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MISSOURI PUBLIC SERVICE COMMISSION

LACLEDE GAS COMPANY

CASE NO. GC-2011-0098

SURREBUTTAL TESTIMONY

OF

JOHN J. REED

ON BEHALF OF LACLEDE GAS COMPANY

1 **SURREBUTTAL TESTIMONY OF JOHN J. REED**

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

3 A. My name is John J. Reed. My business address is 293 Boston Post Road West, Suite
4 500, Marlborough, Massachusetts 01752.

5
6 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

7 A. I am Chairman and Chief Executive Officer of Concentric Energy Advisors, Inc.
8 (“Concentric”). Concentric is a management consulting firm specializing in financial and
9 economic services to the energy industry.

10
11 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND AND
12 EXPERIENCE.**

13 A. I have more than thirty years of experience in the North American energy industry. Prior
14 to my current position with Concentric, I served in executive positions with various
15 consulting firms and as Chief Economist with Southern California Gas Company, North
16 America’s largest gas distribution utility. I have provided expert testimony on financial
17 and economic matters on more than 150 occasions before federal, provincial and state
18 utility regulatory agencies, various state and federal courts, and before arbitration panels
19 in the United States and Canada. A copy of my résumé and a listing of the testimony I
20 have sponsored in the past ten years is included as Attachment A.

21
22 **Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE THE
23 MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”)?**

1 A. Yes. I have testified before the Commission on behalf of the following parties in the
2 following proceedings:

- 3 • Missouri Gas Energy (Case Nos. GR-2001-382)
- 4 • Missouri Gas Energy (Case Nos. GR-2002-348/GR-2003-0330)
- 5 • Aquila Networks (Case Nos. ER-2004-0034/HR-2004-0024)
- 6 • Aquila Networks (Case Nos. GR-2004-0072)
- 7 • Missouri Gas Energy (Case No. ER-2010-0355)
- 8 • Missouri Gas Energy (Case No. ER-2010-0356)

9

10 **Q. ON WHOSE BEHALF ARE YOU SPONSORING TESTIMONY IN THIS**
11 **PROCEEDING?**

12 A. I am sponsoring testimony on behalf of Laclede Gas Company (“Laclede”).

13

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

15 A. The purpose of my testimony is to address certain issues raised by the Staff of the Public
16 Service Commission (“Staff”) and the Office of Public Counsel (“OPC”) related to a
17 complaint filed by Staff alleging that, among other things, Laclede’s natural gas
18 purchases from its gas marketing affiliate, Laclede Energy Resources (“LER”), do not
19 conform to the asymmetrical pricing standards outlined in the Missouri Code of State
20 Regulations regarding affiliate transactions (“Affiliate Rules”). Specifically, my
21 testimony will: (i) address Staff’s and OPC’s concerns regarding Laclede’s purchases of
22 natural gas from LER; and (ii) discuss the practical effect of the comparison in the
23 Affiliate Rules of a fair market price (referred to as “FMP” in certain instances herein)

1 and the fully distributed cost (referred to as “FDC” in certain instances herein) regarding
2 natural gas purchasing. In addition, I will also address an inconsistency in Staff’s
3 position of how the fully distributed cost should be applied relative to the Affiliate Rules.
4

5 **II. BACKGROUND**

6 **Q. PLEASE DESCRIBE THE ORGANIZATIONAL RELATIONSHIP OF LACLEDE**
7 **AND LER.**

8 A. Prior to 2001, LER was a non-regulated gas marketing subsidiary of, and wholly-owned
9 by, Laclede. In 2001, a corporate restructuring resulted in the formation of a holding
10 company, the Laclede Group, which is currently the parent of both the regulated utility
11 (*i.e.*, Laclede) and the non-regulated gas marketing affiliate (*i.e.*, LER).
12

13 **Q. DOES MISSOURI HAVE RULES THAT GOVERN TRANSACTIONS BETWEEN**
14 **A REGULATED GAS UTILITY AND ITS AFFILIATES?**

15 A. Yes. Chapters 40.015 and 40.016 of the Missouri Code of State Regulations govern
16 transactions between regulated gas utilities and their affiliates. Chapter 40.015 relates to
17 “Affiliate Transactions”, while Chapter 40.016 specifically relates to “Marketing
18 Affiliate Transactions”. The purpose of the Affiliate Rules as defined in Chapter 40.015
19 states:

20 This rule is intended to prevent regulated utilities from subsidizing their
21 non-regulated operations. In order to accomplish this objective, the rule
22 sets forth financial standards, evidentiary standards and record keeping
23 requirements, applicable to any Missouri Public Service Commission
24 (commission) regulated gas corporation whenever such corporation
25 participates in transactions with any affiliated entity (except with regard to
26 HVAC services as defined in section 386.754, RSMo Supp. 1998, by the
27 General Assembly of Missouri). The rule and its effective enforcement

1 will provide the public the assurance that their rates are not adversely
2 impacted by the utilities' nonregulated activities. (4 CSR 240-40.015).

3 A similar, but less descriptive, purpose is also set forth in Chapter 40.016 as well. While
4 the two chapters of the Affiliate Rules are similar, Chapter 40.016 specifically relates to
5 "Marketing Affiliate Transactions" and will be the focus of my testimony herein.

6
7 **Q. IS THERE A PRICING STANDARD SET FORTH IN THE AFFILIATE RULES**
8 **FOR NATURAL GAS PURCHASES BY A REGULATED GAS UTILITY FROM**
9 **AN AFFILIATE?**

10 A. Yes. The Affiliate Rules contain what has been referred to in this case as an
11 "asymmetrical pricing standard". Specifically, the Affiliate Rules state that:

12 A regulated gas corporation shall not provide a financial advantage to an
13 affiliated entity. For the purposes of this rule, a regulated gas corporation
14 shall be deemed to provide a financial advantage to an affiliated entity if—

- 15 1. It compensates an affiliated entity for information, assets, goods or
16 services above the lesser of—
 - 17 A. The fair market price; or
 - 18 B. The fully distributed cost to the regulated gas corporation to
19 provide the information, assets, goods or services for itself;
20 or
- 21 2. It transfers information, assets, goods or services of any kind to an
22 affiliated entity below the greater of—
 - 23 A. The fair market price; or
 - 24 B. The fully distributed cost to the regulated gas corporation. (4
25 CSR 240-40.016(3)(A)).

26 As can be seen, the pricing standard is described as asymmetrical since the pricing for
27 natural gas purchases made by Laclede from LER is a "lesser of" standard, while sales
28 from Laclede to LER is a "greater of" standard.

1 **III. REBUTTAL OF STAFF’S AND OPC’S CLAIMS**

2 **Q. WHAT HAS STAFF STATED REGARDING LACLEDE’S AFFILIATE**
3 **PURCHASING PRACTICES?**

4 A. Among other things, Staff has stated that “[t]he failure of Laclede to make an evaluation
5 of its FDC when it makes purchases from and makes sales to LER for “energy-related”
6 goods and services, is a clear and serious violation of the asymmetrical pricing
7 standards.” (Rebuttal Testimony of Charles R. Hyneman, Case No. GC-2011-0098, April
8 2011, p. 26, ll. 20-22). Further, Staff has stated that because Laclede purchases natural
9 gas from LER, and because on such transactions LER may realize some level of profit
10 that is passed through to Laclede’s ratepayers, such transactions are inappropriate and
11 represent cross-subsidization:

12 Instead of just passing the actual gas cost through the PGA [purchased gas
13 adjustment], Laclede has developed a scheme in which Laclede buys gas
14 from LER, essentially the same as buying gas from itself - which sells gas
15 to Laclede at a profit. In such a case, even though Laclede subsequently
16 passes the gas on to the ratepayers at its cost, that cost nonetheless
17 includes a profit to Laclede’s shareholders. To Staff it seems like an end
18 run around the supposedly profitless PGA-ACA [actual cost adjustment]
19 process and qualifies as cross-subsidization.” (Staff’s Motion to Late File
20 and Reply to Laclede Gas Company’s Counterclaim, Case No. GC-2011-
21 0098, January 17, 2011, p. 6) [clarification added]

22 In addition, since Staff believes that Laclede should buy gas from LER at LER’s
23 acquisition price, Staff has claimed that any profits realized by LER relating from sales to
24 Laclede should be credited to ratepayers, *i.e.*, LER would have no ability to earn a profit
25 on such sales. (*Id.*, p. 3).

1 **Q. HAVE ANY OTHER PARTIES SUPPORTED STAFF’S POSITION IN THIS**
2 **REGARD?**

3 A. While the testimony is not entirely clear, it appears that OPC also supports Staff’s
4 position in this regard (Rebuttal Testimony of Barbara Meisenheimer, Case No. GC-
5 2011-0098, April 19, 2011, p. 11, l. 9 – p. 12, l. 6).

6
7 **Q. IF LACLEDE PURCHASES NATURAL GAS FROM LER AND LER EARNS A**
8 **PROFIT ON THE TRANSACTION, DOES THIS NECESSARILY REPRESENT**
9 **CROSS-SUBSIDIZATION?**

10 A. No. The fact that Laclede purchases natural gas from LER, and that such transactions
11 may result in a profit for LER, is not, in and of itself, inappropriate or representative of
12 cross-subsidization as Staff’s claim would suggest. Affiliate transactions rules or
13 standards in the natural gas industry are typically established to prevent the cross-
14 subsidization between regulated and non-regulated affiliates to the detriment of regulated
15 ratepayers. Therefore, the premise of the Affiliate Rules, *i.e.*, to discourage potential
16 affiliate abuse, is appropriate. However, simply because LER, the affiliate, may realize a
17 profit on a sale of natural gas to Laclede does not, by definition, mean that such a
18 transaction represents inappropriate cross-subsidization as Staff suggests or that Laclede
19 has violated the Affiliate Rules.

