

Exhibit No: _____
Issue: Revenue Requirements
Type of Exhibit: Direct Testimony
Sponsoring Party: City of Kansas City
Case No: HR-2011-0241

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

DIRECT TESTIMONY

OF

MICHAEL J. MCGARRY, SR.

CITY OF KANSAS CITY, MISSOURI

SEPTEMBER, 2011

****Denotes Highly Confidential Information****

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

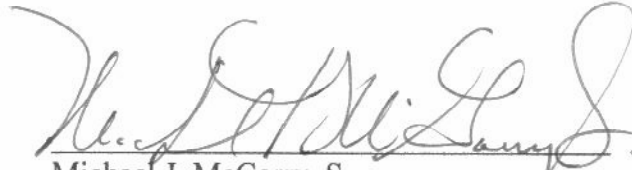
In the Matter of Veolia Energy Kansas City, Inc.'s) File No. HR-2011-0241
Tariffs to Increase Rates) Tracking Nos. YH-2011-0532 and 0533

AFFIDAVIT OF MICHAEL J. McGARRY, SR.

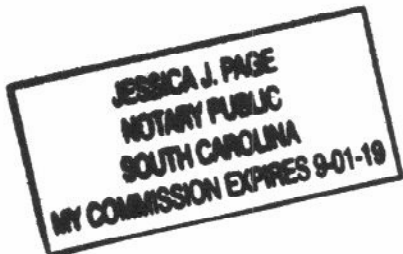
STATE OF SOUTH CAROLINA)
COUNTY OF Greenville) ss.

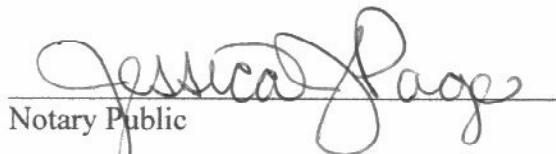
I, Michael J. McGarry, Sr., of lawful age, and being duly sworn, do hereby depose and state:

1. My name is Michael J. McGarry, Sr. I am President and Chief Executive Officer of Blue Ridge Consulting Services, Inc.
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 31 day of August, 2011.




Notary Public



Direct Testimony and Exhibits of
Michael J. McGarry, Sr. – Case No. HR-2011-0241

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Michael J. McGarry, Sr. – Case No. HR-2011-0241

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 2131 Woodruff
4 Road, Suite 2100, PMB 309, Greenville, SC 29607.

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

6 A. I am employed by Blue Ridge Consulting Services, Inc., located in Greenville,
7 South Carolina, as President and Chief Executive Officer.

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

10 A. I have been President of Blue Ridge Consulting Services, Inc. since 2004. I have
11 overseen numerous rate case audits, prudence reviews, and management and
12 operational audits. I have worked with clients to manage various aspects of the
13 regulatory and rate case process; prepared supporting analyses and testimony for
14 submission to regulatory bodies and interveners; prepared revenue requirement
15 and cost of service analyses; and developed complex revenue requirement models
16 to present alternative positions to a utility's proposed rate request. Prior to
17 assuming my present position, I was Vice President of East Coast Operations
18 from July 2003 to June 2004 with Hawks, Giffels & Pullin (HGP), Inc. In that
19 position, I was responsible for developing and overseeing client engagements in
20 utility regulatory affairs, management audits, and rate case management. From

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1 August 2001 to July 2003, I was an independent consultant working on a number
2 of different projects, including a renewal/update of delivery service tariffs for
3 Illinois Power and several utility street lighting cost benefit assessment projects.
4 From June 2000 until August 2001, I was a senior consultant with Denali
5 Consulting, Inc., a utility supply chain and e-procurement strategy and
6 implementation firm. From October 1997 through June 2000, I was employed by
7 Navigant Consulting, Inc. and several of its predecessors or acquired firms
8 working on a number of different projects, including a management audit of
9 Southern Connecticut Gas Company and the original delivery service tariff filing
10 for Illinois Power. From July 1985 through October 1997, I was employed by the
11 New York State Department of Public Service (NYSDPS) in its Utility
12 Operational Audit Section in which the staff conducted focused operational audits
13 in many facets of utility operations for all sectors of the utility industry, including
14 gas, electric, telecommunications, and water. Prior to my employment with the
15 NYSDPS, I was a rate analyst with Orange and Rockland Utilities (1981 to 1983)
16 and then Seminole Electric Cooperative (1983 to 1985). I received my Masters of
17 Business Administration from the State University of New York at Buffalo in
18 1996 and a Bachelor of Arts in Economics from Potsdam College (SUNY) in
19 1981.

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

21 A. Yes. I have presented or supported testimony in Colorado, Delaware, Illinois,
22 Maine, Maryland, Michigan, Missouri, New York, North Dakota, Nova Scotia,
23 Pennsylvania, and Utah. These proceedings included testimony involving

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1 management decisions and prudence impacts, operations and maintenance
2 expenses, capital investments, revenue requirements, project management, and
3 other areas.

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

10 **Q. HAVE YOU INCLUDED A MORE DETAILED DESCRIPTION OF YOUR**
11 **QUALIFICATIONS?**

12 A. Yes. A description of my qualifications is included as Appendix A.

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

14 A. I am appearing on behalf of the City of Kansas City, Missouri.

15 **Q. ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH**
16 **YOUR TESTIMONY?**

17 A. Yes. I am sponsoring the following exhibits:

- 18 • Exhibit____(MJM-2) Schedule 1 Comparison of Company's Revenue Requirements
19 and Kansas City's Proposal
- 20 • Exhibit____(MJM-2) Schedule 2 Rate of Return Calculation
- 21 • Exhibit____(MJM-2) Schedule 2.1 Impact of Staff's Rate of Return on Company's
22 Proposed Revenue Requirements
- 23 • Exhibit____(MJM-2) Schedule 3.1 Summary of Kansas City's Adjustments to
24 Company's Proposed Rate Base
- 25 • Exhibit____(MJM-2) Schedule 3.2 Summary of Kansas City's Adjustments to
26 Company's Proposed Operating Income

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- 1 • Exhibit____(MJM-2) Schedule 4.1 Adjustment 1 - Rent from Steam Property
- 2 • Exhibit____(MJM-2) Schedule 4.1 WP Adjustment 1 - Rent from Steam Property
- 3 (Highly Confidential Workpaper)
- 4 • Exhibit____(MJM-2) Schedule 4.2 Adjustment 2 - Wages, Salaries, Benefits, and
- 5 Payroll Taxes (Highly Confidential)
- 6 • Exhibit____(MJM-2) Schedule 4.3 Adjustment 3 - Corporate Allocations
- 7 • Exhibit____(MJM-2) Schedule 4.4 Adjustment 4 - Outside Services and Rate Case
- 8 Expenses
- 9 • Exhibit____(MJM-2) Schedule 4.5 Adjustment 5 - Insurance
- 10 • Exhibit____(MJM-2) Schedule 4.6 Adjustment 6 - Refund of Excess Depreciation
- 11 Reserve
- 12 • Exhibit____(MJM-2) Schedule 4.6 WP Adjustment 6 - Refund of Excess
- 13 Depreciation Reserve (Highly Confidential Workpaper)
- 14 • Exhibit____(MJM-2) Schedule 4.7 Adjustment 7 - Interest Synchronization
- 15 • Exhibit____(MJM-2) Schedule 5 Competitive Adjustment
- 16 • Exhibit____(MJM-3), Data Request and Response MPSC Staff-33.11 (Highly
- 17 Confidential)
- 18 • Exhibit____(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential)

19 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR**
20 **DIRECTION?**

21 A. Yes.

22 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

23 A. The purpose of my testimony is to offer adjustments for the Missouri Public
24 Service Commission (Commission) to consider as it determines the revenue
25 requirements and ratemaking proposals in the application of Veolia Energy
26 Kansas City (Veolia or Company) for authority to increase its steam base rates in
27 this proceeding.

