Energy Optimization Plans of Consumers Energy Company and provided analysis of issues and shortcomings concerning the plans in relation to the specifications of the Act and the benefit to customers.
Case No. U-15677  *On behalf of the Attorney General of the State of Michigan in the matter of the application of The Detroit Edison Company for authority to implement a power supply cost recovery plan in its rate schedules for 2009 metered jurisdictional sales of electricity*, January 2009-June 2010
Project manager and testifying witness. Reviewed power supply cost recovery plan requirements and testified to appropriateness of specific components of that factor.

Case No. U-15415  *On behalf of the Attorney General of the State of Michigan in the matter of the application of Consumers Energy Company for approval of a power supply cost recovery plan and for authorization of monthly power supply cost recovery factors for the year 2008*, January-March 2008
Project Manager. Reviewed power supply cost recovery plan requirements and provided summary briefing to Michigan Attorney General.

Case No. U-15320  *On behalf of the Attorney General of the State of Michigan in the matter of the application of Midland Cogeneration Venture Limited Partnership for the Commission to eliminate the “availability caps” which limit Consumers Energy Company’s recovery of capacity payments with respect to its power purchase agreement with Midland Cogeneration Venture Limited Partnership*, October 2007-June 2008
Project Manager. Oversaw project to provide industry expertise to evaluate issue in case and recommend alternative arguments.

Case No. U-15245  *On behalf of the Attorney General of the State of Michigan in the matter of the application of Consumers Energy Company for authority to increase its rates for the generation and distribution of electricity and for other relief*, July 2007-April 2008
Project Manager and testifying witness. Provided expert testimony on partial and interim rate relief, Consumers’ decision to acquire Zeeland Power Company from Broadway Gen Funding, LLC. Provided testimony in permanent phase to reduce company’s net operating income to more closely reflect the expected costs in 2008.

Project Manager and testifying witness. Provided expert testimony on revenue requirements.

Project Manager. Reviewed the revenue decoupling proposal and supported the witness testimony.

Project Manager and Testifying Witness. Reviewed gas cost recovery plan requirements and provided analysis of the potential benefits of gas procurement hedging program.

Project Manager and Testifying Witness. Reviewed power supply cost recovery plan requirements and testified to appropriateness of specific components of that factor.

Project Manager and Testifying Witness. Reviewed power supply cost recovery reconciliation.

Case No. U-14547 On behalf of the Attorney General of the State of Michigan in the matter of the application of Consumer Energy Company for authority to increase rates for the distribution of natural gas and for other relief, December 2005-April 2006
Expert Witness and Project Manager. Provided analysis, recommended adjustments and filed testimony for the Michigan Attorney General on Consumers Energy proposed increase to base rates.

New Mexico Public Service Commission
Special Case Study: Public Service Company of New Mexico NM PRC Docket No. 10-00086-UT, August 2010
Blue Ridge worked with QSI Consulting, Inc. to conduct a training session for the New Mexico PSC Staff and develop training materials for presentation to Commission Staff on the basic elements of future test year proceedings, how those may differ from traditional rate cases, and how to apply and interpret the forecasting methodologies and modeling that will come into play; and analyze the pending PNM rate case and provide an analytic framework for Staff to apply to the forecasting issues in the case.

Before the Nova Scotia Utility and Review Board
Project Manager and testifying witness. Provided an evaluation of a management audit of Nova Scotia Power and that report’s usefulness to assess the Company’s management performance and operational efficiency within the context of that proceeding.

