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Joplin, Jefferson City, Warrensburg
Case No: WR-2017-0285 et al.

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

DIRECT TESTIMONY

OF

MICHAEL J. MCGARRY, SR.

**CITIES OF ST. JOSEPH, JOPLIN, JEFFERSON CITY, WARRENSBURG,
MISSOURI**

DECEMBER 13, 2017

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water Company's)
Request for Authority to Implement a General Rate) Case No. WR-2017-0285, et al.
Increase for Water and Sewer Service Provided in)
Missouri Service Areas)

AFFIDAVIT OF MICHAEL J. McGARRY, SR.

STATE OF SOUTH CAROLINA)
) ss.
COUNTY OF Greenville)

I, Michael J. McGarry, Sr., of lawful age, and being duly sworn, do hereby depose and state:

1. My name is Michael J. McGarry, Sr. I am principal of MJM Consulting, LLC.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my personal knowledge, information and belief.


Michael J. McGarry, Sr.

Subscribed and sworn to before me, a Notary Public, this 12th day of December, 2017.

My Commission expires:

9/25/27


Notary Public

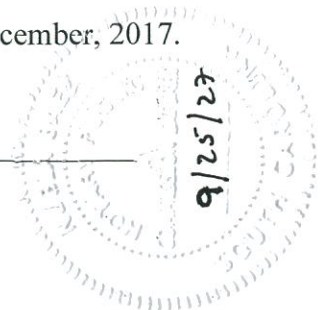


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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Michael J. McGarry, Sr. My business address is 105 Chariot Lane,
4 Simpsonville, South Carolina 29681.

5 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

6 A. I am the Principal of MJM Consulting, LLC. I am an independent regulatory
7 consultant working with clients to evaluate rate case filings made by utilities in
8 various jurisdictions.

9 **Q. PLEASE STATE YOUR EXPERIENCE AND EDUCATIONAL**
10 **BACKGROUND.**

11 A. I have been involved in the utility regulatory environment for more than 36 years.
12 Since 1997, I have been a consultant in the utility regulatory industry, covering
13 many facets of utility rate cases, management, and operations. I have overseen
14 numerous rate case audits, prudence reviews, and management and operational
15 audits. I have worked with clients to manage various aspects of the regulatory and
16 rate case process, prepared supporting analyses and testimony for submission to
17 regulatory bodies and interveners, prepared revenue requirement and cost of service
18 analyses, and developed complex revenue requirement models to present
19 alternative positions to a utility's proposed rate request.

20 From July 2004 until July 2016, I was CEO/President of Blue Ridge
21 Consulting Services, Inc. In that position I was responsible for leading the firm as

1 we served clients in the industry; mostly regulatory commissions or public
2 advocates. Prior to my time as CEO/President of Blue Ridge Consulting Services,
3 I was Vice President of East Coast Operations with Hawks, Giffels & Pullin (HGP),
4 Inc. (July 2003–2004). In that position, I was responsible for developing and
5 overseeing client engagements in utility regulatory affairs, management audits, and
6 rate case management. From August 2001 to July 2003, I was an independent
7 consultant, working on multiple projects, including a renewal/update of delivery
8 service tariffs for Illinois Power and several utility street-lighting cost-benefit-
9 assessment projects. From June 2000 until August 2001, I was a senior consultant
10 with Denali Consulting, Inc., a utility supply chain and e-procurement strategy and
11 implementation firm. From October 1997 through June 2000, I was employed by
12 Navigant Consulting, Inc. and several of its predecessors or acquired firms,
13 working on several projects, including a management audit of Southern
14 Connecticut Gas Company and the original delivery service tariff filing for Illinois
15 Power. From July 1985 through October 1997, I was employed by the New York
16 State Department of Public Service (NYSDPS) in its Utility Operational Audit
17 Section, in which the staff conducted focused operational audits in many facets of
18 utility operations for all sectors of the utility industry, including gas, electric,
19 telecommunications, and water. Prior to my employment with the NYSDPS, I was
20 a rate analyst with Orange and Rockland Utilities (1981 to 1983) and then Seminole
21 Electric Cooperative (1983 to 1985). I received my Masters of Business
22 Administration from the State University of New York at Buffalo in 1996 and a
23 Bachelor of Arts in Economics from Potsdam College (SUNY) in 1981.

1 **Q. HAVE YOU TESTIFIED BEFORE?**

2 A. Yes. I have testified in Arizona, Delaware, Georgia, Illinois, Maine, Maryland,
3 Michigan Missouri, New York, North Dakota, Nova Scotia, Ohio, and Utah. These
4 proceedings included testimony involving rate case evaluations, power supply cost
5 recovery, management decisions and prudence impacts, operations and
6 maintenance expenses, capital investments, revenue requirements, cost of service,
7 rate design and project management, and other areas.

8 I have also presented topics before staff groups from regulatory
9 commissions and NARUC sub-committees and served as a program faculty
10 member for the Institute of Public Utilities at Michigan State University. Topics I
11 presented included management auditing and prudence reviews, service company
12 costs and allocations, forecasting methodology and modeling, revenue
13 requirements, rate base, and price-regulation theory.

14 **Q. HAVE YOU TESTIFIED BEFORE THE MISSOURI COMMISSION**
15 **BEFORE?**

16 A. Yes. On behalf of the City of Kansas City, Missouri I submitted testimony in the
17 matter of Veolia Energy Kansas City, Inc.'s ("Veolia") 2011 and 2012 Request for
18 Authority to Increase Steam Rates in File No. HR-2011-0241. I was the Project
19 Manager and Testifying Witness, leading a team of consultants engaged to review
20 Veolia's proposed adjustments, rate base, revenues and expenses, affiliate
21 transactions and allocations, revenue requirement, cost of capital, and cost of
22 service and rate design.

1 **Q. HAVE YOU INCLUDED A MORE DETAILED DESCRIPTION OF YOUR**
2 **QUALIFICATIONS?**

3 A. Yes. A detailed description of my qualifications is included as Appendix A.

4 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

5 A. I am appearing on behalf of the joint coalition of the cities of St. Joseph, Joplin,
6 Jefferson City, and Warrensburg. I refer to this group as the “Coalition Cities.”

7 **Q. ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH**
8 **YOUR TESTIMONY?**

9 A. No.

10 **Q. WAS YOUR TESTIMONY PREPARED BY YOU OR UNDER YOUR**
11 **DIRECTION?**

12 A. Yes.

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. The purpose of my testimony is to comment on the justness and reasonableness of
15 the Missouri American Water Company’s (“Company” or “MAWC”) proposal to
16 consolidate its rate structure into a single, consolidated tariff for all customers
17 regardless of where they are served. This issue was directed for review by the
18 Missouri Public Service Commission (“Commission”) in its Order and Report in
19 WR-2015-0301.

1 **Q. WHAT HAVE YOU REVIEWED IN THE PREPARATION OF YOUR**
2 **TESTIMONY?**

3 A. I have reviewed the Company's application and certain testimony, the associated
4 supporting exhibits and workpapers to that testimony, responses to data requests in
5 this case, previous filings made by the Missouri PSC Staff, and orders of the
6 Commission.