28 **Q. ARE YOU ADDRESSING ANY ISSUES RELATED TO THE**
29 **COMPANY’S COSTS OF CAPITAL OR DEBT STRUCTURE?**

30 A. No. Dr. S. Keith Berry is addressing cost of capital and debt structure on behalf
31 of the City of Kansas City. I have used Dr. Berry’s proposed adjustment to cost

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1 of capital to determine the overall effect of the proposed adjustments on the
2 Company's revenue requirements.

3 **Q. ARE YOU ADDRESSING ANY ISSUES RELATED TO THE**
4 **COMPANY'S COSTS OF SERVICE OR RATE DESIGN?**

5 A. No. Mr. Howard Solganick will provide testimony on behalf of the City of
6 Kansas City regarding cost of service and rate design.

7 **Q. WHAT HAVE YOU REVIEWED IN THE PREPARATION OF YOUR**
8 **TESTIMONY?**

9 A. I have reviewed the application and testimony of Veolia, the associated
10 supporting exhibits and workpapers, responses to data requests in this case, and
11 previous orders of the Commission. In addition, I have reviewed Staff's direct
12 testimony, the Staff Report Revenue Requirement and Cost of Service dated
13 August 8, 2011 and the related schedules, exhibits, and workpapers.

14 **Q. HAS THE STAFF OF THE COMMISSION SUBMITTED ITS OWN**
15 **RECOMMENDATIONS CONCERNING VEOLIA'S FILING?**

16 A. Yes. In the Staff's Report - Cost of Service - Revenue Requirement filed in this
17 case on August 8, 2011, Staff provided recommendations regarding rate base and
18 revenue requirement calculation and they appear as part of Accounting Schedules
19 1-11 in the Staff Report. Having the benefit of already reviewing Staff's analysis,
20 I elected, much like Dr. Berry explains in his testimony, to use my direct
21 testimony, rather than waiting until a rebuttal round, as a means of drawing

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1 comparisons between Veolia’s position and Staff’s position, and arriving at
2 several recommendations in my testimony.

3 **Q. WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR**
4 **DIRECT SUPERVISION?**

5 A. Yes.

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

8 A. Based on my analysis of the information provided to date, I have concluded that
9 the Company’s revised proposed rate increase of \$1,379,210¹ should be reduced
10 by \$232,439 resulting in a rate increase of 1,146,771.² These adjustments include
11 the impact of the Cost of Capital adjustment supported by Dr. Berry. My
12 recommended revenue requirement and proposed adjustments can be found in
13 Exhibit MJM-2, Schedule 1.

14 **II. SUMMARY OF COMPANY’S FILING**

15 **Q. PLEASE SUMMARIZE THE COMPANY’S APPLICATION FOR AN**
16 **INCREASE IN BASE RATES?**

17 A. In its application to the Commission, Company Witness Daniel Dennis stated:

18 Veolia was last before this Commission in 2008 to seek a rate
19 increase. Prior to that, Veolia had never sought a rate increase
20 since the acquisition of the system in 1990. Despite the increases in
21 fuel, operating and maintenance costs over those years, as well as

¹ Direct Testimony of Daniel C. Dennis, page 5, line 11.

² Exhibit ____ (MJM-2) Schedule 1, Comparison of Company’s 2011 Revenue Requirements and Kansas City’s Proposal.

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1 changes to Veolia’s plant and system, the increases in the
2 Company’s costs have far outpaced its increase in revenue over the
3 same period.³

4 **Q. DID THE COMPANY REQUEST THE FULL REVENUE DEFICIENCY**
5 **THAT VEOLIA’S WITNESSES SUPPORTED BASED ON THEIR**
6 **ANALYSIS?**

7 A. No. Company Witness Dennis stated that while the Company’s analysis shows
8 that Veolia’s revenue deficiency is \$3,692,253, the Company is requesting
9 approval from the Commission to raise its base rates \$1,379,210.⁴

10 **Q. WHAT REASONS DID THE COMPANY PROVIDE FOR NOT**
11 **REQUESTING THE FULL AMOUNT OF THE REVENUE DEFICIENCY**
12 **THE COMPANY BELIEVES IT IS ENTITLED TO?**

13 A. Company Witness Dennis states Veolia is choosing not to request the full amount
14 to “moderate the impact on customers and maintain its customer base...”⁵ He
15 attributes this decision to what the Company perceives must be done to “compete
16 with other available options for 100% of the heating service it provides to its
17 customers.”⁶ Through the remainder of my testimony I will refer to this
18 adjustment as the Company’s “competition adjustment.”

19 **Q. WHAT IS THE COMPANY PROPOSING FOR A TEST YEAR?**

³ Direct Testimony of Daniel C. Dennis, page 4, lines 9-13.

⁴ Direct Testimony of Daniel C. Dennis, page 5, lines 10 and 11.

⁵ Direct Testimony of Daniel C. Dennis, page 7, lines, 6-7.

⁶ Direct Testimony of Daniel C. Dennis, page 7, lines 4-5.

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1 A. The Company is proposing that rates be set based on an historical test year for the
2 twelve months ended December 31, 2010 with known and measurable changes
3 through mid 2011.⁷

4 **Q. WHAT IS THE COMPANY PROPOSING FOR ITS TEST YEAR RATE**
5 **BASE?**

6 A. The Company proposes an adjusted rate base of \$11,608,700,⁸ which was derived
7 from the actual year endbalances on the Company's book and records as of
8 December 31, 2010.

9 **Q. WHAT REVENUE DEFICIENCY HAS THE COMPANY PROPOSED IN**
10 **THIS PROCEEDING FOR ITS JURISDICTIONAL STEAM**
11 **OPERATIONS?**

12 A. Veolia's proposed test period operating income requirement is \$7,021,508 which
13 is based on an adjusted rate base of \$11,608,700 and a proposed rate of return of
14 7.63%. The Company calculated an adjusted pro forma income deficiency of
15 \$4,298,365. The resulting gross change in overall revenue requirement is
16 \$7,021,508. However, Veolia states that the "calculated revenue deficiency" is
17 \$3,692,253.⁹

18 **Q. WHAT IS THE DIFFERENCE BETWEEN "GROSS CHANGE IN**
19 **OVERALL REVENUE REQUIREMENT" AND "CALCULATED**
20 **REVENUE REQUIREMENT?"**

⁷ Direct Testimony of Steven C. Carver, page 4, lines 8-9.

⁸ Direct Testimony of Steven C. Carver, Schedule SCC-3.A, line 1.

⁹ Direct Testimony of Steven C. Carver, Schedule SCC-3.A.

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1 A. The “calculated revenue requirement” removes a “revenue credit” which
2 represents the margins associated with Veolia’s unregulated process steam
3 business.¹⁰ The Company claims that this approach is the preferred method of
4 cost recovery as it “allows the Company to retain a return on its process steam
5 investment equivalent to the weighted cost of capital considered in setting utility
6 rates, with the excess margins used to mitigate or reduce the overall revenue
7 requirement.¹¹ As proposed, the Company is reducing the revenue requirement
8 by approximately \$3.3 million.¹²

9 **Q. THIS REDUCTION IS IN ADDITION TO THE “COMPETITIVE**
10 **ADJUSTMENT” YOU MENTIONED EARLIER. IS THAT CORRECT?**

11 A. Yes. In total, the two adjustments reduce Veolia’s proposed revenue requirement
12 by \$5.6 million.¹³

13 **Q. ON THE SURFACE, THIS APPEARS TO BE A SUBSTANTIAL**
14 **DECREASE OFF OF THE REVENUE REQUIREMENT TO WHICH THE**
15 **COMPANY MAY BE ENTITLED. WHY WOULD THE CITY**
16 **CHALLENGE WHAT MAY APPEAR TO BE A REASONABLE**
17 **REQUEST?**

18 A. The “revenue credit” has to be done to establish a base line for an appropriate
19 level of revenue requirement for the Company’s regulated rate payers. Without
20 expressing an opinion on whether Veolia’s non-tariff process steam business

¹⁰ Direct Testimony of Steven C. Carver, page 11, lines 17-20.