20
21 **Q. STAFF’S POSITION IS THAT RATEPAYERS SHOULD RECEIVE THE**
22 **BENEFIT OF ANY PROFIT EARNED BY LER ASSOCIATED WITH**

1 **LACLEDE’S PURCHASES FROM LER. IS THIS POSITION ECONOMICALLY**
2 **SOUND?**

3 A. No. There is no economic justification for Staff’s position that LER’s profits for such
4 transactions should inure to the benefit of Laclede’s ratepayers simply because Laclede
5 and LER are affiliated. The natural gas commodity market is an open and competitive
6 market with many buyers and sellers. Whether Laclede purchases natural gas from LER
7 or from some other supplier, the ultimate price paid by Laclede will typically cover the
8 seller’s variable costs and a portion of the seller’s fixed costs, including some level of
9 profit to compensate the seller for the risk that it incurs. Absent a prospective finding
10 that a regulated gas corporation cannot purchase natural gas from an affiliate, there is no
11 reason that LER’s profits associated with sales to Laclede should be credited to
12 ratepayers any more than the profits of unaffiliated third-parties selling natural gas to
13 Laclede should be credited to ratepayers.

14
15 **Q. WHAT WOULD BE THE EFFECTIVE RESULT OF STAFF’S POSITION?**

16 A. Any economically rational for-profit company, whether it be LER or any other company,
17 will only enter into transactions in which it has an opportunity to earn a profit.
18 Depending on the supplier’s circumstances and the competitive environment, the level of
19 profit or loss on particular transactions will vary, yet the opportunity to earn a profit at
20 some point in time must be present. Staff’s position, however, would result in LER being
21 prohibited from earning a return on its investment or being compensated for the services
22 LER has rendered and risks it has undertaken for any natural gas sales to Laclede.
23 Therefore, Staff’s proposal would have the effect of almost certainly eliminating

1 purchases by Laclede from LER since it would not be in LER's economic interest to bear
2 costs and assume market risk associated with assets for which it has no opportunity to
3 earn a profit for sales to Laclede.

4
5 **Q. IS STAFF'S PROPOSAL CONSISTENT WITH THE AFFILIATE RULES?**

6 A. No. Staff's position is counter to the Affiliate Rules, as the Affiliate Rules do not specify
7 that an affiliate is prohibited from selling to a regulated gas corporation. As noted, the
8 specified purpose of the Affiliate Rules is to "prevent regulated utilities from subsidizing
9 their non-regulated operations," not *prohibiting* regulated utilities from conducting
10 transactions with their affiliates that otherwise do not result in cross-subsidization.
11 Simply put, the regulations do not impose an across-the-board prohibition of Laclede
12 purchasing from an affiliate, yet Staff's position that LER not be able to earn a profit on
13 any sales to Laclede, if implemented, would have the same result and effectively override
14 the Affiliate Rules.

15
16 **Q. IF STAFF'S PROPOSAL WERE IMPLEMENTED AND LER WAS NOT ABLE
17 TO EARN A RETURN ON SALES TO LACLEDE, WOULD LACLEDE'S
18 RATEPAYERS BE AFFECTED?**

19 A. There is the likelihood that Laclede's ratepayers would be negatively affected if LER
20 were prohibited from selling to Laclede. Such a prohibition would reduce the
21 opportunity for Laclede's ratepayers to benefit in those instances in which LER is the
22 most economical supplier (*e.g.*, it is the lowest-cost provider, it provides the greatest level
23 of flexibility, it has the most favorable contract terms). No competitive market will

1 benefit from the loss of a market participant, while at the same time, there can be adverse
2 effects from such a loss.

3
4 **IV. APPLICABILITY OF THE FAIR MARKET PRICE AND THE FULLY**
5 **DISTRIBUTED COST**

6 **Q. WHAT HAVE STAFF AND OPC STATED WITH REGARD TO THE**
7 **COMPARISON BETWEEN FAIR MARKET PRICE AND FULLY**
8 **DISTRIBUTED COST?**

9 A. Staff and OPC have stated that Laclede has failed to provide a calculation of the fully
10 distributed cost, or, in lieu of providing such a calculation, seek a variance from the
11 Commission. Specifically, Staff states that it is important for Laclede to perform a
12 comparison of the fair market price and fully distributed cost because “[i]t is required by
13 the rules. The key question that Laclede needs to answer is which is lower, the FDC or
14 the FMP. Laclede is required by the rules to consider this question.” (Rebuttal
15 Testimony of Charles R. Hyneman, Case No. GC-2011-0098, April 2011, p. 26, ll. 13-
16 15). Similarly, OPC has stated, “[t]he rules require that the pricing of gas purchases and
17 gas sales between Laclede and LER be priced at the lesser of FMP or FDC. ...As I
18 previously indicated, Laclede has not received a variance from the pricing standards
19 required by the rule.” (Rebuttal Testimony of Barbara Meisenheimer, Case No. GC-
20 2011-0098, April 19, 2011, p. 10, l. 21 – p. 11, l. 8).

21

1 **Q. HAS THE NATURAL GAS INDUSTRY EVOLVED SUCH THAT A FAIR**
2 **MARKET PRICE FOR NATURAL GAS PURCHASES CAN BE REASONABLY**
3 **DETERMINED?**

4 A. Yes. Prior to the issuance of the Federal Energy Regulatory Commission's ("FERC's")
5 Order No. 436 in 1985, LDCs purchased natural gas as a delivered product directly from
6 a particular pipeline, meaning that natural gas and pipeline capacity were a bundled
7 transaction provided by the pipeline. However, upon the issuance of FERC Order No.
8 436, which was followed by Order Nos. 636, *et. al.*, in the early 1990s, pipelines were
9 required to unbundle their natural gas sales and transportation services, and no longer
10 were purchasing and selling natural gas to end-users, *i.e.*, pipelines were transporters
11 only. As a result of Order No. 436, natural gas marketing companies developed to
12 provide an important role in the natural gas supply and delivery chain and facilitate an
13 efficient marketplace for natural gas.

14
15 **Q. WITH THE DEREGULATION OF THE WHOLESALE NATURAL GAS**
16 **INDUSTRY, DID THE BUSINESS MODEL FOR LDCs CHANGE SUCH THAT**
17 **THEY BECAME MORE VERTICALLY INTEGRATED OR OPERATED**
18 **SIMILARLY TO MARKETERS?**

19 A. No. As a result of Order Nos. 436 and 636, LDCs did not begin acquiring production
20 wells, gathering systems, processing facilities, or pipelines to serve their native load.
21 Rather, LDCs generally purchase natural gas, either at their city gates or at upstream
22 points on the pipelines with which they have firm capacity, from unregulated marketers
23 and brokers in the wholesale market. These market participants, *i.e.*, marketers and

1 brokers, aggregate supplies and may take capacity or ownership positions in portions of
2 the upstream value chain. Wholesale marketing companies and LDCs are different types
3 of businesses that operate in different markets and assume different risks. Wholesale
4 marketing companies are unregulated and have the ability to speculate regarding natural
5 gas commodity, pipeline capacity and storage positions and can serve a variety of
6 counter-parties in different markets. In contrast, LDCs are regulated and have a duty to
7 provide natural gas safely and at a reasonable cost to the customers in their defined
8 service territory. In addition, while LDCs may undertake hedging activities associated
9 with their natural gas purchasing in order to reduce price volatility for their ratepayers,
10 and/or engage in asset management arrangements to mitigate certain fixed costs, LDCs
11 do not generally speculate or seek markets outside of their franchised service territory
12 such that gains or losses associated with such activities would be borne by utility
13 ratepayers.

14
15 **Q. DO LDCs RELY ON THE COMPETITIVE NATURAL GAS MARKET TO**
16 **ESTABLISH THE PRICES FOR WHICH THEY PURCHASE NATURAL GAS**
17 **FOR THEIR RATEPAYERS?**

18 A. Yes. LDCs rely on a number of market-oriented measures to establish the prices at which
19 they purchase natural gas. With the development of broader competition for natural gas
20 purchases, natural gas pricing indices have developed that provide daily and monthly
21 price disclosure and transparency, and have resulted in increased liquidity. This open and
22 competitive market, driven by the supply and demand for natural gas, provides the basis
23 for natural gas prices to be established for various locations, times, and products and

1 services, for which LDCs such as Laclede, as well as various other market participants,
2 have ready access. Thus, when purchasing natural gas, LDCs can accept competitive
3 bids from multiple suppliers, and also have the ability to evaluate those bids relative to
4 market pricing due to the price transparency that exists in the wholesale natural gas
5 market.

6
7 **Q. IS IT COMMON PRACTICE IN THE NATURAL GAS INDUSTRY THAT**
8 **NATURAL GAS IS TRANSACTED BASED ON INDEX PRICING?**

9 A. Yes. Today, purchasing natural gas pursuant to market pricing is common practice in the
10 natural gas industry (*see, e.g.*, National Regulatory Research Institute, “Gas Procurement:
11 Application of the Portfolio Approach, June 5, 2006). There are numerous ways in which
12 natural gas supply transactions are structured, but most rely, either directly or indirectly,
13 on first-of-month (monthly), spot (daily) or futures prices that are tied to specific market
14 pricing indices. In fact, the FERC’s Office of Enforcement has recently found that
15 “[t]ransactions at a published index price accounted for 70% of reported volumes [in
16 2009] and more than two-thirds of those transactions were based on next-month indexes
17 [*sic*].” (Federal Energy Regulatory Commission, 2009 Analysis of Physical Gas Market
18 Transactions, December 16, 2010; clarification added). Thus, today’s wholesale natural
19 gas market, with numerous buyers and sellers, is workably competitive, and as such,
20 prices are established based on competitive market considerations.

