Kim Trosclair  
Louisiana Public Service Commission  
Office of General Counsel  
Galvez Building, 70802  
602 North Fifth Street  
P.O. Box 91154  
Baton Rouge, LA  70821-9154

Re:    LPSC RFP 19-05  
In re: Cleco Power, LLC’s Upcoming Rate Proceeding to be Filed  
in June 2019 as Required by Commission Order No. U-33434-A

Dear Ms. Trosclair:

Exeter Associates, Inc. (Exeter) is pleased to submit this proposal to assist the Louisiana  
Public Service Commission (Commission or Staff) with the review of the upcoming base rate  
Application to be filed by Cleco Power, LLC (Cleco or Company) in June 2019. Exeter proposes to  
assist the Commission with the rate design/re-design, retail residential rate decoupling, and revenue requirements aspects of Cleco’s Application.

Background

In Docket No. U-33434, Cleco, a public utility under the jurisdiction of the Commission and Cleco Partners, L.P. (Cleco Partners), a partnership comprised of three private investment firms (together, the Applicants) sought approval from the Commission for Cleco Partners to acquire ownership and control of Cleco through the purchase of all outstanding shares of stock of Cleco’s parent Company, Cleco Corporation. At the Commission’s February 24, 2016 Business & Executive Session (B&E), the Commission found that the proposed transaction, as structured at that time, was not in the public interest. At the March 28, 2016 B&E, the Commission considered a rehearing request filed by the Applicants on March 18, 2016, as well as several enhanced regulatory commitments offered by the Applicants after the February 24, 2016 vote. The request for rehearing
was granted and the Commission determined and found that, with the enhanced commitments, the proposed transaction was in the public interest. Included in those comments was Commitment 4, which required Cleco to file a base rate case in June 2019, with any change in rates to be implemented in 2020.

Proposed Services and Purpose

With regard to the review of Cleco’s Application, the services that Exeter will provide to Staff will include:

- Reviewing and analyzing the Application of Cleco. This involves reviewing relevant testimonies and supporting documents including the proposed tariffs, supporting and cost of service studies, and rate design proposals, revenue requirements determination, and the supporting schedules for the adjustments to the cost of service;
- Conducting discovery, including preparing written data requests as well as follow-up discovery or other informal conferences, as necessary;
- Preparing direct and cross-answering testimony, testifying before an Administrative Law Judge;
- Reviewing and analyzing proposed stipulation terms and conditions, as necessary and appropriate; and
- Appearance at B&Es.

The purpose of Exeter’s rate design review will be to ensure that the class cost of service study or studies sponsored by Cleco reasonably reflect the cost of providing service to the various customer classes and are consistent with Commission precedent. Exeter will ensure that the Company’s proposed distribution of the revenue increase authorized by the Commission as a result of Cleco’s Application and rates is consistent with sound revenue allocation, which:

- Utilizes class cost of service study results as a guide;
- Provides stability and predictability of the rates themselves, with a minimum of unexpected changes seriously adverse to ratepayers or the utility (gradualism);
- Yields the total revenue requirement;
- Provides for simplicity, certainty, convenience of payment, understandability, public acceptability, and feasibility of application; and
- Reflects fairness in the apportionment of the total cost of service amount to the various customer classes.
With respect to revenue decoupling, Exeter will also evaluate whether any mechanisms proposed by Cleco are consistent with Commission precedent. This will include evaluating whether the mechanism should be designed to adjust utility revenues for any deviation between expected and actual sales regardless of the reason for the deviation, or whether utility revenues should only be adjusted for sales deviations that can be accommodated to have resulted from conservation and load management programs.

Regarding revenue requirements, the analytical work during a utility ratemaking and cost recovery review consists of a critical analysis of the theoretical validity of the company’s claims and a verification of the data submitted by the company. This is necessary to ensure that the company’s claims correctly and fairly reflect its utility operating results, are appropriately adjusted to reflect conditions that can reasonably be expected to occur when proposed ratemaking and cost recovery methods are in effect, and that test year costs of service are stated in accord with proper ratemaking principles. Exeter’s investigation of revenue requirements will involve a review of what might be referred to as the traditional accounting issues—test year income, expense, and rate base. Therefore, we will conduct a thorough examination of all aspects of the Company’s rate base, revenues, expenses, and tax claims. The goal of our revenue requirement analysis will be to ensure that the Company’s revenue requirements are properly stated to reflect normal operating conditions, in accordance with fundamental ratemaking principles, and are consistent with Commission policy and precedent.

Qualifications

Exeter is well-qualified to provide the assistance that the Commission requires. Exeter has extensive experience addressing utility regulatory matters before the Commission, as well as other state and federal regulatory agencies. Our experience includes extensive work in analyzing the operations, books, and records of utility companies and providing expert testimony on all aspects of utility regulation and ratemaking. The issues addressed in this work have included:

- Appropriate accounting standards and practices for natural gas utilities, public utility accounting, and generally accepted auditing standards;
- Appropriate ratemaking adjustments to utility accounting records;
- Determination and calculation of the appropriate base rates and utility plant;
- Traditional cost of service and cost allocation methodologies supporting revenue requirements;
- The cost allocation methodologies for the allocation of investment and expense between affiliates, including the relationship of the holding company to its subsidiary operating companies, the transfer of investment and costs between operating companies, and the provision of services between affiliates;
• Cost of capital, including cost of debt and return on equity;
• Just and reasonable costs and prudent investments associated with providing reliable and quality service;
• Formula rate plans;
• Depreciation and taxation; and
• A detailed understanding of electric utility regulations.