¹¹ Direct Testimony of Steven C. Carver, page 12, lines 20-21.

¹² Direct Testimony of Steven C. Carver, page 13, lines 1-2.

¹³ Revenue credit of \$3,329,255 plus \$2,313,043 for the competitive adjustment total \$5,642,298.

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1 should or should not be included in the establishment of base rates, if the business
2 remains unregulated then the non-regulated portion of the business has to be
3 removed from the determination of revenue requirements for regulated customers.
4 Accordingly, I am not opposed to the technique Company's Witness Carver
5 utilized to remove the impact of the unregulated business from the calculation of
6 the Company's revenue requirement.

7 **III. SUMMARY OF STAFF'S FILING**

8 **Q. YOU MENTIONED THAT YOU REVIEWED THE MISSOURI STAFF'S**
9 **REPORT ON VEOLIA'S FILING. WHAT DID YOU CONCLUDE**
10 **CONCERNING STAFF'S ANALYSIS?**

11 A. Staff is proposing a test year ending June 30, 2011, with a revenue requirement
12 for that period of \$1,097,273¹⁴ based on a rate of return of 7.56%. However, in
13 reviewing Staff's calculation, I believe there is a fundamental flaw in its
14 calculation of the revenue requirement.

15 **Q. PLEASE EXPLAIN.**

16 A. On Staff Accounting Schedule 1, the Gross Revenue Requirement of \$1,097,273
17 is presented as additional revenue required. This is based on a pre-tax weighted
18 cost of capital of 7.56%.¹⁵ However, this additional revenue requirement appears
19 to not include the effect of income taxes (both federal and state). Proper revenue
20 requirement determination requires that the effect of income taxes be included

¹⁴ Staff Accounting Schedule 1, column D, line 12.

¹⁵ Staff Accounting Schedule 12, column G, line 8 (presented as 7.557%).

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1 when establishing the appropriate rates to customers. This is referred to as
2 “grossing up for taxes” which basically means that when determining revenue
3 requirements, the regulator should increase the pre-tax net income amounts by the
4 amount of income taxes the utility would pay associated with the increase in net
5 income. Comparison of Staff’s proposed revenue requirement with that proposed
6 by the Company would require that Staff’s figure be grossed up for income taxes.

7 **Q. DO YOU HAVE AN ESTIMATE OF THIS IMPACT ON STAFF’S**
8 **CALCULATIONS FOR REVENUE REQUIREMENTS?**

9 A. Yes. Using the Company’s revenue conversion factor of 1.63353 on Staff’s
10 proposed gross revenue requirement of \$1,097,273, results in a grossed up
11 revenue requirement of \$1,792,428 or \$413,218¹⁶ more than what the Company
12 is seeking.

13 **Q. DO YOU HAVE AN OPINION AS TO WHY STAFF IS PROPOSING A**
14 **REVENUE REQUIREMENT GREATER THAN WHAT THE COMPANY**
15 **IS REQUESTING?**

16 A. Yes. Staff has used a different test period (i.e., the twelve months ended June 30,
17 2011) which includes an increased level of rate base. In addition, Staff has not
18 removed the revenue credit for the Company’s unregulated business from its
19 calculations. In essence, Staff has left the process steam business and related plant
20 investment, revenues and expenses in its determination of Veolia’s revenue
21 requirement, thereby treating the process steam as a regulated portion of Veolia’s

¹⁶ Company’s request of \$1,279,210 less Staff’s revenue requirement grossed up for taxes of \$1,792,428 equals an increase of \$413,218.

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1 business. I take no position on the issue of whether process steam is regulated or
2 unregulated for the two customers that are under contract with Veolia. However,
3 in order to determine what the revenue requirement increase should be to the
4 remaining customers, I have used the Company's presentation as a foundation and
5 then made adjustments that I believe the Commission should consider when
6 establishing fair and reasonable rates for those customers.

7 **Q. ARE YOU REJECTING STAFF'S REVENUE REQUIREMENT**
8 **PROPOSAL IN ITS ENTIRETY?**

9 A. No. When I believe Staff made an appropriate adjustment for known and
10 measurable changes and/or proper regulatory principles in revenue requirement
11 determination (e.g., removing excessive or one-time costs), I have adopted those
12 adjustments. I have used the available information to appropriately reflect any
13 potential timing issues with the adjustment between Staff's test year and Veolia's
14 test year.

15 **IV. COMPANY'S BUSINESS STRUCTURE**

16 **Q. CAN YOU PROVIDE AN OVERVIEW OF THE RELATIONSHIP OF**
17 **VEOLIA ENERGY KANSAS CITY, INC. TO ITS PARENT COMPANY**
18 **AND SISTER COMPANIES?**

19 A. Both Veolia's Witness Weafer and Staff have provided detailed explanation of the
20 intercompany relationship of Veolia's parent company Veolia Energy North
21 America Holdings, Inc. (VENAH) and sister companies. Veolia is a wholly-
22 owned subsidiary of Thermal North America Inc., which in turn is a wholly

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1 owned subsidiary of VENA. I defer to Company Witness Weafer and Staff to
2 provide a more detailed explanation of the intercompany relationships other than
3 to say that Veolia is part of a large group of companies that provide energy related
4 services across the United States and in Europe.

5 **Q. DOES THIS STRUCTURE IMPACT YOUR DETERMINATION OF A**
6 **FAIR AND REASONABLE REVENUE REQUIREMENT?**

7 A. Only to the extent that I am making an adjustment associated with the corporate
8 cost allocation for Veolia North America (the service company) to Veolia and
9 revenues received from lease payments between Veolia Missouri, an unregulated
10 affiliate located in Kansas City providing chilled water service in the downtown
11 area, and Veolia.

12 **Q. PLEASE DESCRIBE THE REMAINDER OF YOUR TESTIMONY?**

13 A. The remainder of my testimony discusses my recommended adjustments to the
14 Company's proposed revenue deficiency.

15 **V. RECOMMENDED ADJUSTMENTS**

16 **Adjustment 1 - Rent from Steam Property**

17 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO RENT FROM STEAM**
18 **PROPERTY.**

19 A. Staff Witness Prenger recommended an adjustment for the revenues that the
20 Company receives from Veolia Missouri (the unregulated affiliate) for the space

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1 Veolia Missouri leases at the Company's Grand Avenue location.¹⁷ I found Mr.
2 Prenger's arguments concerning the below market lease payments compelling.
3 Mr. Prenger argued that the shared space benefited Veolia Missouri in that the
4 unregulated entity did not have a separate location negotiated in an arms-length
5 transaction. It is important to note that a foundation principle involving affiliate
6 transactions such as this is the concept of asymmetrical pricing.