Before the Public Utilities Commission of Ohio
Case No. 08-0917-EL-SSO On behalf of the Ohio Hospital Association in the matter of the Application of American Electric Power of Ohio for authority to increase rates for distribution of electric service. (Hired by Ohio Hospital Association’s attorney for utility matters, Bricker and Eckler, to provide expertise in negotiating rate with American Electric.), September 2008-March 2009
Evaluated revenue and rate impact on member hospitals.
Case No. 08-0072-GA-AIR On behalf of the Staff of Ohio Public Utilities Commission in the matter of the Application of Columbia Gas of Ohio, Inc. for authority to increase its gas base rate, April-August 2008
Project Manager. Oversaw multi-discipline team of accountants, auditors, engineers and analysts to conduct a comprehensive rate case audit of Columbia Gas of Ohio’s gas base rate filing. Primary goal of project was to validate information in filing, provide findings conclusions and recommendations concerning the reliability of information and data in the filing and support Staff in its evaluation of the reasonableness of the filing.

Case No. 07-0829-GA-AIR On behalf of the Staff of Ohio Public Utilities Commission in the matter of the Application of The East Ohio Gas Company d/b/a Dominion East Ohio for authority to increase its gas base rate, November 2007-April 2008
Project Manager. Oversaw multi-discipline team of accountants, auditors, engineers and analysts to conduct a comprehensive rate case audit of Dominion East Ohio’s gas base rate filing. Primary goal of project was to validate information in filing, provide findings conclusions and recommendations concerning the reliability of information and data in the filing and support Staff in its evaluation of the reasonableness of the filing.

Project Manager. Oversaw multi-discipline team of accountants, auditors, engineers and analysts to conduct a comprehensive rate case audit of Duke Energy – Ohio’s gas base rate filing. Primary goal of project was to validate information in filing, provide findings conclusions and recommendations concerning the reliability of information and data in the filing and support Staff in its evaluation of the reasonableness of the filing.

Case No. 07-0551-EL-UNC On behalf of the Ohio Schools Council in the matter of the Application of First Energy Ohio (and its operating companies Ohio Edison, Cleveland Electric and Toledo Edison) for authority to Increase rates for distribution service, modify certain accounting practices and for tariff approval, August 2007-April 2008
Project Manager. Hired by Ohio Schools Council’s attorney for utility matters (Bricker and Eckler, LLP) to provide industry expertise in reviewing First Energy’s application with respect to cost of service and rate design and the resulting impact on Council’s member school systems energy costs.

Case No. 06-0986-EL-UNC On behalf of the City of Cincinnati in the matter of the Application of Duke Energy Ohio, Inc., to modify its market-based Standard service over, May-August 2007
Project Manager. Hired by City of Cincinnati’s Water and Sewer District attorney for utility matters (Bricker and Eckler, LLP) to provide industry expertise in reviewing Duke Energy Ohio’s proposal and impact on City’s project energy costs.

Oregon Public Utilities Commission
Docket No. UP205 Examination of NW Natural’s Rate Base and Affiliated Interests Issues
Co-sponsored between NW Natural, Staff, Northwest Industrial Gas Users, Citizens Utility Board, August 2005-January 2006

Project Manager. Led a team that conducted a management audit of NW Natural Gas that included an evaluation of rate base issues for Financial Instruments (gas and financial hedging) Deferred Taxes, Tax Credits, Cost for a Distribution System, Security Issuance Costs and AFUDC calculations as well as Affiliate Transactions for Cost Allocations and Transfer Pricing, Labor Loading, Segregation of Regulated Rate Base and Subsidiary Investments and Properties, and validation of tax paid from / to affiliates are proper. Audit was to ensure Company compliance with orders, rules and regulations of the OPUC, with Company policy and with Generally Accepted Accounting Principles.

Utah Division of Public Utilities
Docket No. 09-035-23 In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations, June-December 2009

Project Manager and testifying witness. Verified the reasonableness of the revenue requirements as provided by the company in its application and testified before the Public Service Commission of Utah.


Project Manager and testifying witness. Analyzed the reasonableness and technical accuracy of the RMP’s NPC request, performed a comprehensive review of the Company’s NPC estimate and developed recommendations to ensure an accurate baseline for the ECAM, analyzed special issues addressed in the NPC portion of the case, analyzed the Company’s fuel price hedging policies and provided recommendations appropriate for the ECAM, and reviewed intervener NPC issues as well as analyzing additional issues as raised by the Company and testified to hedging issues.