7 **Q. PLEASE SUMMARIZE YOUR FINDINGS, CONCLUSIONS, AND**
8 **RECOMMENDATIONS.**

9 A. Moving to Consolidated Tariff Pricing (CTP) is both unjust and unreasonable for
10 many customers in the state. The Coalition Cities are particularly concerned that
11 they are now being asked to shoulder the substantial capital investment of other
12 districts, some of which are hundreds of miles apart, with no benefit to their
13 constituents. Further, having borne the costs of their own system upgrades under
14 District-Specific Pricing, the Coalition Cities should not now also be required to
15 bear the costs of system upgrades in other districts.

16 **II. SUMMARY OF COMMISSION DIRECTIVE IN WR-2015-0301**

17 **Q. YOU MENTIONED THAT THE ISSUE OF CONSOLIDATED TARIFF**
18 **PRICING WAS DIRECTED TO BE REVIEWED IN THIS CASE.**
19 **PLEASE SUMMARIZE WHAT THE COMMISSION DIRECTED**
20 **CONCERNING CONSOLIDATED TARIFF PRICING.**

21 A. In its Report and Order in Case WR-2015-0301, dated May 26, 2016, the
22 Commission provided its direction:

1 Full single-tariff pricing is an attractive option, but since none of the
2 parties proposed that option during the case it was not fully considered by
3 the parties. Because of that lack of scrutiny, the option has many
4 unknowns, and the Commission is not willing to take that leap at this time.
5

6 The Commission may need to make take that leap in Missouri-American's
7 next rate case as it will likely be facing the prospect of a major new capital
8 construction project in the Platte County district, a district that will have
9 difficulty affording a major capital expense. For that reason, the
10 Commission will expect the parties to fully examine single-tariff pricing in
11 the next rate case.
12

13 **III. SUMMARY OF COMPANY'S FILING**

14 **Q. PLEASE SUMMARIZE THE COMPANY'S APPLICATION RELATED**
15 **TO CONSOLIDATED TARIFF PRICING IN THIS CASE.**

16 A. Company Witness James Jenkins offered testimony related to certain ratemaking
17 policy issues, including consolidated tariff pricing.¹
18

19 **Q. PLEASE SUMMARIZE MR. JENKINS' TESTIMONY CONCERNING**
20 **CTP.**

21 A. Mr. Jenkins testified to his proffered benefits of CTP:²

- 22 • Provides better standards for water quality
- 23 • Provides better incentives for larger water utilities to purchase small under-
24 performing water utilities
- 25 • Promotes state economic development goals
- 26 • Improves affordability for all customers

¹ Jenkins Direct Testimony, 3:2–6. Mr. Jenkins also testified to policy issues related to the appropriate rate case test year; the Company's current rate structure and proposed revenue stabilization mechanism; inclining block rate information; rate case expense; and cloud computing.

² Ibid., 40:19–42:2.

1 • Allows lower administrative and regulatory costs.

2 I will address each conclusion below.

3

4 **Q. DID ANY OTHER COMPANY WITNESS DISCUSS THE ISSUE OF**
5 **CONSOLIDATED TARIFF PRICING?**

6 A. Yes. Company Witness Constance Heppenstall provides testimony in which she
7 indicates the Company was directed by the Commission in Case WR-2015-0301 to
8 “fully examine single–tariff pricing in the next rate case.”³ Witness Heppenstall
9 then proceeds to describe the factors that support the use of CTP, including “long-
10 term rate stability, the similar operating characteristics of the tariff groups, the
11 equivalent services offered, the cost of service on a district specific basis, and the
12 principle of gradualism.”⁴ Witness Heppenstall proceeds to describe her support for
13 each of these areas. From my perspective, Witness Heppenstall and Company
14 Witness LaGrand (revenue requirements and rate design) are both taking direction
15 from the policy witness, Jenkins, to implement single-tariff pricing.

16

17 **Q. DO YOU HAVE AN OPINION CONCERNING MR. JENKINS’**
18 **CONCLUSIONS?**

19 A. I do.

20

21 **Q. PLEASE EXPLAIN.**

³ Heppenstall Direct Testimony, 14:10.

⁴ Heppenstall Direct Testimony, 14:13–16.

1 A. To be clear, the issue of consolidated tariff pricing in this case (and the prior cases)
2 is about public policy, not rate making or operational cost efficiency or economy
3 of scale. What is sought here is a policy mandate that allows some ratepayers to
4 subsidize others so that water, an absolute must for existence, is affordable to all at
5 the expense of some. Mr. Jenkins, in explaining whether CTP benefits all
6 customers, even states this idea in his testimony:

7 One of the primary concerns of regulators has been the ability to assure that
8 the essential services provided by public utilities are as widely available at
9 reasonable prices to as many members of society as possible at rates that
10 compensate the utility for the total costs incurred inclusive of a fair return.⁵
11

12 He also states:

13
14 Consolidated pricing solves two major public policy questions by making it
15 easier for the regulatory body to control the utility's prices while promoting
16 universal service and avoiding discrimination.⁶
17

18 I am concerned that Mr. Jenkins has over-reached in his conclusion,
19 utilizing a consequentialist approach where affordability for all is the end goal
20 despite the obvious differences that exist between the Coalition Cities in their
21 respective cost to serve.
22

23 **Q. PLEASE CONTINUE.**

24 A. Referring to Mr. Jenkins' summary conclusions, I offer the following comments:

- 25 • *Provides better standards for water quality:* In this conclusion, Mr. Jenkins
26 connects compliance with government-mandated and other compliance to safe-

⁵ Jenkins Direct Testimony, 44:1–4.

⁶ Jenkins Direct Testimony, 44:16–18.

1 water regulations with better quality. He then proffers that because of
2 *fragmentation* in the industry (in which many smaller-sized companies serve
3 few customers), compliance with these government mandates is burdensome
4 for this customer grouping. Spreading out the costs among a larger customer
5 base (i.e., via consolidated tariffs), which Mr. Jenkins characterized as
6 “economies of scale,” eases the burden on the smaller companies and their
7 customers. However, the issue here, again, is not quality of water; it is how the
8 mandates will be paid and, in doing so, how the monthly bill may be made more
9 palatable to the customer. Mr. Jenkins even provides examples in which two
10 smaller companies had substantial rate increases to cover cost of compliance
11 issues.⁷ While the cited examples are certainly burdensome to customers, it is
12 their cost for service. If the public policy was so affordable, why are these
13 systems not brought into the discussion? As noted by Mr. Jenkins,

14 One of the primary concerns of regulators has been the ability to assure that
15 the essential services provided by public utilities are as widely available at
16 reasonable prices to as many members of society as possible at rates that
17 compensate the utility for the total costs incurred inclusive of a fair return.⁸
18

19 Clearly, the companies are not part of MAWC, but if the public good is to
20 be accomplished, why should any water system be left out? Therefore, I disagree
21 with Mr. Jenkins’ conclusion here.

22 • *Provides better incentives for larger water utilities to purchase small under-*
23 *performing water utilities:* Mr. Jenkins states that CTP provides larger
24 companies an incentive for investment but offers no analysis or any examples

⁷ Jenkins Direct Testimony, 43:3–13.

⁸ Jenkins Direct Testimony, 44:1–4.

1 in which the lack of CTP prohibited or thwarted a larger company from
2 acquiring a smaller company. In fact, MAWC has a long history of acquiring
3 smaller companies absent, or without regard to, CTP. I presume that the
4 decision to purchase other companies has more to do with the overall financials
5 of the smaller company and whether the Company can earn a return that
6 recovers its investment and rewards Company shareholders.