Exeter is qualified to provide assistance on both the rate design and revenue decoupling aspects of Cleco’s Application. Mr. Jerome D. Mierzwa, a principal of Exeter, will have overall responsibility and supervision of this project and will perform the majority of the work for these aspects of the project. Mr. Mierzwa has testified on over 300 occasions in 17 state jurisdictions and before the FERC. Mr. Mierzwa and Exeter have previously assisted the Commission in the following proceedings:

• The investigation of the PGA filings of Atmos Energy for the period April 2012 – March 2014 in Docket No. X-33480;
• The investigation of the PGA filings of Entergy Louisiana, LLC for the period January 2012 – December 2015 in Docket No. X-34113;
• The investigation into whether TransLa and Louisiana Intrastate Gas Company included inappropriate or imprudent costs in their purchased gas cost recovery mechanisms from 1981-1994;
• The investigation into Entergy Louisiana, LLC’s FAC filings between 1975 and 1998;
• The review of Entergy Louisiana, LLC’s purchased power practices and contracts (prudence and accounting) for 2000, 2001, and 2002;
• The investigation of Cleco Power, LLC’s planning resource procurement practices and incurred fuel costs for the period January – October 2005 (initiated by the Commission as a result of the effect of Hurricanes Katrina and Rita on the fuel and purchased power costs of Louisiana electric utilities);
• The investigation of Cleco Power, LLC’s fuel adjustment filings for the years 2003-2008; and
• The review of Entergy Gulf States, LLC’s fuel adjustment filings for the years 2005-2009 in Docket No. U-32245, which resulted in a refund to ratepayers of $5 million.

In addition, Mr. Mierzwa has previously addressed utility cost allocation and rate design matters in other jurisdictions including Delaware, Indiana, Maine, Pennsylvania, Rhode Island, and Virginia—or on approximately 60 occasions. Attached to this proposal is a recent sample of
testimony presented by Mr. Mierzwa addressing electric utility cost allocation and rate design. Additional testimony presented by Mr. Mierzwa addressing utility cost allocation and rate design is identified in his resume, which is attached to this proposal.

Mr. Lafayette K. Morgan, Jr., a senior-level consultant to Exeter, will provide assistance with addressing the retail rate revenue decoupling proposed by Cleco in its Application, and will be primarily responsible for reviewing the revenue requirements aspects of Cleco’s Application. Mr. Morgan has participated in the review of Entergy Louisiana, LLC’s formula rate plan and has testified before the Commission on behalf of Staff in other proceedings. Other proceedings in which Mr. Morgan has assisted the Commission include the following:


- Provided technical analysis and support on behalf of the Louisiana Public Service Commission Staff relating to the Cleco Power, LLC Rate Stabilization Plan.

Mr. Morgan’s professional resume outlining his previous work is attached to this proposal. In addition to Messrs. Mierzwa and Morgan, other members of Exeter’s staff will be available to assist as necessary.
Cost Proposal

Exeter proposes to perform a detailed review of the rate design/redesign aspects Cleco’s Application for $46,000, plus direct expenses, including travel, for $2,500. Exeter proposes to perform a detailed review of the revenue requirements aspect of Cleco’s Application for $29,750, plus direct expenses, including travel, for $2,500. Exeter bills for professional services based upon the actual hours spent up to the budgeted ceiling. Our standard hourly billing rates range from $80 per hour for research assistants to $220 for principals. Direct expenses will be billed at cost.

Conflict of Interest

Please note that Exeter has no business relationship with Cleco or any of its affiliates, nor have we ever had such a relationship. Thus, Exeter has no conflict of interest that could impair or restrict our ability to provide assistance and objective advice to Staff.

If you have any questions of either a technical or contractual nature, please do not hesitate to call. We look forward to again being of service to the Commission and the ratepayers of Louisiana.

Very truly yours,

[Signature]
Jerome D. Mierzwa
Vice President

JDM/arr
Enclosure
SAMPLE COST ALLOCATION/RATE DESIGN TESTIMONY

OF JEROME D. MIERZWA
BEFORE

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

UGI Utilities, Inc. – Electric Division

Docket No. R-2017-2640058

DIRECT TESTIMONY

OF

JEROME D. MIERZWA

ON BEHALF OF

THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

April 26, 2018
1. INTRODUCTION

Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Jerome D. Mierzwa. I am a Principal and Vice President of Exeter Associates, Inc. ("Exeter"). My business address is 10480 Little Patuxent Parkway, Suite 300, Columbia, Maryland 21044. Exeter specializes in providing public utility-related consulting services.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I graduated from Canisius College in Buffalo, New York in 1981 with a Bachelor of Science Degree in Marketing. In 1985, I received a Master’s Degree in Business Administration with a concentration in finance, also from Canisius College. In July 1986, I joined National Fuel Gas Distribution Corporation ("NFGD") as a Management Trainee in the Research and Statistical Services ("RSS") Department. I was promoted to Supervisor RSS in January 1987. While employed with NFGD, I conducted various financial and statistical analyses related to the company's market research activity and state regulatory affairs. In April 1987, as part of a corporate reorganization, I was transferred to National Fuel Gas Supply Corporation's ("NFG Supply's") rate department where my responsibilities included utility cost-of-service and rate design analysis, expense and revenue requirement forecasting, and activities related to federal regulation. I was also responsible for preparing NFG Supply's Federal Energy Regulatory Commission ("FERC") Purchased Gas Adjustment ("PGA") filings and developing interstate pipeline and spot market supply gas price projections. These forecasts were utilized for internal planning purposes as well as in NFGD’s 1307(f) proceedings.
In April 1990, I accepted a position as a Utility Analyst with Exeter. In December 1992, I was promoted to Senior Regulatory Analyst. Effective April 1996, I became a Principal of Exeter. Since joining Exeter, I have specialized in evaluating the gas purchasing practices and policies of natural gas utilities, utility class cost-of-service and rate design analyses, sales and rate forecasting, performance-based incentive regulation, revenue requirement analysis, the unbundling of utility services, and evaluation of customer choice natural gas transportation programs.

Q. Have you previously testified on utility rates in regulatory proceedings?

A. Yes. I have provided testimony on more than 300 occasions in proceedings before the FERC, utility regulatory commissions in Arkansas, Delaware, Georgia, Illinois, Indiana, Louisiana, Maine, Massachusetts, Montana, Nevada, New Jersey, Ohio, Rhode Island, Texas, and Virginia, as well as before Pennsylvania Public Utility Commission ("PaPUC" or "the Commission").