7 **Q. PLEASE EXPLAIN.**

8 A. Asymmetrical pricing is a regulatory concept that ensures fair, reasonable, and
9 arms length transactions for goods and services among affiliate companies. Its
10 purpose is to prevent affiliates from gaining an unfair advantage over its
11 competition from its relationship with a regulated utility. It also protects
12 ratepayers from subsidizing unregulated activities. Asymmetrical pricing for
13 services which generate revenue for a regulated affiliate from an unregulated
14 affiliate requires the revenue be recorded at a rate which is the higher of the fair
15 market value or the regulated utility's costs. The opposite is true for services that
16 the unregulated affiliate provides the regulated utility in which the costs recorded
17 to the regulated utility would be the lower of fair market price or the regulated
18 utility's costs. In this instance, Staff has indentified a situation where Veolia
19 Missouri is gaining an advantage by paying a less than market rate for the lease

¹⁷ *Staff Report Revenue Requirement Cost of Service*, page 41 and Accounting Schedule 10, Adjustment Number Rev-13.1.

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1 payments to Veolia.¹⁸ Therefore, I recommend adopting Staff’s adjustment Rev
2 13.1-Rent from Steam Property with one modification.

3 **Q. WHAT IS THAT MODIFICATION?**

4 A. I noted that Staff’s workpapers included a line item called Premium/Convenience
5 Charge.¹⁹ This charge is an arbitrary addition to Staff’s calculation of an
6 appropriate lease rate that Veolia Missouri should compensate the Company for
7 the use of the leased space. I found no justifiable foundation for the additional
8 charge other than Staff’s statement that there are other factors that it considered
9 when developing the leased space rate. These include location, conservation of
10 space for operations, and the benefit of shared labor.²⁰

11 **Q. DO YOU AGREE WITH THIS CONVENIENCE CHARGE?**

12 A. No. While I agree with Staff’s basic adjustment to reflect market rates for the
13 lease space, the Premium/Convenience Charge is arbitrary and violates the
14 principle of asymmetrical pricing. Ratepayers would be reaping a windfall which
15 they would otherwise not be entitled to if the space were rented at market prices.
16 Certainly, if the Company were to negotiate a premium with Veolia Missouri that
17 benefits ratepayers, that would be acceptable. However, it is inappropriate for
18 Staff to impose that premium.

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

¹⁸ *Staff Report Revenue Requirement Cost of Service*, pages 41-42.

¹⁹ Staff’s Lease Expense workpaper identified as Highly Confidential.

²⁰ *Staff Report Revenue Requirement Cost of Service*, pages 41-42.

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1 A. As modified, I am recommending that Veolia’s net operating income be increased
2 by \$32,628 as shown on Exhibit ____ (MJM-2) Schedule 4.1.

3 **Adjustment 2 - Wages and Salaries**

4 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO WAGES AND**
5 **SALARIES.**

6 A. Staff made a number of adjustments to wages and salaries, employee benefits, and
7 payroll taxes. Based on my assessment of Staff’s well-thought out rationale for
8 the adjustments as described in *Staff Report Revenue Requirement Cost of*
9 *Service*, and a review of Staff’s workpapers, I recommend that the Commission
10 accept Staff’s adjustments.

11 **Q. PLEASE SPECIFY WHICH OF STAFF’S ADJUSTMENTS YOU ARE**
12 **RECOMMENDING THAT THE COMMISSION ACCEPT.**

13 A. They are:

- 14 • Staff Adjustments: E-9.1, E-10.1, E-34.1, E-35.1, E-65-1, and E-66.1
- 15 During Staff’s audit, Staff learned that the Company planned an annual 3%
16 increase to payroll effective July 1, 2011. This increase was included in
17 Staff’s payroll annualization for all Veolia Kansas City employees as known
18 and measurable. The increase was also applied to Company employee
19 overtime based upon overtime incurred in 2010. There will be no additional
20 payroll increase during 2011. To avoid duplication, Staff’s payroll
21 annualization excluded the salary and related costs of the Regional Vice

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1 President. Corporate wages and allocated were annualized separately and were
2 not included in Staff's payroll calculation.

- 3 • Staff Adjustments: E-13.1, E-37.1, and E-69.1

4 Staff restored the allocation of labor and benefits for the test year to zero to
5 establish a zero foundation on which to adjust labor and benefits based upon
6 Staff's audited allocation. Staff calculated the allocation factor between the
7 Company and its unregulated affiliate Veolia Missouri based on employee
8 timesheets to ensure that employee time dedicated to the unregulated affiliate
9 would not be charged to steam customers. An allocation factor was calculated
10 on an individual employee basis and then applied to individual annualized
11 wage rates. The allocation factor was also used to develop an appropriate
12 amount of payroll taxes, overtime, and employee benefits.

- 13 • Staff Adjustment: E-38.1

14 Staff adjusted capitalized labor for 2010 test year to zero based on Staff's
15 review of the allocation of payroll hours related to capital project in 2008,
16 2009, and 2010. Staff found a downward trend and, with the completion of the
17 Truman Medical Center and no foreseeable large capital projects anticipated
18 in the near future, Staff made an adjustment to reflect a proper allocation of
19 total payroll costs between operations and maintenance activities (expensed in
20 the current year) and construction activity (capitalized to plant in service).

- 21 • Staff Adjustments 12.1, E-68.1, E-74.1, and E-75.1 - 401K

22 The Company offers a 401K retirement plan, Defined Contribution Plan,
23 comprehensive medical, dental, and disability coverage for their employees.

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1 The Staff developed a ratio on the 12 month test year using the employer
2 portion of the employee benefits and the direct relationship to the employee
3 salaries. The ratio was applied to the annualized base payroll as of June 30,
4 2011 to calculate the appropriate expense level for employee benefits.

- 5 • Staff Adjustment: E-91.1
6 Social Security (FICA) and Medicare taxes associated with annualized
7 salaries were determined using the current 2011 tax rates.

8 **Q. WHAT IS THE IMPACT OF ADOPTING STAFF’S LABOR AND**
9 **BENEFITS ADJUSTMENTS?**

10 A. The result of my adopting Staff’s adjustments increases net operating income by
11 \$65,898 as shown on Exhibit ____ (MJM-2) Schedule 4.2.

12 **Adjustment 3 - Corporate Allocations**

13 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO CORPORATE COSTS**
14 **ALLOCATIONS.**

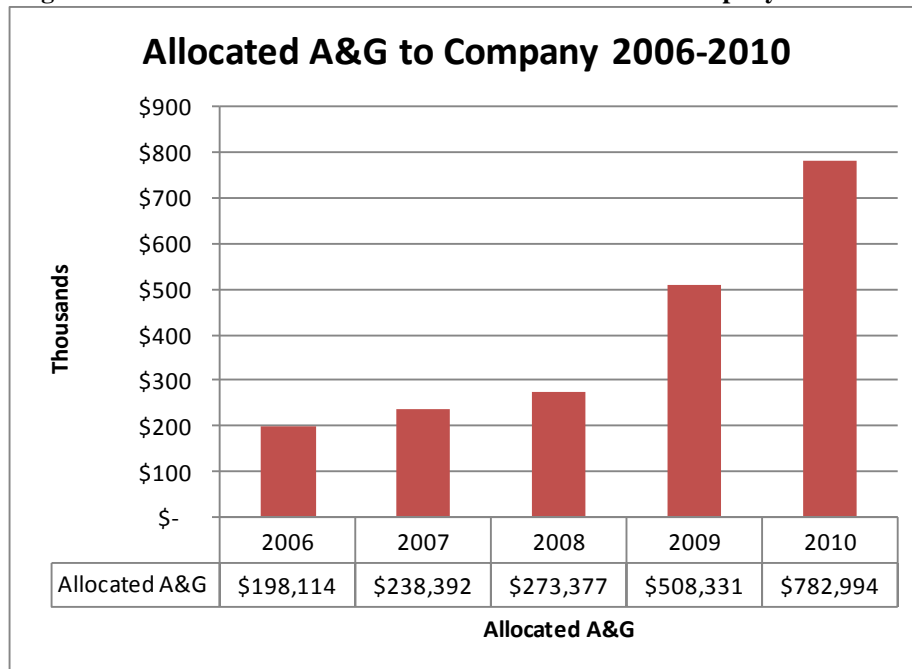
15 A. Veolia Kansas City is part of a large holding company. Like many utility holding
16 companies, Veolia Energy North America Holdings has a service company which
17 provides management and other common services to affiliate companies under the
18 holding company. Corporate overhead costs for such things as executive
19 management oversight, human resources, information technology, legal services
20 and other corporate functions are allocated to each of the entities within the
21 corporate structure based on various allocation factors. The corporate overhead
22 charges allocated to the regulated entity Veolia Kansas City are charged to the

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1 Company's administrative and general expenses. In this case, Veolia customers
2 are being asked to pay for these costs based on the level of Veolia's revenues
3 compared to the other entities being allocated corporate costs.