7 • *Promotes state economic development goals:* Mr. Jenkins argues that regional
8 and global competition and the “advent of new clean water standards” have
9 increased competition for jobs and population among the states, but he then
10 continues,

11 Non-standardized pricing can create an inconsistent and Balkanized water
12 system for the state. CTP allows larger utilities to spread the fixed cost of
13 providing quality water service over a larger customer base creating a higher
14 quality of water for the entire system and state.⁹
15

16 From his statements, it is unclear to me how CTP improves the job picture
17 in the state.

18 • *Improves affordability for all customers:* Mr. Jenkins makes this over-reaching
19 statement:

20 Those customers that pay lower than average prices do so because of aging
21 and, therefore, depreciated investment. At some point in the future the
22 utility will need to invest in all regions of the state. CTP mitigates the effect
23 of lumpy investment for all customers while promoting a standard quality
24 of service for the entire state.
25

26 He uses this reasoning to justify that customers who are paying lower rates for
27 service will “at some point in the future” have to pay for increased investment. Mr.

⁹ Jenkins Direct Testimony, 41:7–11.

1 Jenkins is advocating the concept of cross-subsidization, negating the principal of
2 *used and useful*.¹⁰ Under CTP, customers now will be subsidizing the rates of other
3 customers so that those customers can have affordable water. That set up is purely
4 subsidization. In addition, if one accepts Mr. Jenkins' approach here, the current
5 customers are paying future rates for plant that does not yet exist. Why else charge
6 them higher rates than what their cost for service shows? Therefore, the principle
7 of *used and useful* is ignored if Mr. Jenkins' reasoning about why customers who
8 have lower cost of service should be moved to CTP is adopted. Mr. Jenkins is also
9 proposing that cities or systems that have made substantial capital investment in
10 either complying with governmental mandates or improving quality of service now
11 must also accept the burden of paying for others who have not paid or otherwise
12 would not be able to pay. This consequence is a primary concern of the Coalition
13 Cities.

14 • *Allows lower administrative and regulatory costs:* Mr. Jenkins states that
15 certain administrative and regulatory costs would be lower under CTP, and
16 while there would be some savings, overall the savings are de minimis in the
17 overall cost picture. In addition, Mr. Jenkins offers no quantitative analysis or
18 example in support. Therefore, I reject this conclusion as a substantive reason
19 for accepting the Company's CTP proposal.

20

21 **Q. WHAT DO YOU CONCLUDE?**

¹⁰ Used and Useful is a concept that requires that utility assets be physically **used and useful** to current ratepayers before those ratepayers can be asked to pay the costs associated with them. This is a fundamental principle of utility regulation.

1 A. As I said in the summary of my testimony I provided earlier, moving to CTP is both
2 unfair and unreasonable for many customers in the state. The Coalition Cities are
3 particularly concerned they are now being asked to shoulder the substantial capital
4 investment of other districts, some of which are hundreds of miles apart, with no
5 benefit to their constituents.

6

7 **Q. DO YOU HAVE ANY ANALYSIS TO OFFER TO SHOW THE IMPACT?**

8 A. Because I was engaged by the Coalition Cities late in the process for submission of
9 discovery,¹¹ there was little time to submit any data requests and conduct a detailed
10 review of the filing. For example, insufficient time existed to request the district-
11 by-district cost of service or ascertain whether any other party had requested such
12 information. However, I was able to review the breakdown of the district cost of
13 service for residential customers as present in WR-2015-301, Schedule PGH-6.
14 Using that information, I was able to calculate the variance of monthly costs
15 between the districts in that case. That analysis is presented below:

¹¹ MJM Consulting, LLC was engaged by the Cities on Wednesday, November 29, 2017.

MAWC Summary of Average Annual Residential COS by District
Case No. WR-2015-0301 - Schedule PRH-6

	Residential COS	Customers	Cost per Residential Customer	Variance to Zone total	Percent	Variance to Single Tariff	Percent
Zone 1							
St. Louis Metro	\$ 171,271,008	355437	\$ 481.86	\$ 2.44	0.50%	\$ 3.60	0.74%
Mexico	\$ 2,479,962	4288	\$ 578.35	\$ (94.05)	-19.42%	\$ (92.89)	-19.14%
Jefferson city	\$ 4,832,155	9019	\$ 535.78	\$ (51.47)	-10.63%	\$ (50.32)	-10.37%
Total Zone 1	\$ 178,583,125	368744	\$ 484.30				
Zone 2							
St. Joseph	\$ 12,055,110	28813	\$ 418.39	\$ 99.83	20.61%	\$ 67.07	13.81%
Platte County	\$ 5,502,950	5335	\$ 1,031.48	\$ (513.26)	-105.98%	\$ (546.02)	-112.48%
Brunswick	\$ 309,286	330	\$ 937.23	\$ (419.01)	-86.52%	\$ (451.77)	-93.06%
Total Zone 2	\$ 17,867,346	34478	\$ 518.22				
Zone 3							
Joplin	\$ 9,931,121	20653	\$ 480.86	\$ (16.88)	-3.49%	\$ 4.60	0.95%
Warrensburg	\$ 2,709,324	6613	\$ 409.70	\$ 54.28	11.21%	\$ 75.76	15.61%
Maplewood/Riverside, et.al.,	\$ 772,347	1702	\$ 453.79	\$ 10.18	2.10%	\$ 31.67	6.52%
Tri-states	\$ 1,351,806	2925	\$ 462.16	\$ 1.82	0.38%	\$ 23.30	4.80%
Spring Valley/Lake Manor	\$ 88,241	134	\$ 658.51	\$ (194.54)	-40.17%	\$ (173.06)	-35.65%
Ozark Mountain/LTA	\$ 248,370	499	\$ 497.74	\$ (33.76)	-6.97%	\$ (12.28)	-2.53%
Rankin Acres/Whitebranch	\$ 92,954	222	\$ 418.71	\$ 45.26	9.35%	\$ 66.75	13.75%
Total Zone3	\$ 15,194,163	32748	\$ 463.97				
Single District	\$ 211,644,634	435970	\$ 485.46				

Source: WR-2015-0301 Herbert Rebuttal - Schedule No. PRH-6 pg 2 of 2

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As can be seen in this analysis, a positive number in The Variance to Zone total indicates that customers in that district are experiencing a higher cost to serve than that of the average of the full zone. For example, in Zone 1, St. Louis Metro is paying \$2.55 more per year (0.50%). However, Mexico and Jefferson City are both experiencing lower rates than they would have otherwise (19.4% and 10.5%, respectively). I then calculated a single district proxy for these residential customers and a similar relationship exists (mostly because the single district cost is very close to the Zone 1 cost: \$485.46 vs. \$484.60).

I did a similar analysis for Zones 2 and 3, and those results are markedly different. Some districts are enjoying hundreds of dollars of savings (e.g., Platte County's \$513.26 or 106%¹²), while others are burdened with higher, unjustified

¹² I note that Platte County will have a substantial increase coming out of 2017-0285 due to its recent capital improvements.

1 costs (e.g., St. Joseph's \$99.83 or 21%). In Zone 3, Warrensburg is experiencing a
2 11.21% cost burden while Spring Valley is enjoying a 40.2% (\$195) reduction in
3 its bill. Even when one looks at the total zones, one zone will benefit, another will
4 be burdened, and yet another will be about at the break-even point. Based on this
5 analysis and my reasoning above, on behalf of the Coalition Cities, the Company's
6 proposed CTP should be rejected.