Q. What is the purpose of your testimony?

A. On January 26, 2018, UGI Utilities, Inc. – Electric Division ("UGI" or "the Company") filed an application to increase its rates for distribution service by $9.2 million, or 25 percent. The requested increase was subsequently modified to $8.5 million, or 23 percent, to reflect the recent change in the maximum corporate income tax rate from 35 percent to 21 percent. Exeter was retained by the Pennsylvania Office of Consumer Advocate ("OCA") to review the reasonableness of the requested increase, as well as the allocated class cost-of-service study ("ACCOSS") and rate design proposals included in the Company’s application. My testimony addresses the Company’s ACCOSS and rate design proposals. I also address the Company’s proposed Storm Expense Rider ("SER"), Rate Schedule Electric Vehicle Service (Rate EV), and
Company-Owned Service ("COS") Transition Program. My colleague, Mr. Lafayette K. Morgan, addresses the reasonableness of the Company’s requested increase.

Q. HAVE YOU PREPARED EXHIBITS TO ACCOMPANY YOUR TESTIMONY?

A. Yes, I have. Schedule JDM-1 is attached to my direct testimony.

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.

A. As a result of my evaluation of UGI’s ACCOSS, the Company’s proposed distribution of the requested total jurisdictional revenue increase, and the Company’s rate design recommendations, I have the following conclusions and make the following recommendations:

- In the ACCOSS prepared by UGI, the primary and secondary portion of upstream distribution plant should be classified as 100 percent demand-related instead of partially being classified as customer-related. In addition, a portion of the maintenance costs associated overhead and underground lines, as well as outside services expenses, should be classified and allocated as energy-related;

- The distribution of the proposed jurisdictional revenue increase among the rate classes proposed by UGI do not provide for sufficient gradualism. The OCA’s proposed revenue distribution provides for additional gradualism, significant movement toward cost-based rates and should be approved by the Commission in this proceeding;

- UGI’s proposed Residential customer charge is unreasonable, does not provide for gradualism, and should be rejected. I recommend a monthly Residential charge of $8.00;

- The proposed Storm Expense Rider should be rejected;

- Proposed Rate Schedule Electric Vehicle Service should not be approved at this time. However, if Rate EV is approved, none of the associated costs should be recovered from retail customers, and UGI should maintain a detailed accounting of the associated revenues, costs, and usage; and
• The OCA does not oppose UGI's COS Transition Program provided UGI does not profit in anyway and service to no customer is terminated, and the Company should coordinate its efforts with the Commission’s Bureau of Consumer Services and the OCA.

Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?
A. Including this introductory section, my testimony is divided into six sections. In the following section, I detail the reasons that support a finding that the Company’s ACCOSS produces an inaccurate indication of the allocated costs of serving the various customer classes. In the following section, I address UGI’s proposed distribution of the revenue increase authorized by the Commission in this proceeding, if any, to the various customer classes served by UGI. The next section of my testimony addresses the Company’s proposed Residential rate design. The final sections of my testimony address UGI’s proposed SER, Rate EV, and COS Transition Program.

II. ALLOCATED CLASS COST OF SERVICE STUDY
Q. PLEASE DESCRIBE THE ATTRIBUTES OF AN ACCOSS AND EXPLAIN THE INTENDED PURPOSE OF SUCH A STUDY.
A. The Company’s ACCOSS is sponsored by Mr. John D. Taylor, a principal consultant at Black & Veatch Corporation (“B&V”). The ACCOSS of the type performed by the Company’s witness Mr. Taylor is performed in an attempt to determine the costs that are incurred to provide service to each class of customers. Such studies are referred to as average, embedded, ACCOSS because they attempt to directly assign or allocate to each customer class, actual book plant and related costs, adjusted to test year levels as authorized by the Commission. These ACCOSS are also referred to as “fully allocated” because they require that 100 percent of the allowed total jurisdictional costs of service be allocated among the various classes. This is done by determining the average costs of the various components of service (the total cost of the component divided by the
units of service for that component), and then by allocating these component costs to
each of the classes based on each class’ service units that have caused, or benefit from,
that cost.

In a typical electric distribution ACCOSS, costs are first functionalized into
broad categories, such as primary and secondary distribution, and customer accounts
and services. Costs are then classified as to whether they are demand-related, energy-
related, customer-related or related to some other factor, such as labor costs or revenue.
Finally, the costs are allocated among the customer classes on the basis of the most
appropriate measure of demand, energy or customers, in proportion to each class’ share
of the various allocation measures.

Q. PLEASE IDENTIFY THE CUSTOMER CLASSES REFLECTED IN THE
COMPANY’S ACCOSS?

A. UGI’s current tariff indicates that it currently provides service under 25 different rate
schedules. UGI has proposed to eliminate several of those rate schedules in this
proceeding. For purposes of the ACCOSS, UGI’s rate schedules have been grouped
into the following customer classes:

- Residential
- General Service
- Large Power
- Lighting

Q. WERE THE RESULTS OF UGI’S ACCOSS USED BY THE COMPANY
TO DISTRIBUTE THE INCREASE REQUESTED BY THE COMPANY IN
THIS PROCEEDING?

A. Yes.
Q. BEFORE CONTINUING PLEASE SUMMARIZE THE RESULTS OF THE COMPANY’S ACCOSS AND THE COMPANY’S PROPOSED DISTRIBUTION OF THE REQUESTED INCREASE.

A. Table 1 summarizes for each customer class reflected in UGI’s ACCOSS, revenues at existing rates, the indicated cost of service, the revenue increase proposed by UGI, and the relative rate of returns at current and proposed rates. Table 1 only reflects UGI’s distribution revenues and costs and, therefore, purchased power costs have been excluded.

<table>
<thead>
<tr>
<th>Class</th>
<th>Revenues</th>
<th>Increase</th>
<th>Relative Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Existing</td>
<td>Proposed</td>
<td>Amount</td>
</tr>
<tr>
<td>Residential</td>
<td>$22,373</td>
<td>$30,865</td>
<td>$8,492</td>
</tr>
<tr>
<td>General Service</td>
<td>7,443</td>
<td>7,443</td>
<td>0</td>
</tr>
<tr>
<td>Large Power</td>
<td>5,927</td>
<td>5,927</td>
<td>0</td>
</tr>
<tr>
<td>Lighting</td>
<td>1,021</td>
<td>1,021</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$36,764</strong></td>
<td><strong>$45,256</strong></td>
<td><strong>$8,492</strong></td>
</tr>
</tbody>
</table>

Q. WHAT ASPECT OF THE COMPANY’S ACCOSS ARE OF PARTICULAR CONCERN IN THIS PROCEEDING?

A. Of particular concern is the manner in which primary and secondary distribution costs upstream of meters and service drops have been classified in the ACCOSS. Specifically, a significant share of these costs has been inappropriately classified as customer-related.