21

1 **Q. HAS THE COMMISSION RECOGNIZED THAT IT IS THE COMPETITIVE**
2 **WHOLESALE NATURAL GAS MARKET THAT DETERMINES THE PRICES**
3 **PAID BY LDCs FOR GAS SUPPLY?**

4 A. Yes, the Commission is well aware that the competitive wholesale natural gas market
5 determines the prices paid by LDCs for gas supply. The Commission has stated that
6 LDCs “do not produce the gas they sell but purchase it on an open market at market
7 prices.” (Missouri Public Service Commission, “Natural Gas Report for March 2011”).
8 In addition, in explaining to consumers how LDCs procure natural gas supplies, the
9 Commission has noted that:

- 10 • Your local natural gas company must purchase the natural gas that
11 heats your home from wholesale suppliers. Missouri companies do
12 not own natural gas fields.
- 13 • What the wholesale supplier charges your local natural gas company is
14 determined in an unregulated market. Congress deregulated prices
15 several years ago. Today, prices are determined in an open,
16 competition-based market.
- 17 • Wholesale prices are subject to wide variations depending on a number
18 of factors including supply, demand and weather. A prolonged cold
19 spell or brief episode of severe winter weather would increase demand
20 in the high-consumption winter months. (Missouri Public Service
21 Commission, (“Some Facts About Natural Gas Rates, A Publication of
22 the Missouri Public Service Commission”, August 2009)

23
24 In addition, the Commission also advises consumers that when the LDC files to increase
25 or decrease its natural gas rates to reflect changes in wholesale prices, the Staff reviews
26 LDC gas cost filings to ensure that the filing “generally reflects current market
27 conditions.” (*Id.*)

28
29 **Q. HOW IS FULLY DISTRIBUTED COST DEFINED IN THE AFFILIATE RULES?**

30 A. The Affiliate Rules define fully distributed cost for a regulated gas corporation as:

1 ...a methodology that examines all costs of an enterprise in relation to all
2 the goods and services that are produced. FDC requires recognition of all
3 costs incurred directly or indirectly used to produce a good or service.
4 Costs are assigned either through a direct or allocated approach. Costs
5 that cannot be directly assigned or indirectly allocated (e.g., general and
6 administrative) must also be included in the FDC calculation through a
7 general allocation. (4 CSR 240-40.016(1)(F))
8

9 **Q. BASED ON THIS DEFINITION IN THE AFFILIATE RULES, HOW WOULD**
10 **YOU INTERPRET THE FULLY DISTRIBUTED COST FOR NATURAL GAS**
11 **PURCHASES BY LACLEDE?**

12 A. Based on a reasonable interpretation of the definition of fully distributed cost in the
13 Affiliate Rules, the fully distributed cost associated with Laclede’s natural gas purchases
14 would be the sum of (i) the fair market price of obtaining the natural gas commodity; and
15 (ii) the direct and indirect non-gas costs associated with Laclede itself procuring the
16 commodity. Assuming that such direct and indirect non-gas costs are zero or greater, the
17 fully distributed cost of purchasing natural gas at a point in time will always be equal to
18 or higher than the fair market price of the natural gas purchased at that time. Considering
19 that the pricing standard under the Affiliate Rules requires that the utility compensate its
20 affiliate for gas supply at a price that is the lesser of (i) the fair market price; or (ii) the
21 fully distributed cost to the regulated gas corporation to provide the gas supply for itself,
22 Laclede purchasing gas from LER at the fair market price would inherently satisfy this
23 “lesser of” standard of the Affiliate Rules. (4 CSR 240-40.016(3)(1)).
24

25 **Q. HAVE THERE BEEN OTHER INTERPRETATIONS OF THE DEFINITION OF**
26 **FULLY DISTRIBUTED COST FOR NATURAL GAS PURCHASED BY**
27 **LACLEDE IN THIS PROCEEDING?**

1 A. Yes. Staff has taken an alternative view of how the fully distributed cost should be
2 determined for natural gas purchases made by Laclede. In its response to Laclede Data
3 Request No. 21, Staff states that:

4 FDC is defined in 4CSR 240-40.015(1)(F) as a: methodology that
5 examines all costs of an enterprise in relation to all the goods and services
6 that are produced. FDC requires recognition of all costs incurred directly
7 or indirectly used to produce a good or service. Costs are assigned either
8 through a direct or allocated approach. Costs that cannot be directly
9 assigned or indirectly allocated (e.g., general and administrative) must also
10 be included in the FDC calculation through a general allocation. To
11 calculate Laclede's FDC to acquire natural gas (a service provided to
12 Laclede by its Gas Purchasing Department), Laclede would need to
13 examine all costs to Laclede in relation purchasing natural gas. Some of
14 these costs would be salaries and benefits of the Gas Purchasing
15 Department, rent or capital costs associated with the facilities used by
16 these employees, depreciation expense on equipment, and debt and equity
17 costs associated with any investor-owned utility investments consumed in
18 the process of purchasing natural gas. Laclede's FDC to purchase natural
19 gas would be the actual cost of the natural gas purchased, plus all costs as
20 described above. However, its relevant or actual FDC is its "net" or actual
21 cost. Laclede's net FDC would be its gross costs, less the costs that are
22 currently being recovered in utility rates. This is the relevant price that
23 would be compared to the fair market price. (emphasis added)

24 Thus, Staff's alternative definition states that the fully distributed cost would include both
25 the commodity cost of natural gas plus all non-gas-related costs of acquiring the natural
26 gas, but then would "net" those non-gas costs out since they are recovered in the
27 Laclede's distribution rates. While the Affiliate Rules do not discuss "netting" certain
28 costs for determining the fully distributed cost, even with Staff's alternative definition,
29 the end result, *i.e.*, the fair market price for a particular natural gas purchase is equal to
30 the fully distributed cost of that same natural gas purchase, is consistent with my earlier
31 interpretation.

1 **Q. WHAT HAS LACLEDE STATED REGARDING THE DEFINITION OF FULLY**
2 **DISTRIBUTED COST FOR NATURAL GAS PURCHASES BY LACLEDE?**

3 A. Mr. Cline stated in his rebuttal testimony that since the definition of fully distributed cost
4 references all of the costs incurred to produce a good or service, and Laclede does not
5 produce or manufacture gas itself, in effect, Laclede does not have an applicable fully
6 distributed cost associated with the natural gas commodity. In addition, Mr. Cline stated
7 that the fully distributed cost could also be viewed as Laclede's cost to acquire (as
8 opposed to produce) the natural gas commodity. (Rebuttal Testimony of Michael Cline,
9 Case No. GC-2011-0098, March 22, 2011, p. 3, ll. 3-23).

10

11 **Q. UNDER EITHER OF THOSE INTERPRETATIONS OUTLINED BY MR. CLINE**
12 **OF HOW TO DETERMINE THE FULLY DISTRIBUTED COST FOR**
13 **LACLEDE'S NATURAL GAS PURCHASES, WOULD THE RESULT BE ANY**
14 **DIFFERENT THAN WHAT YOU HAVE ALREADY DISCUSSED?**

15 A. No. Under either interpretation, the end result continues to be the same, *i.e.*, the fair
16 market price for a particular natural gas purchase is equal to or less than the fully
17 distributed cost of that same natural gas purchase.

18

19 **Q. BASED ON THESE VARIOUS INTERPRETATIONS OF DETERMINING**
20 **FULLY DISTRIBUTED COST FOR NATURAL GAS PURCHASES BY**
21 **LACLEDE, IS THE END RESULT OF THE COMPARISON BETWEEN FAIR**
22 **MARKET PRICE AND FULLY DISTRIBUTED COST CONSISTENT?**

1 A. Yes. Regardless of whether the determination of Laclede’s fully distributed cost for
2 natural gas purchases (i) incorporates only the cost of the natural gas commodity; (ii)
3 incorporates both the cost of the natural gas commodity and direct/indirect non-gas costs
4 for procurement; or (iii) is Laclede’s cost to acquire (as opposed to produce) the natural
5 gas commodity, the fair market price will always be equal to or lower than the fully
6 distributed cost. Therefore, for practical purposes, the “lower of” standard for purchases
7 by Laclede from LER set forth in the Affiliate Rules will be set by the fair market price.

8

9 **Q. DO YOU HAVE ANY OTHER CONCERNS REGARDING STAFF’S POSITION**
10 **OF HOW THE FULLY DISTRIBUTED COST SHOULD APPLY?**

11 A. Yes. Staff’s interpretation that I just discussed regarding the definition of fully
12 distributed cost for natural gas purchases by Laclede from LER is in direct contradiction
13 to Staff’s position previously discussed that any profits earned by LER from sales to
14 Laclede should inure to the benefit of Laclede’s ratepayers. The Affiliate Rules for
15 Laclede’s natural gas purchases from LER specifically state that the price to be paid by
16 Laclede is to be the lesser of (i) the fair market price; or (ii) the fully distributed cost to
17 the regulated gas corporation to provide the good or services for itself. In addition, the
18 purpose of the Affiliate Rules specifically state that the rules “set forth
19 standards...applicable to all Missouri Public Service Commission (commission)
20 regulated gas corporations...”. (4 CSR 240-40.016). As such, the Affiliate Rules clearly
21 indicate that the fully distributed cost is in regard to the utility, not the affiliate.
22 However, Staff’s position that Laclede’s purchases from LER should be priced at LER’s
23 acquisition cost would be determining fully distributed cost based on the costs incurred

1 by the affiliate, not the regulated gas corporation. As a result, Staff's position would
2 invert the existing standard in the Affiliate Rules and substitute for it an entirely new
3 standard. As I read the Affiliate Rules, there is no basis for examining the level of the
4 affiliate's cost, as this does not enter into the determination of fully distributed cost.
5 Thus, there is no basis for creating such a new pricing standard, particularly one that is
6 counter to Staff's own definition of how to determine fully distributed cost for Laclede's
7 natural gas purchases as noted by Staff's response to Data Request No. 21 discussed
8 previously.