7

8 **Q. WHAT DO YOU RECOMMEND?**

9 A. At a minimum, the Commission should return to the eight-district approach that
10 was in place prior to WR-2015-0301 and direct that MAWC set rates for the
11 Coalition Cities based on their individual cost to serve.

12

13 **Q. IF THE COMMISSION DOES NOT RETURN TO THE EIGHT-**
14 **DISTRICT APPROACH YOU HAVE RECOMMENDED, IS THERE AN**
15 **ALTERNATIVE THAT WOULD MAKE THE COMPANY'S RATES**
16 **EQUITABLE IN YOUR OPINION?**

17 A. If the Commission is determined to move to Single-Tariff ("Consolidated Tariff")
18 Pricing in this case, I recommend that an off-set mechanism be established to make
19 the Company's rates more equitable.

20

21 **Q. WHAT WOULD THIS OFF-SET MECHANISM LOOK LIKE?**

22 A. One way to consider developing it would be to calculate the depreciated capital
23 investment since 2000 for each of the four cities in total and divide that amount by

1 the estimated consumption for the period of the offset. That amount would be
2 applied as a credit to the Coalition Cities on their customers' bills. This would then
3 mean that as MAWC implements its capital plan over the credit period, the
4 Coalition Cities are only paying for capital investment for similar plant. This is the
5 basic issue for the Coalition Cities -- having to pay for significant capital
6 investments in other districts that they themselves have already paid.

7

8 **Q. WOULD THE CREDIT VARY BY THE FOUR CITIES?**

9 A. It could, depending on the magnitude of the capital invested. However, if the final
10 numbers are relatively close, the Cities are not opposed to having the credit rate be
11 the same.

12

13 **Q. WOULD THIS CREDIT OFFSET EQUITABLE TO ALL CUSTOMERS?**

14 A. Yes. Since some customers have already borne the costs of significant capital
15 investments that will remain in service for many years, these customers should not
16 be burdened with having to pay for infrastructure twice.

17

18 **Q. HOW WOULD THE CREDIT AFFECT OTHER CITIES/DISTRICTS?**

19 A. The amount of the credit would have to be first calculated and then added to the
20 other cities/districts based on their planned consumption in the credit period. For
21 the Coalition Cities, absent the eight-(8) District pricing they are seeking, this
22 offset would make the CTP somewhat more equitable, just and reasonable.

Direct Testimony of
Michael J. McGarry, Sr.
Case No. WR-2017-0285 et al.

1 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A. Yes.**

Appendix A - Qualification of Michael J. McGarry, Sr.

Summary

Mr. McGarry's professional experience spans thirty-six 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.

Selected Professional Experience

Audits - Utility Management and Operational

Mr. McGarry has conducted comprehensive management and operational audits of investor-owned energy, telecommunications, and water utilities, including audits on most functions within the utility environment including affiliates transactions, capital and operating budget processes and practices, crew operations, commodity trading, construction program practices, corporate governance, demand side management, distribution operations and maintenance, fuel procurement, internal auditing, strategic planning, and supply chain management.

- On behalf of the Connecticut Public Utilities Regulatory Authority, Diagnostic Management Audit of all functions of Yankee Gas Services Company. June 2014-present. Co-Project Manager.
- On behalf of the Maine Public Utilities Commission. Management audit of Central Maine Power Company's (CMP) Advanced Metering Infrastructure (AMI) project in Docket No. 2013-00168, September 2013-April 2014. Project Manager. Led team of consultants to assess the effectiveness of Central Maine Power Company's AMI project management, compliance with Commission directives, the estimated versus actual cost and savings, and the program's capabilities.
- On behalf of the Public Advocate of Nebraska, Nebraska PSC. Assistant Project Manager. Supported the Public Advocate with a review of the adjustment to customer charges to reflect the company's infrastructure system replacement cost recovery charge.
 - NEPSC Application No. NG-0074, Black Hills/Nebraska Gas Utility Company, LLC, d/b/a Black Hills Energy, July-November 2013.
 - NEPSC Application No. NG-0072, SourceGas Distribution, LLC, March 2013-May 2013.
- On behalf of the Staff of the Public Utilities Commission of Ohio (PUCO). Assistant Project Manager. Participated on a team of consultants engaged to review and ensure the accuracy and reasonableness of the Companies' compliance with its Commission-approved infrastructure cost recovery rider filings. The review included a detailed mathematical verification and validation of the support of the riders' revenue

requirements model, development of sensitivity analysis that supported the PPS sampling techniques used to isolate specific plant work order for further testing.

- Case No. 12-2855-EL-RDR: Delivery Capital Recovery (DCR) Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), December 2012-July 2013.
- Case No. 11-5428-EL-RDR: DCR Rider Audit of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, Companies), November 2011-May 2012.
- On behalf of the Massachusetts Department of Public Utilities, Case No. D.P.U. 08-110: Regarding the Petition and Complaint of the Massachusetts Attorney General for an Audit of New England Gas Company, February-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 the Company's revenue requirements calculations in the Company's base rate request.
- On behalf of the Staff of the Public Utilities Regulatory Authority of Connecticut Docket (CTPURA) #07-07-01 Diagnostic Management Audit of Connecticut Light & Power Company, 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 prudence review of Northeast Utilities' (CL&P's parent company) development and implementation of a \$122M customer information system known as CustomerCentral or C2.
- On behalf of the Staff of the Public Utilities Commission of Ohio. Project Manager. Oversaw multi-discipline team of accountants, auditors, engineers and analysts to conduct a comprehensive rate case audit of the Company'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 #08-0072-GA-AIR: Columbia Gas of Ohio, April-August 2008
 - Case #07-0829-GA-AIR: Dominion East Ohio, November 2007-July 2008
 - Case #07-0589-GA-AIR: Duke Energy Ohio, November 2007-February 2008
- Co-sponsored between NW Natural, Oregon Public Utilities Commission (ORPUC) Staff, Northwest Industrial Gas Users, Citizens Utility Board, Docket No. UP205: Examination of NW Natural's Rate Base and Affiliated Interests Issues, 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 ORPUC, with Company policy and with Generally Accepted Accounting Principles.

- Consultant. As part of a team that conducted a comprehensive management audit of the management and operations of Southern Connecticut Gas, completed the capital budgeting area of the audit.
- Focused review of the preparedness of Rochester Gas and Electric (RG&E) and Consolidated Edison (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
- New York Public Service Commission (NYPSC), Case 93-E-0918: Operational Audit of the Demand Side Management Function at RG&E, 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.
- NYPSC, Case 92-W-0030: Operational Audit of Jamaica Water 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.
- NYPSC, Case 92-M-0973: Management Audit of RG&E, 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.
- NYPSC, 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 \$150M capital program to rehabilitate the outside plant distribution network. Served as Staff Examiner responsible for crew supervision, goals monitoring, contractor oversight, and report preparation.
- NYPSC, Operational Audit of the Fuel Procurement and Contracting of Long Island Lighting Company (LILCO), 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.
- NYPSC, Operational Audit of the Fuel Procurement and Contracting of ConEd, 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
- NYPSC, 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

- NYPSC, Operational Audit of Fuel Procurement and Contracting of Orange & 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
- NYPSC, Operational Audit of the Fuel Procurement and Contracting of RG&E, Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on nuclear fuel. Provided research and data evaluation expertise.
- NYPSC, Case 88005: Operational Audit of 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.
- NYPSC, Case 87003: Operational Audit of the Homer City Coal Cleaning Plant (HCCCP), Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on the construction of the HCCCP jointly owned by New York State Electric and Gas (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.
- NYPSC, Case 87003: Operational Audit of the Fuel Procurement and Contracting of NYSEG, 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.
- NYPSC, Case 86007: Operational Audit of the Field Crew Supervision and Utilization of NYSEG, 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.
- NYPSC, Case 86005: Operational Audit of the Fuel Procurement and Contracting of Niagara Mohawk Power Company (NIMO), 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.
- NYPSC, Case 85001: Operational Audit of the Research and Development Function of ConEd, 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.