Before the Washington Utilities and Transportation Commission
Independent Third-Party Evaluation of Puget Sound Energy’s (PSE) Conservation Incentive Mechanism (ECIM) under the co-direction of PSE and the Washington Utilities and Transportation Commission staff, Phase I: July-October 2009; Phase II: October 2009 – September 2010

Project Manager: Assess the extent to which the design and implementation of the incentive mechanism addressed key issues and objectives required by the Commission: accuracy of implementation in calculations of incentives or penalties, compliance with the conditions and requirements of the pilot program, proper use of the calculation methodology, and which assumptions or methods were used to calculate and verify the savings report.
Before the Public Utilities Commission of the State of Colorado
On behalf of the COPUC Staff, March 2004-September 2004
Project Manager. Focused operational audit within the bounds of a litigated proceeding to determine if ratepayers were subsidizing or negatively impacted by PSCo’s energy trading function.

South Carolina State Senator

Before the Missouri Public Service Commission
Consultant to Ameren UE. Conducted revenue requirement analysis in preparation of Missouri Public Service Commission compliance filing to un-bundle utility’s rate tariffs. Prepared the filing requirements and all support schedules analysis to justify allocations of generation, transmission and distribution.

Southern Connecticut Gas
Consultant. As part of a team that conducted a comprehensive management audit of the management and operations of the Company, completed the capital budgeting area of the audit.

Before the New York Public Service Commission
Case: 94-C-0657
Commission Staff. Proceeding to evaluate the compliance of NYNEX with Commission rules and orders related to operational support system costs to competitors. Part of staff panel to facilitate discussion between company and potential competitors (i.e., users of operational support systems) and report back to Commission.

Focused review of the preparedness of RG&E and ConEd for competition in the electric industry. Evaluated all aspects of the company’s management actions to prepare for competition including strategic planning, goals and objectives and senior management’s attention to the company operations in a de-regulated industry

Case: 97-M-0567
Commission Staff. Litigated proceeding to determine the benefits of a proposed merger of LILCO / Brooklyn Union Gas. Analyzed the proposed synergy savings.

Case: 96-E-0132 Show Cause Proceeding Regarding Rate Relief for Ratepayers of Long Island Lighting Company
Commission Staff and Testifying Witness. Litigated proceeding where Staff proffered testimony containing a benchmark study showing that Long Island Lighting Company’s operations and maintenance expenses were excessive compared to a peer group of 24
utilities. Panel testimony concerning the findings and conclusions resulting from the benchmark study.

Case: 96-M-0858 Prudence Investigation into the Scrap Handling Practices in the Western Division of Niagara Mohawk Power Company
Commission Staff and Testifying Witness. Litigated proceeding as a result of allegations of bribery and corruption in company practices related to a specific vendor who purchased company scrap metal. Lead team of 10 staff examiners to quantify the extent to which the Company paid excessive rates to this vendor. Testified to the findings of the analysis. Case settled with ratepayers receiving a credit to bills

Case: 91-C-0613 Operational Audit of the Outside Plant Construction and Rehabilitation Program of New York Telephone Company
Commission Staff. Comprehensive operational audit of the company’s management and implementation of a $150 million capital program to rehabilitate the outside plant distribution network. Served as Staff Examiner responsible for crew supervision, goals monitoring, contractor oversight, and report preparation.

Case: 91-W-0583 Prudence Proceeding Regarding the Operations and Management of Jamaica Water
Commission Staff and Testifying Witness. Litigated proceeding as a result of audit to determine extent to which management inattention and inappropriate practices resulted in excessive costs to ratepayers. Testified on a Staff panel to the excessive costs associated with management’s inattention to sound business practices related to the design, purchase and installation of the Company customer information system.

Case: 92-W-0030 Operational Audit of Jamaica Water Company Operations and Management
Commission Staff. Comprehensive management audit of company operations. Responsible for work plan development, and specific topics areas including engineering, contracting, and information technology. Findings led to prudence proceeding.