9
10 **Q. WHAT HAS OPC STATED REGARDING LACLEDE'S FULLY DISTRIBUTED**
11 **COST?**

12 A. OPC has stated the following:

13 ...In the 2004 CAM Laclede lists and describes the service that LER
14 provides as the 'purchase of natural gas supplies and
15 transportation/storage services.' Prior to Laclede's restructuring, Laclede
16 did produce this service for itself through LER which at that time, was a
17 wholly owned [*sic*] subsidiary of Laclede. The relevant comparison
18 would be to compare the fair market price of procurement, transport and
19 storage services to the cost that Laclede would have incurred to provide
20 procurement, transport and storage services for itself.

21

22 ...As I described above, prior to Laclede's restructuring, Laclede did
23 provide these services to itself. After restructuring LER performed many
24 of the same activities and relied on some of the same personnel with the
25 same industry related [*sic*] knowledge and contacts as Laclede prior to the
26 restructuring. It is reasonable that LER's costs following the restructuring
27 should be representative of Laclede's FDC.

28

29 In the short run, in a competitive market, a fair market price may be above
30 or below fully distributed costs. (Rebuttal Testimony of Barbara
31 Meisenheimer, Case No. GC-2011-0098, April 19, 2011, p. 11, l. 15 – p.
32 12, l. 6).

1 Thus, OPC's position appears to be that it is reasonable to assume that LER's costs are
2 representative of Laclede's fully distributed cost.

3
4 **Q. DO YOU HAVE ANY COMMENTS REGARDING OPC'S ASSUMPTION THAT**
5 **LER'S COSTS ARE REPRESENTATIVE OF LACLEDE'S FULLY**
6 **DISTRIBUTED COST?**

7 A. Yes. It cannot be simply assumed, as OPC suggests, that Laclede would have the same
8 cost structure as LER, and thus be able to purchase natural gas for the same cost as LER.
9 As an LDC that purchases gas for the highly variable loads of typical residential
10 customers, Laclede cannot attain the same level of efficiencies and synergies that a
11 marketer such as LER is able to attain by selling to numerous entities in various markets.
12 For example, in fiscal year 2010, approximately 94% of Laclede's customers were
13 residential customers, whose usage is typically seasonal, and represented well over half
14 of Laclede's total throughput. (The Laclede Group, 2010 SEC Form 10-K, for the fiscal
15 year ended September 30, 2010, p. 10). In contrast, in fiscal year 2010, LER had no
16 residential customers, but had approximately 150 retail customers and 100 wholesale
17 customers, to which the total therms sold by LER was approximately double that of
18 Laclede's therms sold. (*Id.*, pp. 10-11).

19
20 However, even if one were to assume for the sake of argument that LER's costs to
21 acquire natural gas for resale were representative of Laclede's fully distributed cost to
22 acquire the same natural gas, such argument fails to consider the differences between
23 LDCs and marketers, *i.e.*, the risks assumed and value provided by marketers, whether it

1 be LER or any other marketer from which Laclede purchases natural gas. The structure
2 of the wholesale natural gas market, in which numerous different marketers participate,
3 highlights the fault with OPC's position. If the services provided by marketers in the
4 wholesale natural gas market did not have value, then neither LER nor any other
5 marketer would continue to be in business, and LDCs and end-users (*e.g.*, industrial
6 customers, electric generators) purchasing natural gas would be more vertically-
7 integrated, *i.e.*, owning their own production, gathering, processing and transportation/
8 storage infrastructure, and performing more of the gathering, imbalance and pooling
9 functions that marketers perform today. Yet, this is clearly not the case in the wholesale
10 natural gas market, as there are numerous market participants competing with one
11 another to provide the most competitive service. In general, LDCs purchase their
12 requirements in the wholesale market from marketers rather than try and duplicate the
13 functions performed by marketers. LER, as with any marketer, is competing in the
14 highly competitive and transparent wholesale market to be compensated through its sales
15 price for the services it provides and the risks it incurs to provide those services.

16
17 Therefore, based on value provided and risks assumed by wholesale natural gas
18 marketers, OPC cannot simply conclude that Laclede would be able to purchase natural
19 gas at the same price as LER, and by implication, appear to indirectly suggest, similarly
20 to Staff, that Laclede's ratepayers should not have to bear any profit associated with
21 Laclede's purchases of natural gas from LER.

1 **Q. OPC STATES THAT THE RELEVANT COMPARISON IS THE FAIR MARKET**
2 **VALUE FOR LACLEDE’S NATURAL GAS PURCHASES AND THE COST**
3 **THAT LACLEDE WOULD HAVE INCURRED TO PURCHASE THE NATURAL**
4 **GAS ITSELF WITHOUT LER. DO YOU AGREE WITH OPC?**

5 A. I agree with OPC that the relevant comparison, as set forth in the Affiliate Rules, is the
6 fair market price for Laclede’s natural gas purchases relative to the cost that Laclede
7 would have incurred to purchase natural gas for itself, which, as I described earlier,
8 would include the cost of both purchasing the natural gas commodity and the non-gas-
9 related costs required to purchase the natural gas. However, as I noted with regard to
10 Staff’s position, Laclede’s fully distributed cost to purchase natural gas would always be
11 equal to or higher than the fair market price to purchase that natural gas.

12
13 While OPC’s testimony states that “a fair market price may be above or below fully
14 distributed costs”, OPC offers no further explanation as to the meaning or relevance of
15 this statement. However, if the implication is that the fair market price for purchasing
16 natural gas at a point in time may be above or below *Laclede’s* fully distributed cost
17 (which is the appropriate comparison per the Affiliate Rules) for purchasing natural gas
18 at that same point in time, such implication is not supportable considering that the fully
19 distributed cost would at least include the fair market price of the natural gas commodity,
20 plus potentially any non-gas costs associated with purchasing the commodity. Clearly,
21 Laclede’s fully distributed cost for natural gas purchased *at one point* in time may vary
22 from the fair market price of natural gas *at another point in time* since natural gas prices
23 change constantly. However, because market prices change constantly, such a

1 comparison is not relevant to whether natural gas purchases by Laclede from LER
2 represent inappropriate cross-subsidization between affiliates, nor is it required by the
3 Affiliate Rules for evaluating affiliate transactions.

4

5 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

6 A. Yes.

John J. Reed
Chairman and Chief Executive Officer

John J. Reed is a financial and economic consultant with more than 30 years of experience in the energy industry. Mr. Reed has also been the CEO of an NASD member securities firm, and Co-CEO of the nation's largest publicly traded management consulting firm (NYSE: NCI). He has provided advisory services in the areas of mergers and acquisitions, asset divestitures and purchases, strategic planning, project finance, corporate valuation, energy market analysis, rate and regulatory matters and energy contract negotiations to clients across North and Central America. Mr. Reed's comprehensive experience includes the development and implementation of nuclear, fossil, and hydroelectric generation divestiture programs with an aggregate valuation in excess of \$20 billion. Mr. Reed has also provided expert testimony on financial and economic matters on more than 150 occasions before the FERC, Canadian regulatory agencies, state utility regulatory agencies, various state and federal courts, and before arbitration panels in the United States and Canada. After graduation from the Wharton School of the University of Pennsylvania, Mr. Reed joined Southern California Gas Company, where he worked in the regulatory and financial groups, leaving the firm as Chief Economist in 1981. He served as executive and consultant with Stone & Webster Management Consulting and R.J. Rudden Associates prior to forming REED Consulting Group (RCG) in 1988. RCG was acquired by Navigant Consulting in 1997, where Mr. Reed served as an executive until leaving Navigant to join Concentric as Chairman and Chief Executive Officer.

REPRESENTATIVE PROJECT EXPERIENCE

Executive Management

As an executive-level consultant, worked with CEOs, CFOs, other senior officers, and Boards of Directors of many of North America's top electric and gas utilities, as well as with senior political leaders of the U.S. and Canada on numerous engagements over the past 25 years. Directed merger, acquisition, divestiture, and project development engagements for utilities, pipelines and electric generation companies, repositioned several electric and gas utilities as pure distributors through a series of regulatory, financial, and legislative initiatives, and helped to develop and execute several "roll-up" or market aggregation strategies for companies seeking to achieve substantial scale in energy distribution, generation, transmission, and marketing.

Financial and Economic Advisory Services

Retained by many of the nation's leading energy companies and financial institutions for services relating to the purchase, sale or development of new enterprises. These projects included major new gas pipeline projects, gas storage projects, several non-utility generation projects, the purchase and sale of project development and gas marketing firms, and utility acquisitions. Specific services provided include the development of corporate expansion plans, review of acquisition candidates, establishment of divestiture standards, due diligence on acquisitions or financing, market entry or expansion studies, competitive assessments, project financing studies, and negotiations relating to these transactions.

Litigation Support and Expert Testimony

Provided expert testimony on more than 150 occasions in administrative and civil proceedings on a wide range of energy and economic issues. Clients in these matters have included gas distribution utilities, gas pipelines, gas producers, oil producers, electric utilities, large energy consumers, governmental and regulatory agencies, trade associations, independent energy project developers, engineering firms, and gas and power

marketers. Testimony has focused on issues ranging from broad regulatory and economic policy to virtually all elements of the utility ratemaking process. Also frequently testified regarding energy contract interpretation, accepted energy industry practices, horizontal and vertical market power, quantification of damages, and management prudence. Have been active in regulatory contract and litigation matters on virtually all interstate pipeline systems serving the U.S. Northeast, Mid-Atlantic, Midwest, and Pacific regions.

Also served on FERC Commissioner Terzic's Task Force on Competition, which conducted an industry-wide investigation into the levels of and means of encouraging competition in U.S. natural gas markets. Represented the interests of the gas distributors (the AGD and UDC) and participated actively in developing and presenting position papers on behalf of the LDC community.