Cost Allocation, Cost of Service, and Rate Design

- MPSC Case No. U-17689, on behalf of the Michigan Attorney General in the matter of the MPSC's own motion to commence a proceeding to implement certain recently enacted provisions of Public Act 169. October 2014 to present. Project Manager and Testifying Witness. Analyzed and testified before the Commission regarding DTE

Energy Company's application with respect to proposed changes to cost allocation methodologies among various customer classes and rate design methods.

Hedging

- On behalf of the Vermont Public Service Department in the matter of the review of filings made by Vermont Gas Systems (VGS) pursuant to its Alternative Regulation Plan, September 2013-present. Project Manager. Led a team of consultants in reviewing VGS's hedging and benchmarking information to ascertain company practices and provide recommendations to improve strategy and credit risk level.
- Before the Utah Division of Public Utilities (UTDPU), Docket No. 09-035-15: In the Matter of the Application of Rocky Mountain Power (RMP) for Approval of its Proposed Energy Cost Adjustment Mechanism (ECAM) - Net Power Cost Evaluation (NPC), RMP 2009 General Rate Case, July-December 2009. 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 intervenor NPC issues as well as analyzing additional issues as raised by the Company and testified to hedging issues.
- On behalf of the Staff of the Delaware Public Service Commission (DEPSC), Docket No. 07-239F: In the matter of the application of Delaware Power & Light (DPL) for approval of modifications to its gas cost rates, October 2007-April 2008. Project Manager and Testifying Witness. Oversaw review of DPL gas hedging program.
- On behalf of the Staff of the DEPSC, Docket No. 06-287: 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.

Natural Gas Cast Iron Main Replacement

- On behalf of the MIAG, Case No. U-16407: In the matter of the application of Michigan Consolidated Gas Company (MichCon) for approval of a detailed plan for gas main renewal, including a long-term plan to significantly reduce the amount of cast iron main in its system. Nov 2010-May 2011. Project Manager and Testifying Witness. Reviewed Company's proposed plan with respect to whether a cost recovery mechanism can be designed to minimize the impact on ratepayers. Testified as to the reasonableness of cost benefit of replacements as well as to the capital cost recovery as it affects future rate cases.
- On behalf of Maine Public Advocate (MeOPA), Case No. 2008-151: Maine Public Utilities Commission (MEPUC) Investigation into Maintenance and Replacement Program for Northern Utilities Inc.'s (NUI) Cast Iron Facilities (Phase II), July 2008-July 2010. 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.

- On behalf of MeOPA, Case No. 2004-813: MEPUC Investigation into Maintenance and Replacement Program for NUI's Cast Iron Facilities (Phase I), November 2004-March 2005. Project Manager and Testifying Witness. Litigated proceeding and led a consultant team to assist the MeOPA to investigate the need for the program and the company's management of the repair or replacement of its cast iron facilities.

Power, Fuel & Gas Cost Recovery

Supported the Michigan Attorney General (MIAG) with analysis and/or testimony in Power Supply (PSCR) and Gas Cost Recovery (GCR) cases. Issues included: prior year under-recovery of power supply costs, under-recovery of cumulative Pension Equalization Mechanism costs, over-refund of the companies' residual Self-Implementation Refund, the companies' claimed credit to PSCR costs related to credit claimed by affiliate, regulatory asset recovery surcharges asset and liability balance resulting in over recovery, Reduced Emissions Fuel (REF) prudence and calculation of REF impacts, generation dispatch and purchased power, purchased power agreements, emission control expenses including appropriateness of mercury filter expenses and coal refinement expenses, transfer price for renewable energy sources, replacement power costs, inclusion of excess fuel and variable

O&M expenses proffered by various intervenors, Karn 1 outage delay and Rate E-1 discount recovery, and hedging on gas procurement.

- Case No. U-17095-R. Consumers Energy Company 2013 PSCR Plan reconciliation. July-November 2014. Project Manager and Testifying Witness.
- Case No. U-17097-R. Detroit Edison Company 2013 PSCR Plan reconciliation. July-Nov 2014. Project Manager and Testifying Witness.
- Case No. U-17319. Detroit Edison Company 2014 PSCR Plan. February-August 2014. Project Manager and Testifying Witness.
- Case No. U-16892-R. Detroit Edison Company 2012 PSCR Plan reconciliation. May-December 2013. Project Manager and Testifying Witness.
- Case No. U-17097. Detroit Edison Company 2013 PSCR Plan. February-April 2013. Project Manager and Testifying Witness.
- Case No. U-16434-R. Detroit Edison Company 2011 PSCR Plan reconciliation. June 2012-February 2013. Project Manager and Testifying Witness.
- Case No. U-16892. Detroit Edison Company 2012 PSCR Plan. November 2011-May 2012. Project manager and Testifying Witness.
- Case No. U-16047-R. Detroit Edison Company 2010 PSCR Plan reconciliation. August 2011-March 2012. Project Manager and Testifying Witness.
- Case No. U-16432. Consumers Energy Company 2011 PSCR Plan. February-June 2011. Project Manager.
- Case No. U-16434. Detroit Edison Company 2011 PSCR Plan. February-June 2011. Project Manager and Testifying Witness.
- Case No. U-15675-R. Consumers Energy Company 2009 PSCR Plan reconciliation. October 2010-January 2011. Project Manager and Testifying Witness.
- Case No. U-15677-R. Detroit Edison Company 2009 PSCR Plan reconciliation. September-December 2010. Project Manager and Testifying Witness.
- Case No. U-16047. Detroit Edison Company 2010 PSCR Plan. January-May 2010. Project manager and Testifying Witness.
- Case No. U-15415-R. Consumers Energy Company 2008 PSCR Plan reconciliation. May-November 2009. Project Manager and Testifying Witness.
- Case No. U-15677. Detroit Edison Company 2009 PSCR Plan. January-June 2009. Project Manager.
- Case No. U-15415. Consumers Energy Company 2008 PSCR Plan. January-March 2008. Project Manager.
- Case No. U-15320. Midland Cogeneration Venture Limited Partnership (MCV) elimination of “availability caps” which limit Consumers Energy Company’s recovery

of capacity payments with respect to its power purchase agreement with MCV. October 2007-June 2008. Project Manager.

- Case No U-15040. Michigan Gas Utilities Corporation 2007/08 GCR Plan. March-August 2007. Project Manager and Testifying Witness.
- Case No. U-15001. Consumers Energy Company 2007 PSCR Plan. November 2006-August 2007. Project Manager and Testifying Witness.
- Case No. U-14701-R. Consumers Energy Company 2006 PSCR Plan reconciliation. June-November 2007. Project Manager and Testifying Witness.

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.