4 There has been a substantial increase in the overall level of service
5 company costs that Veolia is expected to pay. The chart below shows the level of
6 corporate allocation costs from 2006 through 2010.

7 **Figure 1: Allocated Administrative and General Costs to Company 2006-2010²¹**



8
9
10 As this chart clearly shows, the service company costs allocated to the Company
11 have nearly tripled since 2006 and Veolia's customers are being asked to pay for
12 an additional \$585,000 of costs.

13 **Q. IS THERE AN EXPLANATION FOR THIS EXCESSIVE INCREASE?**

14 A. When the former Trigen became part of the much larger Veolia North America
15 Holding (VENAH) in 2008, it became responsible for a portion of the service

²¹ Staff Report Revenue Requirement Cost of Service, page 56 (Annual Report-FERC Form 1 reported).

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1 company costs. VENAHA is a much larger corporation with a much larger
2 overhead for management services.

3 **Q. IS THERE ANY EVIDENCE THAT CUSTOMERS ARE RECEIVING**
4 **ANY ADDITIONAL BENEFIT OR SERVICES FOR SUCH A HUGE**
5 **INCREASE?**

6 A. No. The Company provided no evidence that these substantially increased costs
7 provide any additional benefits to Veolia's customers. Company Witness Carver
8 states that certain cost centers were removed such as executive officer
9 compensation, incentives or bonus pay, project development and sale/acquisition
10 costs, lobbying and charitable contributions from the costs that are allocated to
11 Veolia.²² The Company removed these costs to avoid regulatory issues and
12 objections that typically follow with these types of costs. However, even
13 removing these items, the corporate allocated costs have still increased
14 substantially over the past few years.

15 **Q. SHOULD THE COMPANY BE ALLOWED TO RECOVER THESE**
16 **COSTS FROM VEOLIA CUSTOMERS?**

17 A. No, not at this level without some evidence that the increase results in benefits to
18 Veolia's customers. For these types of costs to increase in such a dramatic
19 fashion should give the Commission a reason to want to understand what is going
20 on with these costs. It is incumbent on Veolia to demonstrate the value of this
21 increase to its customers.

²² Direct Testimony of Steven C. Carver, page 33, lines 18-22.

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1 **Q. WHAT DO RECOMMEND?**

2 A. I am recommending that the Commission set the service company allocated costs
3 at 1.25 times the level in 2008. This would reduce the Company’s unadjusted test
4 year costs by \$441,273. The impact of my recommendation is to increase
5 operating income by \$185,813 as shown on Exhibit ____ (MJM-2) Schedule 4.3.

6 **Q. DO YOU HAVE ANY OTHER RECOMMENDATIONS REGARDING**
7 **THE INCREASE IN SERVICE COMPANY COSTS?**

8 A. Yes, I also recommend that the Commission conduct an audit of the service
9 company to determine whether these costs are reasonable and not excessive when
10 compared to alternative means that Veolia could receive these same services.

11 **Adjustment 4 - Outside Services and Rate Case Expenses**

12 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT FOR OUTSIDE SERVICES**
13 **AND RATE CASE EXPENSES.**

14 A. Veolia has included an adjustment to amortize a “reasonably conservative
15 estimate of ‘normal’ outside legal and consulting services to assist in preparing,
16 presenting and supporting” the Company’s filing in this case.²³ Witness Carver
17 states that because Veolia is one of only two of the 29 Thermal North America,
18 Inc. companies that are regulated and Veolia is the only entity in Missouri, the
19 Company expects that it will incur higher outside legal and consulting costs.²⁴
20 Relying on what Witness Carver characterized as “clearly professional

²³ Direct Testimony of Steven C. Carver, page 34, lines 17-19.

²⁴ Direct Testimony of Steven C. Carver, pages 34-35, lines 20-21 and line 1.

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1 judgment,”²⁵ the Company estimated the costs for the test year and is requesting a
2 three-year amortization in which to recover these costs.²⁶ Witness Carver’s
3 adjustment increased the Company’s test year operating expenses by \$34,117.²⁷

4 **Q. DID STAFF ADDRESS THIS ISSUE IN ITS REPORT?**

5 A. Yes. Staff updated the Company’s position for actual costs with one exception.

6 **Q. WHAT DID STAFF RECOMMEND?**

7 A. Based on actual invoices provided by Veolia during Staff’s audit, Staff included
8 in its determination of the Company’s revenue requirement what it found to be
9 “reasonable and prudent expenses incurred during the 2010 test year and through
10 March 31, 2011.”²⁸ However, because of the lack of detailed support for invoices
11 from the Company’s rate case legal consultant, Staff excluded approximately
12 \$21,000 from recovery. In addition, Staff updated the test year to include the
13 actual 2012 Fiscal Year cost for the Missouri PSC Assessment.

14 **Q. DO YOU AGREE WITH STAFF THAT THE COSTS FOR THE RATE**
15 **CASE LEGAL CONSULTANT SHOULD BE EXCLUDED?**

16 A. No. Staff did not provide any support to suggest that costs for the Company’s rate
17 case legal consultant were not needed, unreasonable, or imprudent. Staff argu-
18 ment was that because the detail was not provided, the costs were excluded.
19 Unless some evidence is provided that these costs may be unreasonable or

²⁵ Direct Testimony of Steven C. Carver, page 35, lines 19.

²⁶ Direct Testimony of Steven C. Carver, page 34, line 18.

²⁷ Direct Testimony of Steven C. Carver, Schedule SCC-3.C Page 3 of 4, column I, line 12.

²⁸ *Staff Report Revenue Requirement Cost of Service*, page 59, line 11-13.

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1 imprudent, I cannot concur with Staff that it should recommend such a
2 disallowance as this.

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

4 A. I recommend adopting Staff’s recommendation to include the actual costs for
5 outside services and rate case expense. However, I have not excluded the costs
6 associated with the rate case legal consultant. I also recommend adopting the
7 Staff’s adjustment to include the actual 2012 fiscal year Missouri PSC
8 Assessment expense as known and measureable. My recommended adjustment
9 increases the Company’s operating income by \$17,815 as shown in
10 Exhibit__(MJM-2) Schedule 4.4.

11 **Adjustment 5 - Insurance**

12 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT RELATED TO INSURANCE.**

13 A. During Staff’s audit, Staff became aware that the Company does not allocate
14 insurance costs to Veolia Missouri, its unregulated entity.²⁹ I recommend the
15 Commission accept Staff’s position to allocate auto insurance, auto expense, and
16 general insurance to the Company’s unregulated entity. This adjustment
17 increases operating income by \$16,970 as shown on Exhibit ____ (MJM-2)
18 Schedule 4.5.