Resource Procurement, Contracting and Analysis

On behalf of gas distributors, gas pipelines, gas producers, electric utilities, and independent energy project developers, personally managed or participated in the negotiation, drafting, and regulatory support of hundreds of energy contracts, including the largest gas contracts in North America, electric contracts representing billions of dollars, pipeline and storage contracts, and facility leases.

These efforts have resulted in bringing large new energy projects to market across North America, the creation of hundreds of millions of dollars in savings through contract renegotiation, and the regulatory approval of a number of highly contested energy contracts.

Strategic Planning and Utility Restructuring

Acted as a leading participant in the restructuring of the natural gas and electric utility industries over the past fifteen years, as an adviser to local distribution companies (LDCs), pipelines, electric utilities, and independent energy project developers. In the recent past, provided services to many of the top 50 utilities and energy marketers across North America. Managed projects that frequently included the redevelopment of strategic plans, corporate reorganizations, the development of multi-year regulatory and legislative agendas, merger, acquisition and divestiture strategies, and the development of market entry strategies. Developed and supported merchant function exit strategies, marketing affiliate strategies, and detailed plans for the functional business units of many of North America's leading utilities.

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)

Chairman and Chief Executive Officer

CE Capital Advisors (2004 – Present)

Chairman, President, and Chief Executive Officer

Navigant Consulting, Inc. (1997 – 2002)

President, Navigant Energy Capital (2000 – 2002)

Executive Director (2000 – 2002)

Co-Chief Executive Officer, Vice Chairman (1999 – 2000)

Executive Managing Director (1998 – 1999)

President, REED Consulting Group, Inc. (1997 – 1998)

REED Consulting Group (1988 – 1997)

Chairman, President and Chief Executive Officer

R.J. Rudden Associates, Inc. (1983 – 1988)

Vice President

Stone & Webster Management Consultants, Inc. (1981 – 1983)

Senior Consultant

Consultant

Southern California Gas Company (1976 – 1981)

Corporate Economist

Financial Analyst

Treasury Analyst

EDUCATION AND CERTIFICATION

B.S., Economics and Finance, Wharton School, University of Pennsylvania, 1976

Licensed Securities Professional: NASD Series 7, 63, and 24 Licenses

BOARDS OF DIRECTORS (PAST AND PRESENT)

Concentric Energy Advisors, Inc.

Navigant Consulting, Inc.

Navigant Energy Capital

Nukem, Inc.

New England Gas Association

R. J. Rudden Associates

REED Consulting Group

AFFILIATIONS

National Association of Business Economists

International Association of Energy Economists

American Gas Association

New England Gas Association

Society of Gas Lighters

Guild of Gas Managers



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Alaska Public Utilities Commission				
Chugach Electric	12/86	Chugach Electric	Docket No. U-86-11	Cost Allocation
Chugach Electric	6/87	Enstar Natural Gas Company	Docket No. U-87-2	Tariff Design
Chugach Electric	12/87	Enstar Natural Gas Company	Docket No. U-87-42	Gas Transportation
Chugach Electric	2/88	Chugach Electric	Docket No. U-87-35	Cost of Capital
California Energy Commission				
Southern California Gas Co.	8/80	Southern California Gas Co.	Docket No. 80-BR-3	Gas Price Forecasting
California Public Utility Commission				
Southern California Gas Co.	3/80	Southern California Gas Co.	TY 1981 G.R.C.	Cost of Service, Inflation
Pacific Gas Transmission Co.	10/91	Pacific Gas & Electric Co.	App. 89-04-033	Rate Design
Pacific Gas Transmission Co.	7/92	Southern California Gas Co.	A. 92-04-031	Rate Design
Colorado Public Utilities Commission				
AMAX Molybdenum	2/90	Commission Rulemaking	Docket No. 89R-702G	Gas Transportation
AMAX Molybdenum	11/90	Commission Rulemaking	Docket No. 90R-508G	Gas Transportation
Xcel Energy	8/04	Xcel Energy	Docket No. 031-134E	Cost of Debt
CT Dept. of Public Utilities Control				
Connecticut Natural Gas	12/88	Connecticut Natural Gas	Docket No. 88-08-15	Gas Purchasing Practices
United Illuminating	3/99	United Illuminating	Docket No. 99-03-04	Nuclear Plant Valuation
Southern Connecticut Gas	2/04	Southern Connecticut Gas	Docket No. 00-12-08	Gas Purchasing Practices
Southern Connecticut Gas	4/05	Southern Connecticut Gas	Docket No. 05-03-17	LNG/Trunkline
Southern Connecticut Gas	5/06	Southern Connecticut Gas	Docket No. 05-03-17PH01	LNG/Trunkline
Southern Connecticut Gas	8/08	Southern Connecticut Gas	Docket No. 06-05-04	Peaking Service Agreement



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
District Of Columbia PSC				
Potomac Electric Power Company	3/99, 5/99, 7/99	Potomac Electric Power Company	Docket No. 945	Divestiture of Gen. Assets & Purchase Power Contracts
Fed'l Energy Regulatory Commission				
Safe Harbor Water Power Corp.	8/82	Safe Harbor Water Power Corp.		Wholesale Electric Rate Increase
Western Gas Interstate Company	5/84	Western Gas Interstate Company	Docket No. RP84-77	Load Fcst. Working Capital
Southern Union Gas	4/87	El Paso Natural Gas Company	Docket No. RP87-16-000	Take-or-Pay Costs
Connecticut Natural Gas	11/87	Penn-York Energy Corporation	Docket No. RP87-78-000	Cost Alloc./Rate Design
AMAX Magnesium	12/88	Questar Pipeline Company	Docket No. RP88-93-000	Cost Alloc./Rate Design
Western Gas Interstate Company	6/89	Western Gas Interstate Company	Docket No. RP89-179-000	Cost Alloc./Rate Design, Open-Access Transportation
Associated CD Customers	12/89	CNG Transmission	Docket No. RP88-211-000	Cost Alloc./Rate Design
Utah Industrial Group	9/90	Questar Pipeline Company	Docket No. RP88-93-000, Phase II	Cost Alloc./Rate Design
Iroquois Gas Trans. System	8/90	Iroquois Gas Transmission System	Docket No. CP89-634-000/001; CP89-815-000	Gas Markets, Rate Design, Cost of Capital, Capital Structure
Boston Edison Company	1/91	Boston Edison Company	Docket No. ER91-243-000	Electric Generation Markets
Cincinnati Gas and Electric Co., Union Light, Heat and Power Company, Lawrenceburg Gas Company	7/91	Texas Gas Transmission Corp.	Docket No. RP90-104-000, RP88-115-000, RP90-192-000	Cost Alloc./Rate Design Comparability of Svc.



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Ocean State Power II	7/91	Ocean State Power II	ER89-563-000	Competitive Market Analysis, Self-dealing
Brooklyn Union/PSE&G	7/91	Texas Eastern	RP88-67, et al	Market Power, Comparability of Service
Northern Distributor Group	9/92	Northern Natural Gas Company	RP92-1-000, et al	Cost of Service
Canadian Association of Petroleum Producers and Alberta Pet. Marketing Comm.	10/92	Lakehead Pipe Line Co. L.P.	IS92-27-000	Cost Allocation, Rate Design
Colonial Gas, Providence Gas	7/93, 8/93	Algonquin Gas Transmission	RP93-14	Cost Allocation, Rate Design
Iroquois Gas Transmission	94	Iroquois Gas Transmission	RP94-72-000	Cost of Service and Rate Design
Transco Customer Group	1/94	Transcontinental Gas Pipeline Corporation	Docket No. RP92-137-000	Rate Design, Firm to Wellhead
Pacific Gas Transmission	2/94	Pacific Gas Transmission	Docket No. RP94-149-000	Rolled-In vs. Incremental Rates
Tennessee GSR Group	1/95, 3/95	Tennessee Gas Pipeline Company	Docket Nos. RP93-151-000, RP94-39-000, RP94-197-000, RP94-309-000	GSR Costs
Pacific Gas Transmission	2/95	Pacific Gas Transmission	RP94-149-000	Rate Design
ProGas and Texas Eastern	1/96	Tennessee Gas Pipeline Company	RP93-151	Declaration
PG&E and SoCal Gas	96	El Paso Natural Gas Company	RP92-18-000	Stranded Costs
Iroquois Gas Transmission System, L.P.	97	Iroquois Gas Transmission System, L.P.	RP97-126-000	Cost of Service, Rate Design
BEC Energy - Commonwealth Energy System	2/99	Boston Edison Company/ Commonwealth Energy System	EC99-___-000	Market Power Analysis – Merger



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Central Hudson Gas & Electric, Consolidated Co. of New York, Niagara Mohawk Power Corporation, Dynegy Power Inc.	10/00	Central Hudson Gas & Electric, Consolidated Co. of New York, Niagara Mohawk Power Corporation, Dynegy Power Inc.	Docket No. EC00-___	Market Power 203/205 Filing
Wyckoff Gas Storage	12/02	Wyckoff Gas Storage	CP03-33-000	Need for Storage Project
Indicated Shippers/Producers	10/03	Northern Natural Gas	Docket No. RP98-39-029	Ad Valorem Tax Treatment
Maritimes & Northeast Pipeline	6/04	Maritimes & Northeast Pipeline	Docket No. RP04-360-000	Rolled-In Rates
ISO New England	8/04	ISO New England	Docket No. ER03-563-030	Cost of New Entry
Transwestern Pipeline Company, LLC	9/06	Transwestern Pipeline Company, LLC	Docket No. RP06-614-000	
Portland Natural Gas Transmission System	6/08	Portland Natural Gas Transmission System	Docket No. RP08-306-000	Market Assessment, natural gas transportation; rate setting
Portland Natural Gas Transmission System	5/10, 3/11, 4/11	Portland Natural Gas Transmission System	Docket No. RP10-729-000	Business risks; extraordinary and non-recurring events pertaining to discretionary revenues
Morris Energy	7/10	Morris Energy	Docket No. RP10-	Affidavit re: Impact of Preferential Rate
Florida Public Service Commission				
Florida Power and Light Co.	10/07	Florida Power & Light Co.	Docket No. 070650-EI	Need for new nuclear plant
Florida Power and Light Co.	5/08	Florida Power & Light Co.	Docket No. 080009-EI	New Nuclear cost recovery, prudence
Florida Power and Light Co.	3/09	Florida Power & Light Co.	Docket No. 080677-EI	Benchmarking in support of ROE
Florida Power and Light Co.	3/09	Florida Power & Light Co.	Docket No. 090009-EI	New Nuclear cost recovery, prudence