Prudence Reviews

- On behalf of the Staff of the Public Utilities Regulatory Authority of Connecticut Docket #07-07-01 Diagnostic Management Audit of Connecticut Light & Power Company (CL&P), July 2008-June 2009. Project Manager. Performed overall day to day project management responsibilities, within the context of a diagnostic management audit, to conduct a focused prudency review of Northeast Utilities' (CL&P's parent company) development and implementation of a \$122M customer information system known as CustomerCentral or C2, including managing a project team of accountants, engineers and industry specialists who were responsible for evaluating the effectiveness of the management and operations of C2.
- NYPSC, Case 96-M-0858: Prudence Investigation into the Scrap Handling Practices in the Western Division of NIMO, 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. Led 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
- NYPSC, Case 91-W-0583: Prudence Proceeding of 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 rate payers. 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.
- NYPSC, Case 88-E-115: Prudence Proceeding to Investigate the Construction Costs Associated with the HCCCP, 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 HCCCP. 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. Customers received \$125M credit.

- NYPSC, Case 86005: Prudence Proceeding to Investigate the Fuel Procurement and Contracting Practices at NIMO, 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 \$66M credit.

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.

- On behalf of the District of Columbia Public Service Commission (DCPSC), Formal Case No. 1106: In The Matter Of The Investigation of Washington Gas Light Company's (WGL) Interruptible Service Customer Class, the operation of WGL's Distribution Charge Adjustment, How WGL's Class Cost of Service Study Accounts For Revenues From Certain Classes Of Customers, the proper design of Interruptible Service Rates, and related issues, February 2014-present. Lead Consultant and Assistant Project Manager. Provided assistance with management of the team and schedule as well as providing support to lead consultants in their review of customer class cost of service issues.
- On behalf of the Michigan Attorney General, Case No. 17496: In the Matter of the application of Consumers Energy Company for approval of long-term power purchase auction procedures. February-April 2014. Project Manager and Testifying Witness. Reviewed the company application, other documents filed in the case, including DRs, and relevant sections of the Michigan Code of Laws in preparation for filing expert witness testimony regarding the reasonableness and prudence of the company's proposed long-term power purchase auction procedure.
- On behalf of the Georgia Public Service Commission, Docket No. 36989, Georgia Power Company's 2013 general rate case, June-November 2013. Project Manager and Testifying Witness. Led a team of consultants providing advisory services to the Commission staff with analysis of fossil fuel O&M, environmental capital cost and compliance, and transmission and distribution system costs. Provided written testimony in support of Staff's position on those issues.
- On behalf of the District of Columbia Public Service Commission (DCPSC), Formal Case No. 1103: In the Matter of the Application of the Potomac Electric Power

Company (Pepco) for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service, June 2013-July 2014. Assistant Project Manager. Advised Commissioners and Staff on proposed revenue requirements, rate base, rate design, reliability projects, and cost recovery mechanism.

- On behalf of the Arizona Corporation Commission, Docket No. E-04204A-12-0504, in the matter of the application of UNS Electric, Inc. (UNSE) for the establishment of just and reasonable rates and charges designed to realize a reasonable rate of return on the fair value of the properties of UNSE devoted to its operations throughout the State of Arizona and for related approvals. April-November 2013. Project Manager and Testifying Witness. Oversaw analysis and assessment of the company's proposed cost of service and rate design, and energy efficiency mechanisms. Provided written testimony in support of Staff's position regarding energy efficiency mechanisms and cost adjusters.
- On behalf of Central Hudson Gas and Electric Corporation to provide assessment of its business case for the replacement of its legacy information systems platforms. January-March 2013. Project Manager and Lead Consultant. Provide review and comment on company testimony to be submitted in context of the company's general rate case which seeks concurrence and/or approval of its proposed business case.
- On behalf of the Staff of the Delaware Public Service Commission, Docket No. 12-546, Delmarva Power & Light for an increase in gas base rates. February-December 2013. Project Manager and Testifying Witness. Reviewed, analyzed, and evaluated the Company's proposed gas main extension policy as to the need, cost benefits, and the equity of distribution of costs and provided expert witness testimony on those issues.
- On behalf of the Attorney General of the State of Michigan, Case No. U-15768. Detroit Edison Company. October 2012-May 2013. Project Manager and Testifying Witness. Supported the Attorney General of the State of Michigan (MIAG) with analysis and/or testimony. Issues included: prudence of AMI investments, expenses, and cost/benefits; partial and interim rate relief; acquisitions; revenue requirements; revenue decoupling; cost of service; revenue allocation; and rate design.
- On behalf of the Staff of the Arizona Corporation Commission, Docket No. 12-0291: Application of Tucson Electric Power Company for Just and Reasonable rates and charges to realize a reasonable rate of return in Arizona, before the AZCC. August 2012-June 2013. Project Manager and Testifying Witness. Oversaw analysis and assessment of the company's proposed cost of service and rate design, cost of capital and return on equity, and energy efficiency mechanisms. Provided written testimony in support of Staff's position regarding energy efficiency mechanisms and environmental compliance adjuster.
- On behalf of the District of Columbia Public Service Commission (DCPSC), Formal Case No. 1093: In the Matter of the Investigation into the Reasonableness of Washington Gas Light Company's (WGL) Existing Rates and charges for Gas Service. July 2011-July 2013. Assistant Project Manager and Lead Consultant. Participated on a team of consultants providing advisory services to Commissioners and Staff on proposed revenue requirements, rate base, and rate design. Team analyzed revenue

requirements, fuel costs, uncollectibles, environmental issues affecting rate base, inventory adjustments, plant in service, construction work in progress, research and development issues, safety initiatives, affiliate allocations, and energy funds.

- On behalf of the Staff of the DEPSC, Docket No. 11-528: in the matter of the application DPL for approval of modifications to its electric base rates, January-July 2012. Project Manager. Oversaw rate case analysis and assessment of company's proposed inter-company allocations.
- On behalf of the District of Columbia Public Service Commission (DCPSC), Formal Case No. 1087: In the Matter of the Application of the Potomac Electric Power Company (Pepco) for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service, September 2011-December 2012. Project Manager and Lead Consultant. Advised Commissioners and Staff on proposed revenue requirements, rate base, rate design, reliability projects, and cost recovery mechanism.
- Before the Arizona Corporation Commission, Docket No. 11-0224, Arizona Public Service Company Rate Case, July 2011-March 2012. Project Manager and Testifying Witness. Analyzed the Company's proposed Infrastructure Tracking Mechanism, power supply adjustor, and tariffs. Testimony filed in November 2011.
- On behalf of the North Dakota Public Service Commission (NDPSC), Case No. PU-10-657/PU-11-55: Northern States Power Company (NSP) 2011 and 2012 Request for Authority to Increase Electric Rates in North Dakota, April-October 2011. Project Manager and Testifying Witness. Led a team of consultants engaged to review NSP's proposed adjustments, rate base, revenues and expenses, affiliate transactions and allocations, revenue requirement, cost of capital, and cost of service and rate design. Evaluated NSP's proposed revenue requirement and testified before the NDPSC to proposed adjustments to the revenue requirements filed by the company in its application.
- On behalf of the City of Kansas City, Case No. HR-2011-0241: Veolia Energy Company (Veolia) 2011 and 2012 Request for Authority to Increase Steam Rates in Missouri, July-September 2011. Project Manager and Testifying Witness. Led a team of consultants engaged to review Veolia's proposed adjustments, rate base, revenues and expenses, affiliate transactions and allocations, revenue requirement, cost of capital, and cost of service and rate design. Evaluated Veolia's proposed revenue requirement and testified before the Missouri Public Service Commission to proposed adjustments to the revenue requirements filed by the company in its application.
- On behalf of the Attorney General of the State of Michigan (MIAG), Case No. U-16472: In the matter of the application of Detroit Edison for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority, February 2011-April 2014. Project Manager and Testifying Witness. Review of Advanced Metering Infrastructure program cost benefits and tariffs filed and testifying witness to same.
- On behalf of the CTPURA, Docket #10-02-13: Application of Aquarion Water Company to Amend its Rate Schedules, April-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.