²⁹ *Staff Report Revenue Requirement Cost of Service*, page 61, lines 5-14.

1 **Adjustment 6 - Refund of Excess Depreciation Reserve**

2 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO ACCUMULATED**
3 **RESERVE FOR DEPRECIATION**

4 A. Veolia provided the updated amounts of plant in service and accumulated
5 reserve.³⁰ Several accounts actually include more depreciation reserve than the
6 value of the plant that it supports. A table of those accounts is shown below.

7 **Table 1: Plant Accounts with Excess Accumulated Reserve for Depreciation³¹**

8 **Highly Confidential**

9 ******

10
11
12
13
14
15
16
17
18
19
20 ******

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

22 A. I recommend that an amount for the excess of accumulated reserve be returned to
23 ratepayers as they were responsible for funding the reserve through depreciation
24 expense included in past rates. The excess amount should be returned to
25 ratepayers through a credit to depreciation expense amortized over three years.
26 This adjustment would have the effect of increasing the Company's operating
27 income by \$112,581 as shown on Exhibit____ (MJM-2) Schedule 4.6.

³⁰ Exhibit____(MJM-3), Data Request and Response MPSC Staff-33.11 (Highly Confidential).

³¹ Exhibit____(MJM-3), Data Request and Response MPSC Staff-33.11, Attachment (Highly Confidential).

1 **Adjustment 7 - Interest Synchronization**

2 **Q. PLEASE DESCRIBE YOUR ADJUSTMENT TO INTEREST**
3 **SYNCHRONIZATION.**

4 A. I have calculated interest synchronization on my recommended adjusted rate base
5 using Dr. Berry's weighted cost of debt of 2.31%. This adjustment increases net
6 operating by \$60,067 as shown on Exhibit ____ (MJM-2) Schedule 4.7.

7 **Competitive Adjustment**

8 **Q. PLEASE DESCRIBE HOW YOU TREATED THE COMPANY'S**
9 **COMPETITIVE ADJUSTMENT.**

10 A. I saw no compelling reason to alter the relationship between the Company's
11 proposed competitive adjustment and that which should be applied to the revenue
12 requirement I am recommending. As such, I used the same ratio established by
13 the Company's proposed revenue requirement and requested competitive
14 adjustment of approximately 62.65%. As a result, my proposed competitive
15 adjustment is \$1,923,224 as shown on Exhibit ____ (MJM-2) Schedule 5.

16 **VI. STATION EXCESS CAPACITY**

17 **Q. DO YOU HAVE ANY OTHER CONCERNS?**

18 A. Yes. I have a concern regarding a potential excess capacity with the station. If
19 Veolia's system has permanent excess capacity, the costs to ratepayers could be
20 higher than they should be as a result of overstated rate base, expenses and
21 overheads needed to support that excess capacity.

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1 Q. PLEASE ELABORATE.

2 A. **

3

4 ^{32**}
.

5 Q. HOW DID KCP&L USE THE STATION?

6 A. **

7

^{33**}
.

8 Q. WHY DID KCP&L SELL THE STATION?

9 A. **

10

11

12

13

^{34**}
.

14 Q. HOW IS THE STATION BEING USED NOW?

15 A. **

16

^{35**}
.

17 Q. WHAT IS THE CAPACITY OF THE STATION?

³² Exhibit__(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential).

³³ Exhibit__(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential).

³⁴ Exhibit__(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential).

³⁵ Exhibit__(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential).

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1 A. I do not know the capacity of the station, but the Company maintains **

2 .³⁶**

3 Q. **

4 ?**

5 A. **

6 .**

7 Q. **WHAT DID THE COMPANY PAY FOR THE STATION?**

8 A. **

9 .³⁷**

10 Q. **DOES FERC REQUIRE THE COMPANY TO RECORD THE**
11 **ACQUISITION AT COST?**

12 A. Yes. However, recording the acquisition at cost and allowing the entire cost in
13 rates are separate and distinct.

14 Q. **WHAT IS THE VOLUME OF STEAM THE COMPANY CURRENTLY**
15 **SELLS?**

16 A. **

17

18 .³⁸**

³⁶ Exhibit__(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential).

³⁷ Exhibit__(MJM-3), Data Request and Response MPSC Staff-33.11, Attachment (Highly Confidential).

³⁸ Exhibit__(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential).

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1 Q. **

2 ?**

3 A. **

4 .³⁹**

5 Q. **

6

7 **

8 A. **

9

10 .**

11 Q. **DID THE COMPANY REQUEST THE REMOVAL OF PROCESS STEAM**
12 **IN THE CURRENT CASE AND INDICATE THAT THE FUNCTION**
13 **SHOULD BE NON REGULATED?**

14 A. Yes. The Company requested the removal of process steam assets, among other
15 things, from rate base along with the associated sales revenue.⁴⁰

16 Q. **DO YOU HAVE ANY RECOMMENDATIONS RELATED TO THE**
17 **PRODUCTION FROM THE PLANT AS IT RELATES TO THE**
18 **CAPACITY OF THE PLANT AND THE COST TO MAINTAIN THE**
19 **PLANT?**

³⁹ Exhibit___(MJM-4), Data Request and Response KCMO 3-16 (Highly Confidential).

⁴⁰ Direct Testimony of Steven C. Carver, page, 15, lines 14-15 and page 17, lines 1-3.

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1 A. Yes. I recommend that the Commission require **

2 :

3

4

5 **

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

7 A. Yes.

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

Summary

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

Project Management

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

Regulatory and Rate Case Management

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

Testimony and Witness Preparation

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

Utility Management and Operational Audits

Mr. McGarry has conducted over thirty comprehensive management and operational audits of investor-owned energy and telecommunications utilities. These audits have included comprehensive management audits and/or operational audits on most functions within the utility environment including corporate governance, strategic planning, internal auditing, capital and operating budget processes and practices, distribution operations and maintenance, fuel procurement, supply chain management,

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demand side management, crew operations, affiliates transactions, commodity trading, and construction program practices.

Restructuring, Unbundling, and Cost Allocation

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

Training and Public Speaking

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

Education

Potsdam College, B.A., Economics, 1981

University at Buffalo School of Management, MBA, 1996

Regulatory Experience

Before the Connecticut Department of Public Utility Control (CTDPUC)

Docket 10-02-13 *Application of Aquarion Water Company to Amend its Rate Schedules*

On behalf of the CTDPUC, 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.

Docket 07-07-01 *Diagnostic Management Audit of Connecticut Light & Power Company.*

On behalf of the Staff of the CTDPUC, July 2008-June 2009

Project Manager. Performed overall day to day project management responsibilities to conduct a diagnostic management audit of the Connecticut Light & Power Company (CL&P). Managed a project team of accountants, engineers and industry specialists who were responsible for evaluating the effectiveness of the management and operations of all aspects of the company. In addition, managed a focused prudency review of Northeast Utilities' (CL&P's parent company) development and implementation of a \$122 million customer information system known as CustomerCentral or C2.

Before the Delaware Public Service Commission (DEPSC)

Docket No. 09-414 *On behalf of the Staff of the DEPSC in the matter of the application Delmarva Power & Light Company (DPL) for approval of modifications to its electric base rates*, September 2009-May 2010

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Project Manager. Oversaw rate case analysis and assessment of company's proposed revenue requirement. Assisted with analysis of specific issues and preparation of witness testimony.

Docket No. 07-239F *On behalf of the Staff of the DEPSC in the matter of the application 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.

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

Docket No. 06-284 *On behalf of the Staff of the DEPSC 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%).

Before the District of Columbia Public Service Commission (DCPSC)

Formal Case No. 1076 *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*.