Q. PLEASE DESCRIBE THE METHODS FREQUENTLY USED TO CLASSIFY A PORTION OF UPSTREAM DISTRIBUTION PLANT AS CUSTOMER-RELATED.
A. The usual rationale for arguing that some portion of upstream distribution plant (Account 364 - Poles, Towers and Fixtures; Account 365 Overhead Conductors and Devices; and Account 367 Underground Conductors and Devices) is customer-related is that a portion of these costs is incurred simply to “connect” customers to the system without providing any actual electric capacity or energy. There are generally two methods by which this customer portion is estimated. The “zero-intercept method” attempts to construct a regression for each major type of equipment (e.g., poles) that relates installed cost to the size or capacity of the equipment. This equation is then extended back to zero capacity (where no load is served) and the value on the y-axis is determined to be the customer-related component of this investment. Of course, if the extended equation intercepts the y-axis at a negative value, it is never suggested that the customer component is negative. The data are usually massaged until the analyst gets a result above zero. The “minimum system method” hypothetically reconstructs the distribution system with the smallest size poles and conductors possible. The cost of that hypothetical system is deemed to be customer-related, and the remaining actual cost of the distribution system is deemed to be demand-related.

Q. HOW HAS MR. TAYLOR ESTIMATED THE CUSTOMER-RELATED PORTION OF UPSTREAM PRIMARY AND SECONDARY DISTRIBUTION PLANT TO THE VARIOUS CUSTOMER CLASSES?

A. Mr. Taylor has used a minimum system approach to estimate a customer-related portion of Accounts 364, 365, and 367. He has not developed a “zero intercept” regression analysis to estimate customer-related costs.

Q. HOW HAS MR. TAYLOR ALLOCATED THE DEMAND-RELATED PORTION OF UPSTREAM PRIMARY AND SECONDARY DISTRIBUTION PLANT?
Mr. Taylor has allocated the portion of upstream primary and secondary plant determined to be demand-related based on the non-coincident peak ("NCP") demand of each of the various customer classes.

Q. DOES MR. TAYLOR CLAIM HIS PROPOSED CLASSIFICATION OF UPSTREAM DISTRIBUTION PLANT AS CUSTOMER-RELATED AND DEMAND-RELATED BASED ON A MINIMUM SYSTEM APPROACH HAS PREVIOUSLY BEEN ACCEPTED BY THE COMMISSION?

A. Yes. Mr. Taylor claims that the approach he followed to classify upstream distribution plant was accepted by the Commission in PPL Electric Utilities Corporation ("PPL") Docket No. R-2012-2290597.

Q. PLEASE SUMMARIZE MR. TAYLOR’S FINDINGS WITH RESPECT TO THE PORTION OF UGI’S UPSTREAM DISTRIBUTION PLANT THAT SHOULD BE CLASSIFIED AS DEMAND-RELATED AND THE PORTION THAT SHOULD BE CLASSIFIED AS DEMAND-RELATED AND CUSTOMER-RELATED.

A. Table 2 presents a summary of Mr. Taylor’s findings with respect to the portion of UGI’s upstream distribution plant that should be classified as demand-related and the portion that should be classified as customer-related.
Table 2.
Summary of Minimum System Study

<table>
<thead>
<tr>
<th></th>
<th>Customer-Related</th>
<th>Demand-Related</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Distribution Plant</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account 364</td>
<td>27.34%</td>
<td>72.66%</td>
</tr>
<tr>
<td>Account 365</td>
<td>28.05</td>
<td>71.95</td>
</tr>
<tr>
<td>Account 367</td>
<td>29.03</td>
<td>70.97</td>
</tr>
<tr>
<td><strong>Secondary Distribution Plant</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account 364</td>
<td>25.58</td>
<td>74.42</td>
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<td>Account 365</td>
<td>59.04</td>
<td>40.60</td>
</tr>
<tr>
<td>Account 367</td>
<td>59.87</td>
<td>40.13</td>
</tr>
</tbody>
</table>

1  Q. WHY DO YOU DISAGREE WITH MR. TAYLOR’S CLASSIFICATION OF A PORTION OF UPSTREAM PRIMARY AND SECONDARY DISTRIBUTION PLANT COSTS AS BEING CUSTOMER-RELATED?

4  A. These costs are not, in any meaningful way, directly related to the number of customers served. The cost of upstream distribution plant is incurred in order to meet the coincident loads of the customers that it serves. The size and costs of the required plant are a function of the diversity of customers’ loads that must be served from this plant, as well as the expected future coincident loads that may have to be served from these facilities as growth occurs on the system. There is no direct relationship between the number of customers and the size or the cost of poles or conductors, and Mr. Taylor has presented no evidence of a direct relationship.

12 Q. DOES ANY RECOGNIZED AUTHORITY AGREE WITH YOUR CONCLUSION THAT IT IS IMPROPER TO ALLOCATE A PORTION OF AN ELECTRIC UTILITY’S UPSTREAM DISTRIBUTION FACILITIES
ON THE BASIS OF BEING RELATED TO THE NUMBER OF CUSTOMERS?

A. Yes. Professor James Bonbright, at pages 491 and 492 of his *Principles of Public Utility Rates*, states:

But the really controversial aspect of customer-cost imputation arises because of the cost analyst’s frequent practice of including, not just those costs that can be definitely earmarked as incurred for the benefit of specific customers but also a substantial fraction of the annual maintenance and capital costs of the secondary (low voltage) distribution system — a fraction equal to the estimated annual costs of a hypothetical system of minimum capacity. This minimum capacity is sometimes determined by the smallest sizes of conductors deemed adequate to maintain voltage and to keep from falling of their own weight. In any case, the annual costs of this phantom, minimum-sized distribution system are treated as customer costs and are deducted from the annual costs of the existing system, only the balance being included among those demand-related costs to be mentioned in the following section. Their inclusion among the customer costs is defended on the ground that, since they vary directly with the area of the distribution system (or else with the lengths of the distribution lines, depending on the type of distribution system), they therefore vary indirectly with the number of customers.