Case: 92-M-0973 Management Audit of Rochester Gas and Electric
Commission Staff. Comprehensive management audit of company operations. Responsible for work plan development, supervision of staff and specific topics areas including purchasing and internal controls.

Case: 93-E-0918 Operational Audit of the Demand Side Management Function at Rochester Gas and Electric
Commission Staff. Comprehensive operational audit of the demand side management function including program planning, management and energy savings verification. Developed and supervised the implementation of the work plan.

Case: 88005 Operational Audit of the Materials and Supply Function at National Fuel Gas
Commission Staff. Comprehensive operational audit of the materials and supplies function including warehouse operations, inventory control and procurement. Developed and implemented the work plan for this project.

Operational Audit of the Fuel Procurement and Contracting of Long Island Lighting Company
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on non-nuclear fuel. Provided research and data evaluation expertise to the project.

Operational Audit of the Fuel Procurement and Contracting of Consolidated Edison Company of New York
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on non-nuclear fuel. Provided research and data evaluation expertise to the project.

Case: 90007 Operational Audit of the Fuel Procurement and Contracting of Central Hudson Gas and Electric
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on non-nuclear fuel. Provided research and data evaluation expertise to the project.

Operational Audit of the Fuel Procurement and Contracting of Orange and Rockland Utilities
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on non-nuclear fuel. Provided research and data evaluation expertise to the project.

Operational Audit of the Fuel Procurement and Contracting of Rochester Gas and Electric
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on nuclear fuel. Provided research and data evaluation expertise to the project.

Case: 88-E-115 Prudence Proceeding to Investigate the Construction Costs Associated with the Homer City Coal Cleaning Plant
Commission Staff and Testifying Witness. Litigated proceeding as a result of audit to determine extent to which management inattention and inappropriate practices resulted in excessive construction charges related to the Homer City Coal Cleaning Plant. Testified on a Staff panel to the fuel price differential costs resulting from the failure of the coal cleaning plant to function as designed as well as surrebuttal testimony on the cost of a flu-gas de-sulfurization plant and ancillary equipment and facilities. Case settled with customers receiving $125 million credit.
Case: 87003 *Operational Audit of the Homer City Coal Cleaning Plant*
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on the construction of the Homer City Coal Cleaning Plant jointly owned by NYSEG and Penelec. Responsible for fuel and construction costs analysis, benchmarking costs and alternative methods for meeting EPA Clean air restrictions, contracting practices and report preparation.

Case: 87003 *Operational Audit of the Fuel Procurement and Contracting of New York State Electric and Gas*
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on non-nuclear fuel. Responsible for fuel cost analysis, benchmarking costs, contracting practices and report preparation.

Case: 86007 *Operational Audit of the Field Crew Supervision and Utilization of New York State Electric and Gas Company*
Commission Staff. Comprehensive operational audit to determine effectiveness of field crew utilization and supervision. Staff examiner responsible for verifying supervisor activities, reporting, goals attainment and report preparation.

Case: 86005 *Prudence Proceeding to Investigate the Fuel Procurement and Contracting Practices at Niagara Mohawk Power Company*
Commission Staff. Litigated proceeding as a result of audit to determine extent to which management inattention and inappropriate practices resulted in excessive fuel charges to customers. Responsible for fuel cost analysis and benchmarking costs, contracting practices and testimony preparation. Case settled with customers receiving $66 million credit.

Case: 86005 *Operational Audit of the Fuel Procurement and Contracting of Niagara Mohawk Power Company.*
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on non-nuclear fuel. Responsible for fuel cost analysis and benchmarking costs, contracting practices and report preparation.

Case: 85001 *Operational Audit of the Research and Development Function of Consolidated Edison Company of New York*
Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on R&D activities. Staff examiner on the project responsible for reviewing projects documentation and control, outside contracting a report preparation.