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Florida Power and Light Co.	3/10; 5/10, 8/10	Florida Power & Light Co.	Docket No. 100009-EI	New Nuclear cost recovery, prudence
Florida Power and Light Co.	3/11	Florida Power & Light Co.	Docket No. 110009-EI	New Nuclear cost recovery, prudence
Florida Senate Committee on Communication, Energy and Utilities				
Florida Power and Light Co.	2/09	Florida Power & Light Co.		Securitization
Hawaii Public Utility Commission				
Hawaiian Electric Light Company, Inc. (HELCO)	6/00	Hawaiian Electric Light Company, Inc.	Cause No. 41746	Standby Charge
Indiana Utility Regulatory Commission				
Northern Indiana Public Service Company	10/01	Northern Indiana Public Service Company	Docket No. 99-0207	Valuation of Electric Generating Facilities
Northern Indiana Public Service Company	01/08	Northern Indiana Public Service Company	Cause No. 43396	Asset Valuation
Northern Indiana Public Service Company	08/08	Northern Indiana Public Service Company	Cause No. 43526	Fair Market Value Assessment
Iowa Utilities Board				
Interstate Power and Light	7/05	Interstate Power and Light and FPL Energy Duane Arnold, LLC	Docket No. SPU-05-15	Sale of Nuclear Plant
Interstate Power and Light	5/07	City of Everly, Iowa	Docket No. SPU-06-5	Municipalization
Interstate Power and Light	5/07	City of Kalona, Iowa	Docket No. SPU-06-6	Municipalization
Interstate Power and Light	5/07	City of Wellman, Iowa	Docket No. SPU-06-10	Municipalization
Interstate Power and Light	5/07	City of Terril, Iowa	Docket No. SPU-06-8	Municipalization
Interstate Power and Light	5/07	City of Rolfe, Iowa	Docket No. SPU-06-7	Municipalization



SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Maine Public Utility Commission				
Northern Utilities	5/96	Granite State and PNGTS	Docket No. 95-480, 95-481	Transportation Service and PBR
Maryland Public Service Commission				
Eastalco Aluminum	3/82	Potomac Edison	Docket No. 7604	Cost Allocation
Potomac Electric Power Company	8/99	Potomac Electric Power Company	Docket No. 8796	Stranded Cost & Price Protection
Mass. Department of Public Utilities				
Haverhill Gas	5/82	Haverhill Gas	Docket No. DPU #1115	Cost of Capital
New England Energy Group	1/87	Commission Investigation		Gas Transportation Rates
Energy Consortium of Mass.	9/87	Commonwealth Gas Company	Docket No. DPU-87-122	Cost Alloc./Rate Design
Mass. Institute of Technology	12/88	Middleton Municipal Light	DPU #88-91	Cost Alloc./Rate Design
Energy Consortium of Mass.	3/89	Boston Gas	DPU #88-67	Rate Design
PG&E Bechtel Generating Co./ Constellation Holdings	10/91	Commission Investigation	DPU #91-131	Valuation of Environmental Externalities
Coalition of Non-Utility Generators		Cambridge Electric Light Co. & Commonwealth Electric Co.	DPU 91-234 EFSC 91-4	Integrated Resource Management
The Berkshire Gas Company Essex County Gas Company Fitchburg Gas and Elec. Light Co.	5/92	The Berkshire Gas Company Essex County Gas Company Fitchburg Gas & Elec. Light Co.	DPU #92-154	Gas Purchase Contract Approval
Boston Edison Company	7/92	Boston Edison	DPU #92-130	Least Cost Planning
Boston Edison Company	7/92	The Williams/Newcorp Generating Co.	DPU #92-146	RFP Evaluation
Boston Edison Company	7/92	West Lynn Cogeneration	DPU #92-142	RFP Evaluation
Boston Edison Company	7/92	L'Energia Corp.	DPU #92-167	RFP Evaluation
Boston Edison Company	7/92	DLS Energy, Inc.	DPU #92-153	RFP Evaluation
Boston Edison Company	7/92	CMS Generation Co.	DPU #92-166	RFP Evaluation



ATTACHMENT A
EXPERT TESTIMONY OF JOHN J. REED
REGULATORY AGENCIES

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Boston Edison Company	7/92	Concord Energy	DPU #92-144	RFP Evaluation
The Berkshire Gas Company Colonial Gas Company Essex County Gas Company Fitchburg Gas and Electric Company	11/93	The Berkshire Gas Company Colonial Gas Company Essex County Gas Company Fitchburg Gas and Electric Co.	DPU #93-187	Gas Purchase Contract Approval
Bay State Gas Company	10/93	Bay State Gas Company	Docket No. 93-129	Integrated Resource Planning
Boston Edison Company	94	Boston Edison	DPU #94-49	Surplus Capacity
Hudson Light & Power Department	4/95	Hudson Light & Power Dept.	DPU #94-176	Stranded Costs
Essex County Gas Company	5/96	Essex County Gas Company	Docket No. 96-70	Unbundled Rates
Boston Edison Company	8/97	Boston Edison Company	D.P.U. No. 97-63	Holding Company Corporate Structure
Berkshire Gas Company	6/98	Berkshire Gas Mergeco Gas Co.	D.T.E. 98-87	Merge approval
Eastern Edison Company	8/98	Montaup Electric Company	D.T.E. 98-83	Marketing for divestiture of its generation business.
Boston Edison Company	98	Boston Edison Company	D.T.E. 97-113	Fossil Generation Divestiture
Boston Edison Company	98	Boston Edison Company	D.T.E. 98-119	Nuclear Generation Divestiture
Eastern Edison Company	12/98	Montaup Electric Company	D.T.E. 99-9	Sale of Nuclear Plant
NStar	9/07, 12/07	NStar, Bay State Gas, Fitchburg G&E, NE Gas, W. MA Electric	DPU 07-50	Decoupling, risk
Mass. Energy Facilities Siting Council				
Mass. Institute of Technology	1/89	M.M.W.E.C.	EFSC-88-1	Least-Cost Planning
Boston Edison Company	9/90	Boston Edison	EFSC-90-12	Electric Generation Mkts
Silver City Energy Ltd. Partnership	11/91	Silver City Energy	D.P.U. 91-100	State Policies; Need for Facility
Michigan Public Service Commission				
Detroit Edison Company	9/98	Detroit Edison Company	Case No. U-11726	Market Value of Generation Assets



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Consumers Energy Company	8/06	Consumers Energy Company	Case No. U-14992	Sale of Nuclear Plant
Minnesota Public Utilities Commission				
Xcel Energy/No. States Power	9/04	Xcel Energy/No. States Power	Docket No. G002/GR-04-1511	NRG Impacts
Interstate Power and Light	8/05	Interstate Power and Light and FPL Energy Duane Arnold, LLC	Docket No. E001/PA-05-1272	Sale of Nuclear Plant
Northern States Power Company d/b/a Xcel Energy	11/05	Northern States Power Company	Docket No. E002/GR-05-1428	NRG Impacts on Debt Costs
Northern States Power Company d/b/a Xcel Energy	09/06	NSP v. Excelsior	Docket No. E6472/M-05-1993	PPA, Financial Impacts
Northern States Power Company d/b/a Xcel Energy	11/06	Northern States Power Company	Docket No. G002/GR-06-1429	Return on Equity
Northern States Power	11/08	Northern States Power Company	Docket No. E002/GR-08-1065	Return on Equity
Northern States Power	11/09	Northern States Power Company	Docket No. G002/GR-09-1153	Return on Equity
Northern States Power	11/10	Northern States Power Company	Docket No. E002/GR-10-971	Return on Equity
Missouri Public Service Commission				
Missouri Gas Energy	1/03	Missouri Gas Energy	Case No. GR-2001-382	Gas Purchasing Practices; Prudence
Aquila Networks	2/04	Aquila-MPS, Aquila_L&P	Case Nos. ER-2004-0034 HR-2004-0024	Cost of Capital, Capital Structure
Aquila Networks	2/04	Aquila-MPS, Aquila_L&P	Case No. GR-2004-0072	Cost of Capital, Capital Structure
Missouri Gas Energy	11/05	Missouri Gas Energy	Case Nos. GR-2002-348 GR-2003-0330	Capacity Planning