On Behalf of the DCPSC, July-June 2010

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

Formal Case No. 1053 - *Technical consultant for the DCPSC in the matter of PEPCO's request for a \$50.4 million increase in base rates*, February 2007-June 2008

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

Formal Case No. 1032 *In the Matter of the Investigation into PEPCO's Distribution Service Rates*

On Behalf of the DCPSC, 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.

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*

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On Behalf of the DCPSC, June-December 2003

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

Before the Hawaii Public Utilities Commission

Docket No. 05-0075 *In the matter of a proceeding to investigate Kauai Island Utility 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.

Before the Illinois Commerce Commission (ILCC)

Case: 05-0597 *On behalf of the Illinois Citizens Utility Board, Cook County States Attorney's Office and City of Chicago*, 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 ComEd.

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

Consultant to Illinois Power Company. Prepared 2001 required update filing for the ILCC compliance filing to un-bundle utility's rate tariffs. Prepared filing requirements and all support schedules analysis to justify allocation of generation, transmission and distribution. Prepared testimony on behalf of the Company's Controller.

Before Maine Public Utilities Commission (MEPUC)

Case No 2008-151 *MEPUC Investigation into Maintenance and Replacement Program for Northern Utilities Inc.'s Cast Iron Facilities (Phase II)*

On behalf of Maine Public Advocate, 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.

Case No 2004-813 *MEPUC Investigation into Maintenance and Replacement Program for Northern Utilities Inc.'s Cast Iron Facilities (Phase I)*

On behalf of Maine Public Advocate, November 2004-March 2005

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

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Before the Maryland Public Service Commission

Case No. 9092/9093 (Phase II) *On behalf of the Staff of the Commission in Base Rate Proceeding for PEPCO and Delmarva Power & Light Company* 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.

Case No. 9092 *On behalf of the Staff of the Commission in 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.

Case No. 9062 *On behalf of the Staff of the Commission in the matter of the application of Chesapeake Utilities Corporation for authority to revise its rates and charges for gas service*, May-October 2006

Project Manager. Managed a project team responsible for providing expert witness testimony in the areas of revenue requirements, rate base, cost of service, revenue allocation, rate design, revenue normalization, and cost of capital.

Before the Massachusetts Department of Public Utilities (MADPU)

Case No. D.P.U. 08-110 *On behalf of the MDPU 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.

Before the Michigan Public Service Commission

Case No. U-16432 *On behalf of the Attorney General of the State of Michigan in the matter of Consumers Energy Company's Application to Implement a Power Supply Cost Recovery Plan for 2011* February-June 2011

Project Manager. Reviewed cost recovery plan requirements and provided analysis and testimony concerning prior year under-recovery, generation dispatch and purchased power, purchased power agreements, emission control expenses including appropriateness of mercury filter expenses as part of PSCR process.

Case No. U-16434 *On behalf of the Attorney General of the State of Michigan in the matter of Detroit Edison Company's Application to Implement a Power Supply Cost Recovery Plan for 2011* February-June 2011

Project Manager and Testifying Witness. Reviewed cost recovery plan requirements and provided analysis concerning prior year under-recovery, generation dispatch and purchased power, purchased power agreements, emission control expenses including appropriateness of coal refinement expenses as part of PSCR process.

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Case No. U-16472 *In the matter of the application of The Detroit Edison Company (DetEd) 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-June 2011

Project Manager and Testifying Witness. Review of Advanced Metering Infrastructure program cost benefits and tariffs filed and potential witness to same.

Case No. U-16407 *On behalf of the Attorney General of the State of Michigan in the matter of the application of Michigan Consolidated Gas Company (MichCon) for approval of a detailed plan for 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.

Case No. U-16300 *On behalf of the Attorney General of the State of Michigan in the matter of the application of Consumers Energy Company (CECO) for authority to reconcile its renewable energy plan (REP) costs associated with the plan approved in Case No. U-15805.* November 2010-January 2011

Project Manager and Testifying Witness. Reviewed the Company's REP Cost Reconciliation for 2009 to ensure the adherence to approved processes and reasonable and prudent costs. Testified as to significant concerns with respect to the transfer price for renewable energy resources proposed by the Company.

Case No. U-16356 *On behalf of the Attorney General of the State of Michigan in the matter of the application of DetEd for authority to reconcile its REP costs associated with the plan approved in Case No. U-15806-RPS.* October 2010-March 2011

Project Manager and Testifying Witness. Reviewed the Company's REP Cost Reconciliation for 2009 to ensure adherence to approved processes and reasonable and prudent costs.

Case No. U-15675-R *On behalf of the Attorney General of the State of Michigan in the matter of the application of CECO for the reconciliation of power supply cost recovery (PSCR) costs and revenues for the calendar year 2009,* October 2010-January 2011

Project Manager and Testifying Witness. Reviewed PSCR plan requirements and testified to transfer price, replacement power costs, and reasonableness of including excess fuel and variable O&M expenses proffered by various intervenors.

Case No. U-15677-R *On behalf of the Attorney General of the State of Michigan in the matter of the application of The Detroit Edison Company for reconciliation of its PSCR plan for the calendar year 2009,* September-December 2010

Project Manager and Testifying Witness. Reviewed PSCR reconciliation and testified with respect to the transfer price for renewable energy source flowing into the PSCR proposed by the Company.

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Case No. U-16047 *On behalf of the Attorney General of the State of Michigan in the matter of the application of DetEd for authority to implement a PSCR Plan in its rate schedules for 2010 metered jurisdictional sales of electricity*, January-May 2010
Project manager and Testifying Witness. Reviewed PSCR plan requirements and testified to appropriateness of specific components of that factor.

Case No. U-15415-R *On behalf of the Attorney General of the State of Michigan in the matter of the application of CECO for the reconciliation of PSCR costs and revenues for the calendar year 2008 and for other relief related to pension and OPEB costs*, May-November 2009
Project Manager and Testifying Witness. Reviewed PSCR reconciliation, provided analysis of potential issues, and developed recommendations including basis, past precedence, and/or industry expertise.

Case No. U-15806/U-15890 *On behalf of the Attorney General of the State of Michigan in the matter of DetEd and MichCon to comply 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.

Case No. U-15805/15889 *On behalf of the Attorney General of the State of Michigan 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.

Case No. U-15677 *On behalf of the Attorney General of the State of Michigan in the matter of the application of DetEd for authority to implement a PSCR plan in its rate schedules for 2009 metered jurisdictional sales of electricity*, January 2009-June 2010
Project manager. Reviewed PSCR plan requirements and testified to appropriateness of specific components of that factor.

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

Case No. U-15320 *On behalf of the Attorney General of the State of Michigan in the matter of the application of Midland Cogeneration Venture Limited Partnership for the Commission to eliminate the “availability caps” which limit CECO’s recovery of capacity payments with respect to its power purchase agreement with Midland Cogeneration Venture Limited Partnership*, October 2007-June 2008

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Project Manager. Oversaw project to provide industry expertise to evaluate issue in case and recommend alternative arguments.

Case No. U-15245 *On behalf of the Attorney General of the State of Michigan in the matter of the application of 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.

Case No U-15244 *On behalf of the Attorney General of the State of Michigan in the matter of the application of DetEd for authority to increase its electric base rates*, September 2007-October 2008

Project Manager and Testifying Witness. Testified regarding revenue requirements.

Case No U-15190 *On behalf of the Attorney General of the State of Michigan in Base Rate Proceeding for CECO*, March-September 2007

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

Case No U-15040 *On behalf of the Attorney General of the State of Michigan in Gas Cost Recovery (GCR) 2007/08 Plan proceeding*, March-August 2007

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

Case No. U-15001 *On behalf of the Attorney General of the State of Michigan in PSCR 2007/08 Plan proceeding*, November 2006-August 2007

Project Manager and Testifying Witness. Reviewed PSCR plan requirements and testified to appropriateness of specific components of that factor.