- On behalf of the Staff of the DEPSC, Docket No. 09-414: in the matter of the application of DPL 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.
- On behalf of the DCPSC, Formal Case No. 1076: In the Matter of the Application of Pepco for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service, July 2009-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.
- On behalf of the UTDPUC, Docket No. 09-035-23: In the Matter of the Application of RMP 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 2009-February 2010. 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.
- On behalf of the Staff of the Maryland Public Service Commission (MDPSC), Case No. 9092/9093 (Phase II): Base Rate Proceeding for Pepco and DPL, December-March 2008. Project Manager and Testifying Witness. Provided rebuttal testimony on behalf of the Commission related to the reasonableness of the costs and charges of Pepco Holdings, Inc. Service Company.
- On behalf of the Ohio Hospital Association, Case No. 08-0917-EL-SSO: In the matter of the Application of American Electric Power of Ohio for authority to increase rates for distribution of electric service. Provided expertise to the association's attorney in negotiating rate with American Electric Power, September 2008-March 2009. Evaluated revenue and rate impact on member hospitals.
- On behalf of the MIAG, Case No U-15244: In the matter of the application of Detroit Edison (DetEd) for authority to increase its electric base rates, September 2007-October 2008. Project Manager and Testifying Witness. Testified regarding revenue requirements.
- On behalf of the Ohio Schools Council, Case No. 07-0551-EL-UNC: In the matter of the Application of FirstEnergy 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 FirstEnergy's application with respect to cost of service and rate design and the resulting impact on Council's member school systems' energy costs.
- On behalf of the MIAG, Case No. U-15245: In the matter of the application of Consumers Energy Company (CECO) 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, CECO's 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.

- On behalf of the City of Cincinnati, Case No. 06-0986-EL-UNC: In the matter of the Application of Duke Energy Ohio, Inc., to modify its market-based standard service offer, 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 the Company's proposal and impact on City's project energy costs.
- On behalf of the MIAG, Case No U-15190: In Base Rate Proceeding for CECO, March-September 2007. Project Manager. Reviewed the revenue decoupling proposal and supported the witness testimony.
- Technical consultant for the DCPSC in the matter of Pepco's request for a \$50.4 million increase in base rates (Formal Case No. 1053), 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.
- On behalf of the Staff of the MDPSC, Case No. 9092: Base Rate Proceeding for Pepco, 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.
- On behalf of the Consumer Advocate of the Province of Nova Scotia, Case No. P-888: Base rate proceeding of Nova Scotia Power, December 2006-March 2007. 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.
- On behalf of the Staff of the DEPSC, Docket No. 06-284: in the matter of DPL's request for a \$15M increase in gas base rates, October 2006-March 2007. Project Manager and Testifying Witness. Testified on several rate base and revenue requirement issues. Recommended Commission reduce proposed rate increase request to \$8.4M (56%).
- On behalf of the Staff of the MDPSC, Case No. 9062: 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.
- On behalf of the MIAG, Case No. U-14547: In the matter of the application of CECO 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 Attorney General on CECO's proposed increase to base rates.

- On behalf of the Illinois Citizens Utility Board, Cook County State's Attorney's Office and City of Chicago, Case: 05-0597, November 2005-May 2006. Project Manager and Testifying Witness. Provided analysis and recommended adjustments in the general rate increase of 20.1% or \$320 million filed by Commonwealth Edison Company.
- On behalf of the MIAG, Case No. U-14347. Consumers Energy Company. April-September 2005. Project Manager. Supported the MIAG with analyses in preparation for testimony before the Commission.
- On behalf of the DCPSC, Formal Case No. 1032: In the Matter of the Investigation into Pepco's Distribution Service Rates, January-March 2005. Project Manager. Review and evaluation of Pepco compliance filings for class cost of service and revenue requirements for distribution service pursuant 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.
- On behalf of the DCPSC, Formal Case No. 1016: In the Matter of the Application of Washington Gas Light Company (WGL), District of Columbia Division, for Authority to Increase Existing Rates and Charges for Gas Service, 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.
- 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.
- Advised South Carolina State Senator on regulatory process for requesting States Public Service Commission for a comprehensive review of Duke Power Company's storm and restoration and right of way management. Reviewed and advised Senator of results of report finding.
- NYPSC, Case: 97-M-0567, Commission Staff. Litigated proceeding to determine the benefits of a proposed merger of LILCO/Brooklyn Union Gas. Analyzed proposed synergy savings.
- NYPSC, Case: 96-E-0132, Show Cause Proceeding Regarding Rate Relief for Ratepayers of LILCO, Commission Staff and Testifying Witness. Litigated proceeding where Staff proffered testimony containing a benchmark study showing that LILCO'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.
- Before the Hawaii Public Utilities Commission, Docket No. 05-0075: In the matter of a proceeding to investigate Kauai Island Utility Coop'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.

Renewable Energy and Energy Conservation

- On behalf of the MIAG. Project Manager and Testifying Witness. Supported the MIAG with analysis and/or testimony regarding the Michigan Public Service Commission's 21st Century Energy Plan Report including various cases regarding Renewable Energy Plan (REP) costs and their associate plan reconciliations and Energy Optimization Plans (EOP). Analyzed cost methodologies used by the companies for adherence to approved processes and reasonable and prudent costs. Issues included calculation of transfer costs for inclusion in power supply recovery costs and adherence to specifications of Public Acts.
 - Case No. U-16655. Consumers Energy Company (CECO) reconciliation of its REP costs associated with the plan approved in Case No. U-15805 and Case No. U-16543. September 2012-January 2013.
 - Case No. U-16656. Detroit Edison Company (DetEd) reconciliation of its REP costs associated with the amended plan approved in Case No. U-16582. September 2012-March 2013. Project Manager and Testifying Witness.
 - Case No. U-16300. CECO for authority to reconcile its renewable energy plan costs associated with the plan approved in Case No. U-15805, November 2010-January 2011.
 - Case No. U-16356. DetEd for authority to reconcile its REP costs associated with the plan approved in Case No. U-15806-RPS, October 2010-March 2011.
- 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.
- On behalf of the MIAG, Case No. U-15806/U-15890: In the matter of DetEd's and MichCon's compliance with Public Acts 286 and 296 regarding their REP and Energy Optimization Plan (EOP), March-June 2009. Project Manager and Testifying Witness. Reviewed the EOPs of both DetEd and MichCon and provided analysis of issues and shortcomings concerning the plans in relation to the specifications of the Act and the benefit to customers.
- On behalf of the MIAG, Case No. U-15805/15889: In the matter of CECO to comply with Public Acts 286 and 295 regarding its REP and EOP, March-June 2009. Project Manager and Testifying Witness. Reviewed the EOP of CECO and provided analysis

of issues and shortcomings concerning the plans in relation to the specifications of the Act and the benefit to customers.

Restructuring and Unbundling

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.

- Consultant to Illinois Power Company. Conducted mandated compliance filing to unbundle 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.
- Consultant to Illinois Power Company. Prepared 2001 required update filing for the ILCC compliance filing to unbundle 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.