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Missouri Gas Energy	11/10, 1/11	KCP&L	Case No. ER-2010-0355	Natural Gas DSM
Missouri Gas Energy	11/10, 1/11	KCP&L GMO	Case No. ER-2010-0356	Natural Gas DSM
Montana Public Service Commission				
Great Falls Gas Company	10/82	Great Falls Gas Company	Docket No. 82-4-25	Gas Rate Adjust. Clause
Nat. Energy Board of Canada				
Alberta-Northeast	2/87	Alberta Northeast Gas Export Project	Docket No. GH-1-87	Gas Export Markets
Alberta-Northeast	11/87	TransCanada Pipeline	Docket No. GH-2-87	Gas Export Markets
Alberta-Northeast	1/90	TransCanada Pipeline	Docket No. GH-5-89	Gas Export Markets
Indep. Petroleum Association of Canada	1/92	Interprovincial Pipe Line, Inc.	RH-2-91	Pipeline Valuation, Toll
The Canadian Association of Petroleum Producers	11/93	Transmountain Pipe Line	RH-1-93	Cost of Capital
Alliance Pipeline L.P.	6/97	Alliance Pipeline L.P.	GH-3-97	Market Study
Maritimes & Northeast Pipeline	97	Sable Offshore Energy Project	GH-6-96	Market Study
Maritimes & Northeast Pipeline	2/02	Maritimes & Northeast Pipeline	GH-3-2002	Natural Gas Demand Analysis
TransCanada Pipelines	8/04	TransCanada Pipelines	RH-3-2004	Toll Design
Brunswick Pipeline	9/06	Brunswick Pipeline	GH-1-2006	Market Study
TransCanada Pipelines Ltd.	3/07	TransCanada Pipelines Ltd.: Gros Cacouna Receipt Point Application	RH-1-2007	Toll Design
Repsol Energy Canada Ltd	3/08	Repsol Energy Canada Ltd	GH-1-2008	Market Study
Maritimes & Northeast Pipeline	7/10	Maritimes & Northeast Pipeline	RH-4-2010	Regulatory policy, toll development
New Brunswick Energy and Utilities Board				
Atlantic Wallboard/JD Irving Co	1/08	Enbridge Gas New Brunswick	MCTN #298600	Rate Setting for EGNB



ATTACHMENT A
EXPERT TESTIMONY OF JOHN J. REED
REGULATORY AGENCIES

SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Atlantic Wallboard/Flakeboard	09/09, 6/10, 7/10	Enbridge Gas New Brunswick	NBEUB 2009-017	Rate Setting for EGNB
NH Public Utilities Commission				
Bus & Industry Association	6/89	P.S. Co. of New Hampshire	Docket No. DR89-091	Fuel Costs
Bus & Industry Association	5/90	Northeast Utilities	Docket No. DR89-244	Merger & Acq. Issues
Eastern Utilities Associates	6/90	Eastern Utilities Associates	Docket No. DF89-085	Merger & Acq. Issues
EnergyNorth Natural Gas	12/90	EnergyNorth Natural Gas	Docket No. DE90-166	Gas Purchasing Practices
EnergyNorth Natural Gas	7/90	EnergyNorth Natural Gas	Docket No. DR90-187	Special Contracts, Discounted Rates
Northern Utilities, Inc.	12/91	Commission Investigation	Docket No. DR91-172	Generic Discounted Rates
New Jersey Board of Public Utilities				
Hilton/Golden Nugget	12/83	Atlantic Electric	B.P.U. 832-154	Line Extension Policies
Golden Nugget	3/87	Atlantic Electric	B.P.U. No. 837-658	Line Extension Policies
New Jersey Natural Gas	2/89	New Jersey Natural Gas	B.P.U. GR89030335J	Cost Alloc./Rate Design
New Jersey Natural Gas	1/91	New Jersey Natural Gas	B.P.U. GR90080786J	Cost Alloc./Rate Design
New Jersey Natural Gas	8/91	New Jersey Natural Gas	B.P.U. GR91081393J	Rate Design; Weather Norm. Clause
New Jersey Natural Gas	4/93	New Jersey Natural Gas	B.P.U. GR93040114J	Cost Alloc./Rate Design
South Jersey Gas	4/94	South Jersey Gas	BRC Dock No. GR080334	Revised levelized gas adjustment
New Jersey Utilities Association	9/96	Commission Investigation	BPU AX96070530	PBOP Cost Recovery
Morris Energy Group	11/09	Public Service Electric & Gas	BPU GR 09050422	Discriminatory Rates
New Jersey American Water Co.	4/10	New Jersey American Water Co.	BPU WR 1040260	Tariff Rates and Revisions
Electric Customer Group	01/11	Generic Stakeholder Proceeding	BPU GR10100761 and ER10100762	Natural gas ratemaking standards and pricing
New Mexico Public Service Commission				
Gas Company of New Mexico	11/83	Public Service Co. of New Mexico	Docket No. 1835	Cost Alloc./Rate Design



SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
New York Public Service Commission				
Iroquois Gas. Transmission	12/86	Iroquois Gas Transmission System	Case No. 70363	Gas Markets
Brooklyn Union Gas Company	8/95	Brooklyn Union Gas Company	Case No. 95-6-0761	Panel on Industry Directions
Central Hudson, ConEdison and Niagara Mohawk	9/00	Central Hudson, ConEdison and Niagara Mohawk	Case No. 96-E-0909 Case No. 96-E-0897 Case No. 94-E-0098 Case No. 94-E-0099	Section 70, Approval of New Facilities
Central Hudson, New York State Electric & Gas, Rochester Gas & Electric	5/01	Joint Petition of NiMo, NYSEG, RG&E, Central Hudson, Constellation and Nine Mile Point	Case No. 01-E-0011	Section 70, Rebuttal Testimony
Rochester Gas & Electric	12/03	Rochester Gas & Electric	Case No. 03-E-1231	Sale of Nuclear Plant
Rochester Gas & Electric	01/04	Rochester Gas & Electric	Case No. 03-E-0765 Case No. 02-E-0198 Case No. 03-E-0766	Sale of Nuclear Plant; Ratemaking Treatment of Sale
Rochester Gas and Electric and NY State Electric & Gas Corp	2/10	Rochester Gas & Electric NY State Electric & Gas Corp	Case No. 09-E-0715 Case No. 09-E-0716 Case No. 09-E-0717 Case No. 09-E-0718	Depreciation policy
Oklahoma Corporation Commission				
Oklahoma Natural Gas Company	6/98	Oklahoma Natural Gas Company	Case PUD No. 980000177	Storage issues
Oklahoma Gas & Electric Company	9/05	Oklahoma Gas & Electric Company	Cause No. PUD 200500151	Prudence of McLain Acquisition
Oklahoma Gas & Electric Company	03/08	Oklahoma Gas & Electric Company	Cause No. PUD 200800086	Acquisition of Redbud generating facility



SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Ontario Energy Board				
Market Hub Partners Canada, L.P.	5/06	Natural Gas Electric Interface Roundtable	File No. EB-2005-0551	Market-based Rates For Storage
Pennsylvania Public Utility Commission				
ATOC	4/95	Equitrans	Docket No. R-00943272	Rate Design, unbundling
ATOC	3/96	Equitrans	Docket No. P-00940886	Rate Design, unbundling
Rhode Island Public Utilities Commission				
Newport Electric	7/81	Newport Electric	Docket No. 1599	Rate Attrition
South County Gas	9/82	South County Gas	Docket No. 1671	Cost of Capital
New England Energy Group	7/86	Providence Gas Company	Docket No. 1844	Cost Alloc./Rate Design
Providence Gas	8/88	Providence Gas Company	Docket No. 1914	Load Forecast., Least-Cost Planning
Providence Gas Company and The Valley Gas Company	1/01	Providence Gas Company and The Valley Gas Company	Docket No. 1673 and 1736	Gas Cost Mitigation Strategy
The New England Gas Company	3/03	New England Gas Company	Docket No. 3459	Cost of Capital
Texas Public Utility Commission				
Southwestern Electric	5/83	Southwestern Electric		Cost of Capital, CWIP
P.U.C. General Counsel	11/90	Texas Utilities Electric Company	Docket No. 9300	Gas Purchasing Practices, Prudence
Oncor Electric Delivery Company	8/07	Oncor Electric Delivery Company	Docket No. 34040	Regulatory Policy, Rate of Return, Return of Capital and Consolidated Tax Adjustment
Oncor Electric Delivery Company	6/08	Oncor Electric Delivery Company	Docket No.35717	Regulatory policy



SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Oncor Electric Delivery Company	10/08	Oncor, TCC, TNC, ETT, LCRA TSC, Sharyland, STEC, TNMP	Docket No. 35665	Competitive Renewable Energy Zone
CenterPoint Energy	6/10 10/10	CenterPoint Energy/Houston Electric	Docket No. 38339	Regulatory policy, risk, consolidated taxes
Oncor Electric Delivery Company	1/11	Oncor Electric Delivery Company	Docket No. 38929	Regulatory policy, risk
Texas Railroad Commission				
Western Gas Interstate Company	1/85	Southern Union Gas Company	Docket 5238	Cost of Service
Atmos Pipeline Texas	9/10; 1/11	Atmos Pipeline Texas	GUD 10000	Ratemaking Policy, risk
Utah Public Service Commission				
AMAX Magnesium	1/88	Mountain Fuel Supply Company	Case No. 86-057-07	Cost Alloc./Rate Design
AMAX Magnesium	4/88	Utah P&L/Pacific P&L	Case No. 87-035-27	Merger & Acquisition
Utah Industrial Group	7/90	Mountain Fuel Supply	Case No. 89-057-15	Gas Transportation Rates
AMAX Magnesium	9/90	Utah Power & Light	Case No. 89-035-06	Energy Balancing Account
AMAX Magnesium	8/90	Utah Power & Light	Case No. 90-035-06	Electric Service Priorities



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SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Questar Gas Company	12/07	Questar Gas Company	Docket No. 07-057-13	Benchmarking in support of ROE
Vermont Public Service Board				
Green Mountain Power	8/82	Green Mountain Power	Docket No. 4570	Rate Attrition
Green Mountain Power	12/97	Green Mountain Power	Docket No. 5983	Cost of Service
Green Mountain Power	7/98, 9/00	Green Mountain Power	Docket No. 6107	Ratae development
Wisconsin Public Service Commission				
WEC & WICOR	11/99	WEC	Docket No. 9401-YO-100 Docket No. 9402-YO-101	Approval to Acquire the Stock of WICOR
Wisconsin Electric Power Company	1/07	Wisconsin Electric Power Co.	Docket No. 6630-EI-113	Sale of Nuclear Plant
Wisconsin Electric Power Company	10/09	Wisconsin Electric Power Co.	Docket No. 6630-CE-302	CPCN Application for wind project