What this last-named cost imputation overlooks, of course, is the very weak correlation between the area (or the mileage) of a distribution system and the number of customers served by this system. For it makes no allowance for the density factor (customers per linear mile or per square mile). Indeed, if the Company’s entire service area stays fixed, an increase in number of customers does not necessarily betoken any increase whatever in the costs of a minimum-sized distribution system.

While, for the reason just suggested, the inclusion of the costs of a minimum-sized distribution system

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among the customer related costs seems to me
clearly indefensible, its exclusion from the demand-
related costs stands on much firmer ground.
[Emphasis added]

Q. EARLIER YOU INDICATED THAT MR. TAYLOR CLAIMED THAT
THE MINIMUM SYSTEM APPROACH HE FOLLOWED IN HIS ACCOSS
HAS PREVIOUSLY BEEN ACCEPTED BY THE COMMISSION. DID
ALL THE COMMISSIONERS AGREE WITH THE USE OF THE
MINIMUM SYSTEM APPROACH IN THE PPL PROCEEDING?

A. No, in a partial dissent, former Commissioner James H. Cawley stated:

Both parties further debate the “minimum size”
parameters at great detail. But the company never
really fundamentally addresses why its model is
appropriate, when other states have rejected this
model. In fact, OCA presents valid arguments that
this model is not well suited for the PPL service area.

If, for example, a disproportionate number of
residential customers lived in rural or suburban areas,
the higher, less-dense costs of serving these
customers might justify allocating more costs to
residential customers. However, the density studies
provided by PPL showed just the opposite, that
various classes of customers were very evenly
distributed across its service areas. Thus, there was
no clear justification for why the “minimum size”
model should be used in this instance to allocate
more costs to the residential class. (Partial Dissent of
Commissioner Cawley, PPL Docket No. R-2012-
2290597, page 3.)

Q. COMMISSIONER CAWLEY’S DISSENT SUGGESTS THAT USE OF A
MINIMUM SYSTEM MODEL MAY BE JUSTIFIED IF RESIDENTIAL
CUSTOMERS GENERALLY LIVED IN LESS-DENSE RURAL OR
SUBURBAN AREAS OF PPL’S SERVICE TERRITORY. HAVE YOU
EVALUATED WHETHER RESIDENTIAL CUSTOMERS GENERALLY LIVE IN THE LESS-DENSE AREAS OF UGI’S SERVICE TERRITORY?

A. Yes. Table 3 identifies the percentage of Residential, General Service, and Large Power customers living in each of the non-post office box zip codes served by UGI, the total number of customers in each zip code, and the population density per square mile in each zip code. As indicated in Table 3 Residential customers comprise a consistent percentage of the number of customers in each zip code served by UGI regardless of population density and, therefore, evenly distributed across UGI’s service territory.

<table>
<thead>
<tr>
<th>Zip Code</th>
<th>Total</th>
<th>Residential</th>
<th>General Service</th>
<th>Large Power</th>
<th>Density per Square Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>17814</td>
<td>436</td>
<td>84.9%</td>
<td>14.4%</td>
<td>0.0%</td>
<td>43</td>
</tr>
<tr>
<td>17818</td>
<td>254</td>
<td>86.6%</td>
<td>13.4%</td>
<td>0.0%</td>
<td>70</td>
</tr>
<tr>
<td>18612</td>
<td>7,214</td>
<td>87.2%</td>
<td>12.4%</td>
<td>0.3%</td>
<td>311</td>
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<tr>
<td>18617</td>
<td>967</td>
<td>93.1%</td>
<td>6.8%</td>
<td>0.0%</td>
<td>606</td>
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<tr>
<td>18618</td>
<td>2,452</td>
<td>81.0%</td>
<td>18.9%</td>
<td>0.1%</td>
<td>184</td>
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<tr>
<td>18621</td>
<td>2,644</td>
<td>86.3%</td>
<td>13.4%</td>
<td>0.2%</td>
<td>109</td>
</tr>
<tr>
<td>18622</td>
<td>127</td>
<td>74.0%</td>
<td>25.2%</td>
<td>0.8%</td>
<td>81</td>
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<tr>
<td>18634</td>
<td>6,884</td>
<td>90.1%</td>
<td>9.6%</td>
<td>0.2%</td>
<td>793</td>
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<tr>
<td>18635</td>
<td>657</td>
<td>85.2%</td>
<td>14.8%</td>
<td>0.0%</td>
<td>137</td>
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<tr>
<td>18643</td>
<td>56</td>
<td>91.1%</td>
<td>8.9%</td>
<td>0.0%</td>
<td>651</td>
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<tr>
<td>18644</td>
<td>4,015</td>
<td>86.2%</td>
<td>13.4%</td>
<td>0.3%</td>
<td>441</td>
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<tr>
<td>18651</td>
<td>4,584</td>
<td>90.8%</td>
<td>9.0%</td>
<td>0.1%</td>
<td>907</td>
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<tr>
<td>18655</td>
<td>2,982</td>
<td>86.2%</td>
<td>13.5%</td>
<td>0.1%</td>
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</tr>
<tr>
<td>18656</td>
<td>1,244</td>
<td>84.7%</td>
<td>14.6%</td>
<td>0.2%</td>
<td>39</td>
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<td>18657</td>
<td>189</td>
<td>81.5%</td>
<td>17.5%</td>
<td>0.5%</td>
<td>96</td>
</tr>
<tr>
<td>18660</td>
<td>421</td>
<td>88.4%</td>
<td>11.4%</td>
<td>0.0%</td>
<td>82</td>
</tr>
<tr>
<td>18702</td>
<td>25</td>
<td>40.0%</td>
<td>52.0%</td>
<td>8.0%</td>
<td>506</td>
</tr>
<tr>
<td>18704</td>
<td>16,446</td>
<td>88.3%</td>
<td>11.2%</td>
<td>0.3%</td>
<td>3,205</td>
</tr>
<tr>
<td>18706</td>
<td>4,328</td>
<td>87.5%</td>
<td>11.2%</td>
<td>1.1%</td>
<td>587</td>
</tr>
<tr>
<td>18708</td>
<td>4,198</td>
<td>90.2%</td>
<td>9.6%</td>
<td>0.1%</td>
<td>533</td>
</tr>
<tr>
<td>18709</td>
<td>1,669</td>
<td>82.7%</td>
<td>16.7%</td>
<td>0.4%</td>
<td>4,178</td>
</tr>
</tbody>
</table>
Q. ALTHOUGH HE HAS NOT DONE SO, ASSUMING THAT MR. TAYLOR COULD DEMONSTRATE A DIRECT RELATIONSHIP BETWEEN THE NUMBER OF CUSTOMERS SERVED AND THE UPSTREAM DISTRIBUTION FACILITY COSTS INCURRED BY UGI, IS HIS APPROACH TO DETERMINING THE PORTION OF UGI'S DISTRIBUTION SYSTEM THAT IS CUSTOMER-RELATED AND THE PORTION THAT IS DEMAND-RELATED REASONABLE?