Case No. U-14701-R *On behalf of the Attorney General of the State of Michigan in PSCR 2006/07 reconciliation proceeding*, June-November 2007

Project Manager and Testifying Witness. Reviewed PSCR reconciliation and testified to eliminate some expenses used in the company's calculation of its under-recovery PSCR reconciliation for 2006.

Case No. U-14547 *On behalf of the Attorney General of the State of Michigan 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.

New Mexico Public Service Commission (NMPSC)

Special Case Study: Public Service Company of New Mexico (PNM) NM PRC Docket No. 10-00086-UT, August 2010

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Blue Ridge worked with QSI Consulting, Inc. to conduct a training session for the NMPSC Staff and 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 pending PNM rate case and provide an analytic framework for Staff to apply to the forecasting issues in the case.

Before the Missouri Public Service Commission (NDPSC)

Veolia Energy Company (Veolia) 2011 and 2012 Request for Authority to Increase Electric Rates in Missouri (Case No. PU-10-657/PU-11-55) April 2011-present
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 NDPSC to proposed adjustments to the revenue requirements filed by the company in its application.

Before the North Dakota Public Service Commission

Northern States Power Company (NSP) 2011 and 2012 Request for Authority to Increase Electric Rates in North Dakota (Case No. PU-10-657/PU-11-55) April 2011-present
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

Before the Nova Scotia Utility and Review Board

Case No. P-886 On behalf of the Consumer Advocate of the Province of Nova Scotia in the 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.

Before the Public Utilities Commission of Ohio (PUCO)

Case No. 08-0917-EL-SSO On behalf of the Ohio Hospital Association in the matter of the Application of American Electric Power of Ohio for authority to increase rates for distribution of electric service. (Hired by Ohio Hospital Association's attorney for utility matters, Bricker and Eckler, to provide expertise in negotiating rate with American Electric Power.), September 2008-March 2009
Evaluated revenue and rate impact on member hospitals.

On behalf of the Staff of the PUCO

- Case #08-0072-GA-AIR *Columbia Gas of Ohio for an increase in gas rates, April-August 2008*
- Case #07-0829-GA-AIR *Dominion East Ohio for an increase in gas rates, November 2007-July 2008*

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- Case #07-0589-GA-AIR *Duke Energy Ohio for an increase in gas rates, November 2007-February 2008*

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

Case No. 06-0986-EL-UNC *On behalf of the City of Cincinnati in the matter of the Application of Duke Energy Ohio, Inc., to modify its market-based Standard service over, May-August 2007*

Project Manager. Hired by City of Cincinnati's Water and Sewer District attorney for utility matters (Bricker and Eckler, LLP) to provide industry expertise in reviewing the Company's proposal and impact on City's project energy costs.

Oregon Public Utilities Commission (OPUC)

Docket No UP205 *Examination of NW Natural's Rate Base and Affiliated Interests Issues*
Co-sponsored between NW Natural, Staff, Northwest Industrial Gas Users, Citizens Utility Board, August 2005-January 2006

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

Utah Division of Public Utilities

Docket No. 09-035-23 *In the Matter of the Application of Rocky Mountain Power (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-December 2009*

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

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Docket No. 09-035-15 *In the Matter of the Application of 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.

Before the Washington Utilities and Transportation Commission (WUTC)

Independent Third-Party Evaluation of Puget Sound Energy's (PSE) Conservation Incentive Mechanism (ECIM) under the co-direction of PSE and the WUTC Staff, Phase I: July-October 2009; Phase II: October 2009-September 2010

Project Manager: Assess the extent to which the design and implementation of the incentive mechanism addressed key issues and objectives required by the Commission: accuracy of implementation in calculations of incentives or penalties, compliance with the conditions and requirements of the pilot program, proper use of the calculation methodology, and which assumptions or methods were used to calculate and verify the savings report.

Before the Public Utilities Commission of the State of Colorado (COPUC)

Docket No. 04A-050E *Review of the Electric Commodity Trading Operations of Public Service Company of Colorado (PSCo)*

On behalf of the COPUC Staff, March-September 2004

Project Manager. Focused operational audit within the bounds of a litigated proceeding to determine if ratepayers were subsidizing or negatively impacted by PSCo's energy trading function.

South Carolina State Senator

Advised 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.

Before the Missouri Public Service Commission

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

Southern Connecticut Gas

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

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Before the New York Public Service Commission

Case: 94-C-0657

Commission Staff. Proceeding to evaluate the compliance of NYNEX with Commission rules and orders related to operational support system costs to competitors. Part of staff panel to facilitate discussion between company and potential competitors (i.e., users of operational support systems) and report back to Commission.

Focused review of the preparedness of 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

Case: 97-M-0567

Commission Staff. Litigated proceeding to determine the benefits of a proposed merger of Long Island Lighting Company / Brooklyn Union Gas. Analyzed the proposed synergy savings.

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.

Case: 96-M-0858 *Prudence Investigation into the Scrap Handling Practices in the Western Division of Niagara Mohawk Power Company (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. Lead team of 10 staff examiners to quantify the extent to which the Company paid excessive rates to this vendor. Testified to the findings of the analysis. Case settled with ratepayers receiving a credit to bills

Case: 91-C-0613 *Operational Audit of the Outside Plant Construction and Rehabilitation Program of New York Telephone Company*

Commission Staff. Comprehensive operational audit of the company's management and implementation of a \$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.

Case: 91-W-0583 *Prudence Proceeding Regarding the Operations and Management of Jamaica Water*

Commission Staff and Testifying Witness. Litigated proceeding as a result of audit to determine extent to which management inattention and inappropriate practices resulted in excessive costs to rate payers. Testified on a Staff panel to the excessive costs associated

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with management's inattention to sound business practices related to the design, purchase and installation of the Company customer information system.

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

Case: 92-M-0973 *Management Audit of 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.

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.

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.

Operational Audit of the Fuel Procurement and Contracting of 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.

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

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

Operational Audit of 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

Operational Audit of the Fuel Procurement and Contracting of RG&E

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Commission Staff. Comprehensive operational audit to determine effectiveness of ratepayer funds spent on nuclear fuel. Provided research and data evaluation expertise.

Case: 88-E-115 *Prudence Proceeding to Investigate the Construction Costs Associated with the Homer City Coal Cleaning Plant (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.

Case: 87003 *Operational Audit of the 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.

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.

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.

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.

Case: 86005 *Operational Audit of the Fuel Procurement and Contracting of 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.

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.

Direct Testimony and Exhibits of
Michael J. McGarry, Sr. – Case No. HR-2011-0241

Testimony filed by Mr. McGarry

Before the Delaware Public Service Commission

- Delmarva Power and Light Company - Docket No. 07-239F
- Delmarva Power and Light Company - Docket No. 06-284

Before the Illinois Commerce Commission

- Commonwealth Edison - Case: 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

- Detroit Edison - Case No. U-16434
- Detroit Edison - 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
- Detroit Edison Company - Case No. U-16047
- Detroit Edison 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 Nova Scotia Utility and Review Board

- Nova Scotia Power - Case No. P-886

Utah Division of Public Utilities

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

Before the New York Public Service Commission

- Long Island Lighting Company - Case: 96-E-0132
- Niagara Mohawk Power Company - Case: 96-M-0858
- Jamaica Water - Case: 91-W-0583
- New York State Electric & Gas Homer City Prudence Review - Case: 98-E-115

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