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
American Arbitration Association				
Michael Polsky	3/91	M. Polsky vs. Indeck Energy		Corporate Valuation, Damages
ProGas Limited	7/92	ProGas Limited v. Texas Eastern		Gas Contract Arbitration
Attala Generating Company	12/03	Attala Generating Co v. Attala Energy Co.	Case No. 16-Y-198-00228-03	Power Project Valuation; Breach of Contract; Damages
Nevada Power Company	4/08	Nevada Power v. Nevada Cogeneration Assoc. #2		Power Purchase Agreement
Sensata Technologies, Inc./EMS Engineered Materials Solutions, LLC	1/11	Sensata Technologies, Inc./EMS Engineered Materials Solutions, LLC v. Pepco Energy Services	Case No. 11-198-Y-00848-10	Change in usage dispute/damages
Commonwealth of Massachusetts, Suffolk Superior Court				
John Hancock	1/84	Trinity Church v. John Hancock	C.A. No. 4452	Damages Quantification
State of Colorado District Court, County of Garfield				
Questar Corporation, et al	11/00	Questar Corporation, et al.	Case No. 00CV129-A	Partnership Fiduciary Duties
State of Delaware, Court of Chancery, New Castle County				
Wilmington Trust Company	11/05	Calpine Corporation vs. Bank Of New York and Wilmington Trust Company	C.A. No. 1669-N	Bond Indenture Covenants



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Illinois Appellate Court, Fifth Division				
Norweb, plc	8/02	Indeck No. America v. Norweb	Docket No. 97 CH 07291	Breach of Contract; Power Plant Valuation
Independent Arbitration Panel				
Alberta Northeast Gas Limited	2/98	ProGas Ltd., Canadian Forest Oil Ltd., AEC Oil & Gas		
Ocean State Power	9/02	Ocean State Power vs. ProGas Ltd.	2001/2002 Arbitration	Gas Price Arbitration
Ocean State Power	2/03	Ocean State Power vs. ProGas Ltd.	2002/2003 Arbitration	Gas Price Arbitration
Ocean State Power	6/04	Ocean State Power vs. ProGas Ltd.	2003/2004 Arbitration	Gas Price Arbitration
Shell Canada Limited	7/05	Shell Canada Limited and Nova Scotia Power Inc.		Gas Contract Price Arbitration
International Court of Arbitration				
Wisconsin Gas Company, Inc.	2/97	Wisconsin Gas Co. vs. Pan-Alberta	Case No. 9322/CK	Contract Arbitration
Minnegasco, A Division of NorAm Energy Corp.	3/97	Minnegasco vs. Pan-Alberta	Case No. 9357/CK	Contract Arbitration
Utilicorp United Inc.	4/97	Utilicorp vs. Pan-Alberta	Case No. 9373/CK	Contract Arbitration
IES Utilities	97	IES vs. Pan-Alberta	Case No. 9374/CK	Contract Arbitration
State of New Jersey, Mercer County Superior Court				
Transamerica Corp., et. al.	7/07	IMO Industries Inc. vs. Transamerica Corp., et. al.	Docket No. L-2140-03	Breach-Related Damages, Enterprise Value



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
State of New York, Nassau County Supreme Court				
Steel Los III, LP	6/08	Steel Los II, LP & Associated Brook, Corp v. Power Authority of State of NY	Index No. 5662/05	Property seizure
Province of Alberta, Court of Queen's Bench				
Alberta Northeast Gas Limited	5/07	Cargill Gas Marketing Ltd. vs. Alberta Northeast Gas Limited	Action No. 0501-03291	Gas Contracting Practices
State of Rhode Island, Providence City Court				
Aquidneck Energy	5/87	Laroche vs. Newport		Least-Cost Planning
State of Texas Hutchinson County Court				
Western Gas Interstate	5/85	State of Texas vs. Western Gas Interstate Co.	Case No. 14,843	Cost of Service
State of Utah Third District Court				
PacifiCorp & Holme, Roberts & Owen, LLP	1/07	USA Power & Spring Canyon Energy vs. PacifiCorp. et. al.	Civil No. 050903412	Breach-Related Damages
U.S. Bankruptcy Court, District of New Hampshire				
EUA Power Corporation	7/92	EUA Power Corporation	Case No. BK-91-10525-JEY	Pre-Petition Solvency
U.S. Bankruptcy Court, District Of New Jersey				
Ponderosa Pine Energy Partners, Ltd.	7/05	Ponderosa Pine Energy Partners, Ltd.	Case No. 05-21444	Forward Contract Bankruptcy Treatment



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
U.S. Bankruptcy Court, No. District of New York				
Cayuga Energy, NYSEG Solutions, The Energy Network	09/09	Cayuga Energy, NYSEG Solutions, The Energy Network	Case No. 06-60073-6-sdg	Going concern
U.S. Bankruptcy Court, So. District Of New York				
Johns Manville	5/04	Enron Energy Mktg. v. Johns Manville; Enron No. America v. Johns Manville	Case No. 01-16034 (AJG)	Breach of Contract; Damages
U.S. Bankruptcy Court, Northern District Of Texas				
Southern Maryland Electric Cooperative, Inc. and Potomac Electric Power Company	11/04	Mirant Corporation, et al. v. SMECO	Case No. 03-4659; Adversary No. 04-4073	PPA Interpretation; Leasing
U. S. Court of Federal Claims				
Boston Edison Company	7/06	Boston Edison v. Department of Energy	No. 99-447C No. 03-2626C	Spent Nuclear Fuel Litigation
Consolidated Edison of New York	08/07	Consolidated Edison of New York, Inc. and subsidiaries v. United States	No. 06-305T	Leasing, tax dispute
Consolidated Edison Company	2/08	Consolidated Edison Company v. United States	No. 04-0033C	SNF Expert Report
Vermont Yankee Nuclear Power Corporation	6/08	Vermont Yankee Nuclear Power Corporation	No. 03-2663C	SNF Expert Report



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
U. S. District Court, Boulder County, Colorado				
KN Energy, Inc.	3/93	KN Energy vs. Colorado GasMark, Inc.	Case No. 92 CV 1474	Gas Contract Interpretation
U. S. District Court, Northern California				
Pacific Gas & Electric Co./PGT PG&E/PGT Pipeline Exp. Project	4/97	Norcen Energy Resources Limited	Case No. C94-0911 VRW	Fraud Claim
U. S. District Court, District of Connecticut				
Constellation Power Source, Inc.	12/04	Constellation Power Source, Inc. v. Select Energy, Inc.	Civil Action 304 CV 983 (RNC)	ISO Structure, Breach of Contract
U. S. District Court, Massachusetts				
Eastern Utilities Associates & Donald F. Pardus	3/94	NECO Enterprises Inc. vs. Eastern Utilities Associates	Civil Action No. 92-10355-RCL	Seabrook Power Sales
U. S. District Court, Montana				
KN Energy, Inc.	9/92	KN Energy v. Freeport MacMoRan	Docket No. CV 91-40-BLG-RWA	Gas Contract Settlement
U.S. District Court, New Hampshire				
Portland Natural Gas Transmission and Maritimes & Northeast Pipeline	9/03	Public Service Company of New Hampshire vs. PNGTS and M&NE Pipeline	Docket No. C-02-105-B	Impairment of Electric Transmission Right-of-Way



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
U. S. District Court, Southern District of New York				
Central Hudson Gas & Electric	11/99, 8/00	Central Hudson v. Riverkeeper, Inc., Robert H. Boyle, John J. Cronin	Civil Action 99 Civ 2536 (BDP)	Electric restructuring, environmental impacts
Consolidated Edison	3/02	Consolidated Edison v. Northeast Utilities	Case No. 01 Civ. 1893 (JGK) (HP)	Industry Standards for Due Diligence
Merrill Lynch & Company	1/05	Merrill Lynch v. Allegheny Energy, Inc.	Civil Action 02 CV 7689 (HB)	Due Diligence, Breach of Contract, Damages
U. S. District Court, Eastern District of Virginia				
Aquila, Inc.	1/05	VPEM v. Aquila, Inc.	Civil Action 304 CV 411	Breach of Contract, Damages
U. S. District Court, Portland Maine				
ACEC Maine, Inc. et al.	10/91	CIT Financial vs. ACEC Maine	Docket No. 90-0304-B	Project Valuation
Combustion Engineering	1/92	Combustion Eng. vs. Miller Hydro	Docket No. 89-0168P	Output Modeling; Project Valuation
U.S. Securities and Exchange Commission				
Eastern Utilities Association	10/92	EUA Power Corporation	File No. 70-8034	Value of EUA Power
Council of the District of Columbia Committee on Consumer and Regulatory Affairs				
Potomac Electric Power Co.	7/99	Potomac Electric Power Co.	Bill 13-284	Utility restructuring

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Staff of the Missouri Public Service)
Commission (Complainant) v.Laclede Gas)
Company (Respondent).) GC-2011-0098

AFFIDAVIT OF JOHN J. REED

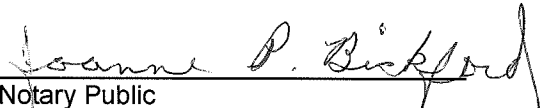
COMMONWEALTH OF MASSACHUSETTS)
)
COUNTY OF MIDDLESEX) ss.

John J. Reed, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



JOHN J. REED

Subscribed and sworn to before me this 12th day of May 2011.



Notary Public

My Commission Expires: October 15, 2015



JOANNE P. BICKFORD
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS
MY COMMISSION EXPIRES
OCTOBER 15, 2015