A. No, for at least two reasons. First, the UGI electric distribution system consists of approximately 1,250 miles of primary circuit. (OCA I-12). As indicated in Table 2, Mr. Taylor determined that approximately 30 percent of UGI's primary distribution system exists to connect customers to the system. That is, 375 miles (1,250 miles x 30 percent), or 1,980,000 feet of the primary distribution system was installed to connect customers to the UGI system. UGI's system services 62,000 customers and, therefore, under Mr. Taylor's approach, each customer is allocated 32 feet of primary distribution conductor line. As indicated in the response to OCA I-7, UGI extended its primary distribution facilities by an average of 1,350 feet to connect three of its largest customers to its distribution system. Of the 5 largest customers served by UGI, the Company extended its primary distribution facilities by an average of 820 feet. Clearly, Mr. Taylor's assumption that UGI extends its primary distribution system by the same number of feet to connect a large customer and a small customer results in a mis-allocation of costs.

Q. PLEASE EXPLAIN THE OTHER REASONS YOU DISAGREE WITH MR. TAYLOR'S CLASSIFICATION OF PRIMARY AND SECONDARY
A. As previously explained, Mr. Taylor considers 30 percent of UGI primary facilities to reflect the minimum system and has allocated approximately 30 percent of UGI's primary distribution facilities costs based on the number of customers in each class. As shown in Table 2, Mr. Taylor has determined that the minimum system component of UGI's secondary distribution facilities to be approximately 50 percent, and has allocated 50 percent of the costs associated with the secondary distribution system based on the number of customers. The remaining 50 percent of UGI's secondary distribution system facility costs have been allocated based on the NCP demand of each class.

In allocating the costs associated with this theoretical minimum system, Mr. Taylor has failed to account for those portions of each classes' NCP that can be met by the minimum system, or the Peak Load Carrying Capability ("PLCC") of the minimum system. Since the PLCC will make up a larger percentage of the loads of small customers, the required adjustment is typically much larger for classes of low-load customers, such as the Residential class. Failing to recognize the PLCC results in a double allocation of primary and secondary upstream distribution costs to Residential and other small customers. This issue was addressed by George J. Sterzinger in his article, "The Customer Charge and Problems of Double Allocation of Costs" published in the July 2, 1981 edition of Public Utilities Fortnightly.

Q. MR. TAYLOR, AT PAGES 8-9, OF HIS DIRECT TESTIMONY, CITES THE NATIONAL ASSOCIATION OF REGULATORY UTILITIES COMMISSION COST ALLOCATION MANUAL ("1992 NARUC MANUAL") TO SUPPORT HIS PROPOSED DEMAND-RELATED AND
CUSTOMER-RELATED UPSTREAM PLANT ALLOCATIONS. WHAT IS YOUR RESPONSE?

A. Page 95 of the 1992 NARUC Manual states:

...when the minimum-size distribution method is used to classify distribution plant....the analyst must be aware that the minimum-size distribution equipment has a certain load-carrying capability, which can be viewed as a demand-related cost.

Therefore, the 1992 NARUC Manual has specifically recognized the need to consider the PLCC of the minimum system.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN A PROCEEDING WHERE MR. TAYLOR HAS RECOGNIZED THE PLCC OF A MINIMUM DISTRIBUTION SYSTEM?

A. Yes. Mr. Taylor and I were both witnesses in Chesapeake Utilities Corporation (“CUC”) Docket No. 15-1734 before the Delaware Public Service Commission. While CUC is a natural gas distribution company, the concept of a PLCC would also extend to a natural gas distribution minimum system. In that proceeding, Mr. Taylor, testifying on behalf of CUC, performed a ACCOSS which included a minimum system allocation for distribution mains similar to the approach he has proposed in his proceeding for UGI’s upstream distribution facilities. In response to criticisms of his testimony I presented in my direct testimony in that proceeding, Mr. Taylor modified the ACCOSS that he had originally presented to account for the PLCC of the minimum system and recommended that the modified ACCOSS be utilized to evaluate CUC’s rate design proposals.

Q. HAS THIS COMMISSION PREVIOUSLY ADDRESS THE ALLOCATION OF UPSTREAM DISTRIBUTION PLANT BASED ON
THE NUMBER OF CUSTOMERS IN A BASE RATE PROCEEDING OF A
NATURAL GAS DISTRIBUTION COMPANY ("NGDC")?

(2007), this Commission found that allocations of upstream distribution plant based on
the number of customers are not acceptable.

Q. DO YOU HAVE ANY CONCERNS WITH THE SPECIFIC APPROACH
USED BY MR. TAYLOR TO DETERMINE THE CUSTOMER
COMPONENT OF ACCOUNTS 364, 365, AND 367?

A. Yes. Mr. Taylor determined the customer component of Accounts 365 and 367 by
determining the current replacement cost (2016 Dollars) of the minimum system with
the current replacement cost of all plant included in those accounts. However, for
Account 364, Mr. Taylor compared the current replacement cost of poles with the
current depreciated embedded cost of poles. This results in a mismatch and overstates
the "alleged" customer component of Account 364 because the depreciated costs of
investment in Account 364 would be less than current replacement costs.