Specialty Cases

- Case No. U-17429 on behalf of the Michigan Attorney General in the matter of the application of Consumers Energy Company for approval of a Certificate of Necessity for the Thetford Generating Plant pursuant to MCL 460.6s and for related accounting and ratemaking authorizations, September 2013-February 2014. Project Manager and Testifying Witness. Managed review and assessment of company and intervenor testimony regarding its need for generated power, the suitability of proposed new plant, reasonableness of the estimated costs and financing for the proposed plant, and the company's compliance with Commission directives related to the new plant. Testified to the best option for meeting power needs as well as the appropriateness of the contingency the Company has included in its estimated costs.
- Case No. U-17026 On behalf of the MIAG in the matter of the application of Indiana Michigan Power Company for a certificate of necessity pursuant to MCL 460.6s and related accounting authorizations, June-September 2012. Project Manager. Managed review of certificate of necessity, evaluation of company's prudence in obtaining alternative power supply options, and review of the company's implementation of and prudence in management of its nuclear plant Life Cycle Management project in comparison to industry standards.

Telecommunications

- Before the NYPSC, 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.
- NYS PSC Opinion: 92-36 Operational Audit of New York Telephone Company Service Quality Standards Measurement Practices. A comprehensive operational audit

to assess whether the Company had effective and accurate means to measure its performance for each of eleven service quality standards; whether New York Telephone accurately reported its performance on each of the eleven service quality standards; examined the internal controls the Company had in place to ensure that its performance for each of the service quality standards were accurately measured and reported; and reviewed the then current regulations and service quality standards against the Company's actual practices and performance to determine whether regulatory changes were necessary.

Testimony and Witness Preparation

Mr. McGarry has proffered and/or supported testimony in many jurisdictions. These proceedings have included testimony involving management decisions and prudence

impacts, operations and maintenance expenses, capital investments, revenue requirements, project management, and others.

Testimony proffered

Before the Arizona Corporation Commission

- UNS Electric, Inc. - Docket No. E-04204A-12-0504
- Tucson Electric Power Company - Docket No. E-01933A-12-0291
- Arizona Public Service Company - Docket No. E-01345A-11-0224

Before the Delaware Public Service Commission

- Delmarva Power and Light Company - Docket No. 12-546
- Delmarva Power and Light Company - Docket No. 11-528
- Delmarva Power and Light Company - Docket No. 07-239F
- Delmarva Power and Light Company - Docket No. 06-284

Before the Georgia Public Service Commission

- Georgia Power Company - Docket No. 36989

Before the Illinois Commerce Commission

- Commonwealth Edison - Case No. 05-0597

Before Maine Public Utilities Commission

- Northern Utilities Inc. - Case No. 2008-151
- Northern Utilities Inc. - Case No. 2004-813

Before the Maryland Public Service Commission

- Pepco and Delmarva Power and Light Company - Case No. 9092/9093

Before the Michigan Public Service Commission

- Consumers Energy Company - Case No. U-17688
- Detroit Edison Company - Case No. U-17689
- Detroit Edison Company - Case No. U-17097-R
- Consumers Energy Company - Case No. U-17095-R
- Detroit Edison Company - Case No. U-17319
- Consumers Energy Company - Case No. U-17496
- Consumers Energy Company - Case No. U-17429
- Detroit Edison Company - Case No. U-16892-R
- Detroit Edison Company - Case No. U-17097
- Detroit Edison Company - Case No. U-15768
- Detroit Edison Company - Case No. U-16656
- Consumers Energy Company - Case No. U-16655
- Detroit Edison Company - Case No. U-16434-R
- Detroit Edison Company - Case No. U-16047-R
- Detroit Edison Company - Case No. U-16434
- Detroit Edison Company - Case No. U-16892
- Detroit Edison Company - Case No. U-16472
- Michigan Consolidated Gas Company - Case No. U-16407
- Detroit Edison Company - Case No. U-16356
- Consumers Energy Company - Case No. U-16300

Direct Testimony of
Michael J. McGarry, Sr.
Case No. WR-2017-0285, et al.

- Detroit Edison Company - Case No. U-16047
- Detroit Edison Co. and Michigan Consolidated Gas - Case No. U-15806/U-15890
- Consumers Energy Company - Case No. U-15805/15889
- Detroit Edison Company - Case No. U-15677-R
- Consumers Energy Company - Case No. U-15675-R
- Consumers Energy Company - Case No. U-15415-R
- Consumers Energy Company - Case No. U-15245
- Detroit Edison Company - Case No. U-15244
- Michigan Gas Utilities, Corporation - Case No. U-15040
- Consumers Energy Company - Case No. U-15001
- Consumers Energy Company - Case No. U-14701-R
- Consumer Energy Company - Case No. U-14547

Before the Missouri Public Service Commission

- Veolia Energy Company - Case No. HR-2011-0241

Before the New York Public Service Commission

- Long Island Lighting Company - Case No. 96-E-0132
- Niagara Mohawk Power Company - Case No. 96-M-0858
- Jamaica Water - Case No. 91-W-0583
- New York State Electric & Gas Homer City Prudence Review - Case No. 88-E-115

Before the North Dakota Public Service Commission

- Northern States Power Company - Case Nos. PU-10-657 and PU-11-55

Before the Nova Scotia Utility and Review Board

- Nova Scotia Power - Case No. P-888

Before the Utah Division of Public Utilities

- Rocky Mountain Power - Docket No. 09-035-23

Training and Public Speaking

Mr. McGarry has presented topics before Commission staff groups, NARUC sub-committee groups, and as a program faculty member (2010 & 2011) 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, and cost trackers.

- National Association of Regulatory Utility Commissioners (NARUC). Presented, before the sub-committee on Accounting and Finance, a presentation on value of rate case audits. March 19, 2014
- NARUC. Presented, before the sub-committee on Accounting and Finance, a presentation on CAPEX trackers. March 28, 2012.
- Institute of Public Utilities, Michigan State University, East Lansing, MI. Presented a training session on Management Audits and Prudency Reviews to the attendees at the

Institute of Public Utilities, Fall 2010 Advanced Regulatory Studies Program. September 27, 2011, and September 30, 2010.

- NARUC. Presented, before the sub-committee on Accounting and Finance, a presentation on service company costs and allocations to regulated entities. September 15, 2010.
- Special Case Study: Public Service Company of New Mexico, NM PRC Docket No. 10-00086-UT, June 2010. Worked with QSI Consulting, Inc. to conduct a training session for the New Mexico Public Service Commission Staff and to develop training materials for presentation to 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 company's pending rate case and provide an analytic framework for Staff to apply to the forecasting issues in the case.

Professional Utility Regulatory Experience

MJM Consulting, LLC.: July 2017 to Present

Principal

Blue Ridge Consulting Services, Inc.: June 2016 to July 2017

Senior Technical Consultant

Blue Ridge Consulting Services, Inc.: 2004-June 2016

President and CEO

Hawks, Giffels & Pullin, Inc.: 2003-2004

Vice President of East Coast Operations

Independent Consultant: 2001-2003

Denali Consulting, Inc.: 2000-2001

Senior Consultant

Navigant Consulting, Inc.: 1997-2000

Senior Consultant

New York State Department of Public Service: 1985-1997

Utility Operations Examiner

Seminole Electric Cooperative: 1983-1985

Rate Analyst II

Orange and Rockland Utilities: 1981-1983

Associate Rate Analyst

Education

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