Q. WHAT IS YOUR RECOMMENDATION CONCERNING THE
CLASSIFICATION OF UPSTREAM PRIMARY AND SECONDARY
DISTRIBUTION PLANT?

A. I recommend that the Commission require the Company to classify 100 percent of its
upstream primary and secondary distribution plant as demand-related. This approach
is used in more than 30 states.¹ This classification will best reflect the factors that have
cauised this plant to be constructed—the need to meet local neighborhood peak
demands and the need to deliver energy at usable voltages during all the hours of the
year. The Company’s proposal to classify a portion of upstream primary and secondary

distribution plant as customer-related is unsupported and should be rejected because it fails to account for class differences between the distance between small and large customers and the PLCC of the minimum system.

Q. DO YOU BELIEVE MODIFICATIONS TO THE CLASSIFICATION AND/OR ALLOCATION OF OTHER COSTS INCLUDED IN THE COMPANY'S ACCOSS ARE APPROPRIATE?

A. Yes. I believe modifications to the classification and allocation of Operation and Maintenance ("O&M") Account 593-Maintenance of Overhead Lines and Account 594-Maintenance of Underground Lines are appropriate. I also believe modification to the classification and allocation of Account 923-Outside Services Employed is also appropriate.

Q. PLEASE EXPLAIN WHY YOU BELIEVE MODIFICATION TO THE CLASSIFICATION AND ALLOCATION OF THE COSTS INCLUDED IN ACCOUNTS 593 AND 594 ARE APPROPRIATE.

A. O&M Account 593-Maintenance of Overhead Lines has been classified and allocated based on the classification and allocation of plant Account 365-Overhead Conductors and Devices. That is, Account 593 has been classified and allocated partially based on the number of customers and partially based on NCP demands. This is unreasonable. While the distribution facilities included in Account 365 are sized to meet NCP demands, costs to maintain that plant are incurred throughout the year and maintenance is performed to ensure the reliable delivery of electricity throughout the year. Therefore, a portion of the maintenance expenses included in Account 593 should be classified and allocated as energy-related.

O&M Account 594-Maintenance of Underground Lines has been classified and allocated based on the classification and allocation of plant Account 357-Underground
Conductors and Devices. That is, Account 594 has been allocated partially based on the number of customers and partially based on NCP demands. This is unreasonable for the same reason a similar allocation for Account 593 is unreasonable, and portions of Account 594 should be classified and allocated as energy-related. I recommend that 50 percent of the costs included in Accounts 593 and 594 be classified and allocated as energy-related.

Q. PLEASE EXPLAIN WHY YOU BELIEVE MODIFICATION TO THE CLASSIFICATION AND ALLOCATION OF THE COSTS INCLUDED IN ACCOUNT 923 IS APPROPRIATE.

A. Account 923-Outside Services Employed, has been classified and allocated based on a composite labor allocator. Under this approach, no costs are classified as energy-related. The most significant cost included in Account 923 are organizational costs for UGI’s holding company for shared services. These shared services costs are allocated among UGI’s Gas and Electric Divisions based on the Modified Wisconsin Formula (“MWF”). Under the MWF, costs are allocated to each UGI Division based on each Division’s share of three factors: (1) operating revenues; (2) O&M expenses; and (3) utility plant. The most significant of these factors affecting UGI’s allocation are operating revenues and O&M expenses. Included in these factors are UGI’s purchased power costs which are a function of annual sales. Therefore, a portion of Account 923 should be classified and allocated as energy-related. Consistent with my allocation of Accounts 593 and 594, I recommend that 50 percent of Account 923 costs be classified and allocated as energy-related.

Q. HAVE YOU REVISED THE COMPANY’S ACCOSS TO REFLECT THE MODIFICATIONS YOU BELIEVE ARE APPROPRIATE?
I was able to revise the Company’s ACCOSS to reflect a 100 percent demand allocation for Accounts 364, 365, and 367. Due to the complexity of the Company’s ACCOSS, I was unable to fully revise the Company’s ACCOSS to reflect a 50 percent energy-related classification and allocation for Accounts 593, 594, and 923. However, I was able to revise the Company’s ACCOSS to estimate the impact of my proposed changes to the classification and allocation of Accounts 593, 594, and 923.

Table 3 provides a comparison of the results of the Company’s ACCOSS and the OCA’s ACCOSS which reflects the modifications to the Company's ACCOSS I believe are appropriate. Schedule JDM-1 attached to my testimony, provides a more detailed summary of the OCA’s ACCOSS. The OCA has served the Company a discovery request to provide a revised version of its ACCOSS reflecting the modifications I believe are appropriate. Once received, I will present the results of the revised ACCOSS.

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>Company</th>
<th>OCA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rate of Return</td>
<td>Index</td>
</tr>
<tr>
<td>Residential</td>
<td>(2.01)%</td>
<td>(60%)</td>
</tr>
<tr>
<td>General Service</td>
<td>15.66</td>
<td>470</td>
</tr>
<tr>
<td>Large Power</td>
<td>13.68</td>
<td>411</td>
</tr>
<tr>
<td>Lighting</td>
<td>24.34</td>
<td>731</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>3.33%</strong></td>
<td><strong>1.00</strong></td>
</tr>
</tbody>
</table>

Q. WHAT EFFECT DO THE MODIFICATIONS TO THE COMPANY’S STUDY HAVE ON RELATIVE CLASS RATES OF RETURN?

A. As shown in Table 3, the rate of return for the Residential class increases, while the rates of return for the General Service, Large Power, and Lighting classes decline.
III. PROPOSED REVENUE DISTRIBUTION

Q. WHAT ARE SOME OF THE PRINCIPLES OF A SOUND REVENUE ALLOCATION?

A. As supported by Professor Bonbright, a sound revenue allocation should:

- Yield the total revenue requirement;
- Reflect fairness in the apportionment of the total cost of service among the various customer classes.
- Utilize class cost-of-service study results as a guide;
- Provide stability and predictability of the rates themselves, with a minimum of unexpected changes seriously adverse to ratepayers or the utility (gradualism); and
- Provide for simplicity, certainty, convenience of payment, understandability, public acceptability, and feasibility of application.

Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED DISTRIBUTION OF THE REVENUE INCREASE AUTHORIZED BY THE COMMISSION IN THIS PROCEEDING.

A. The Company’s proposed revenue distribution is presented by UGI witness Mr. David E. Lahoff. The Company’s proposed revenue distribution is based entirely on the results of the ACCOSS presented by Mr. Taylor. The ACCOSS presented by Mr. Taylor indicated that the current revenue contribution of the Residential class was significantly below the indicated cost of service, while the current revenue contribution of the other customer classes was significantly above the indicated cost of service. Therefore, UGI has proposed to assign the entire requested increase to the Residential class. The increase proposed for the Residential class was 32 percent, and as such, the concept of gradualism does not appear to have been a consideration in UGI’s proposed
revenue distribution. A summary of revenues by class at present and proposed rates was previously provided in Table 1.

Q. DO YOU AGREE WITH THE COMPANY’S PROPOSED DISTRIBUTION OF THE REVENUE INCREASE IN THIS PROCEEDING?

A. No, I do not. The Company’s proposed distribution is based on ACCOSS that include a number of deficiencies and cost mis-allocations which have previously been discussed, and fails to provide for gradualism.

Q. WHAT IS YOUR RECOMMENDED REVENUE DISTRIBUTION IN THIS PROCEEDING?

A. Table 4 summarizes my recommended revenue distribution for UGI’s claimed revenue deficiency. Schedule JDM-2 provides additional detail concerning my proposed revenue distribution.

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>Present Rates</th>
<th>Proposed Rates</th>
<th>Increase</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$22,373</td>
<td>$28,887</td>
<td>$6,514</td>
<td>29%</td>
</tr>
<tr>
<td>General Service</td>
<td>7,443</td>
<td>8,196</td>
<td>753</td>
<td>10%</td>
</tr>
<tr>
<td>Large Power</td>
<td>5,927</td>
<td>7,152</td>
<td>1,225</td>
<td>21%</td>
</tr>
<tr>
<td>Lighting</td>
<td>1,021</td>
<td>1,021</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$36,764</strong></td>
<td><strong>$45,256</strong></td>
<td><strong>$8,492</strong></td>
<td><strong>23%</strong></td>
</tr>
</tbody>
</table>

Q. HOW DID YOU DEVELOP YOUR PROPOSED REVENUE DISTRIBUTION?

A. I assigned an increase to the General Service customer class equal to 10 percent, which is slightly less than 50 percent of the Company’s overall system average increase. I assigned a less-than-average system increase to this customer class because it was
generating a return that exceeded the system average return. For the Large Power customer class, I assigned an increase sufficient to move the return of this class to the system average return. I assigned no increase to the Lighting customer class because the return of this class was significantly in excess of the system return. The Residential customer class was assigned the remainder of the requested increase. Overall, I believe my proposed distribution of the requested increase provides for gradualism and reasonable progress toward cost-based rates for each class. Schedule JDM-1, page 2, line 52, shows the rate of return for each class under my proposed revenue distribution.

Q. WHAT DO YOU RECOMMEND WITH RESPECT TO THE SCALE-BACK OF YOUR PROPOSED REVENUE DISTRIBUTION TO REFLECT THE INCREASE ACTUALLY AUTHORIZED BY THE COMMISSION IN THIS PROCEEDING?

A. In the event that UGI’s authorized increase is less than its requested increase, I recommend a proportionate scale-back of the increase for each rate class.

IV. RATE DESIGN

Q. PLEASE IDENTIFY THE COMPANY’S PRESENT AND PROPOSED RESIDENTIAL RATES.

A. UGI’s present Residential (Rate R) rates consist of a $5.50 per month customer charge and a three-step declining block rate distribution energy charge. UGI is proposing to increase the Rate R monthly customer charge to $14.00, or by over 250 percent, and is proposing to eliminate its current declining block distribution energy charge and adopt a single block rate of $0.03312 per kWh.

Q. HOW DID THE COMPANY DEVELOP ITS PROPOSED RESIDENTIAL MONTHLY CUSTOMER CHARGE?
A. Mr. Taylor presents an analysis which he claims determines UGI's customer charge consistent with Pennsylvania precedent. That is, it includes the costs associated with meters and services and related O&M expenses, meter reading, billing and collection expenses, meter data management system, related employee benefits, and administrative and general expense. Using this approach, Mr. Taylor claims a cost based Residential customer charge is $19.01, and that the proposed $14.00 charge is well below the cost-based charge, thereby justifying the significant increase in the charge.

Q. DO YOU AGREE WITH THE COMPANY'S PROPOSED MONTHLY RESIDENTIAL CUSTOMER CHARGE?

No, for a number of reasons. First, as just explained, the Company's proposed increase in the monthly Residential customer charge reflects an increase of over 250 percent. This reflects an increase that is 6.6 times the proposed increase for the average Residential class. Increases of this magnitude are inconsistent with the principal of gradualism, and will have a disproportionate impact on low income and lower usage customers as explained further by OCA witness Roger Colton in his direct testimony.

Second, the Company's calculated charge of $19.01 is based on the increase reflected in its initial application which has subsequently been reduced. Adjusting the Company's calculated charge to reflect the Company's revised request results in a calculated charge of $17.70. However, the Company's calculated customer charge included costs not appropriately included in a customer charge: Universal Service Costs and Uncollectible Accounts. Only those costs that directly increase with the addition of a customer should be included in a customer charge. Removing these costs from the Company's calculated Residential monthly charge further reduces the charge to $12.22.
expenses associated energy efficiency and conservation. These costs do not vary
directly with the addition of a customer. Removing these costs reduces the calculated
Residential customer charge to $10.29. Generally, all the Company Residential
customer charge calculations just described are based on the Company’s claimed
requested increase. The calculated charge will likely be further reduced based on the
increase authorized by the Commission in this proceeding. Table 6 summarizes my
adjustments to the Company’s calculated Residential customer charge.

<table>
<thead>
<tr>
<th>Description</th>
<th>Customer Costs (000s)</th>
<th>Customer Charge(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Application</td>
<td>$12,363</td>
<td>$19.01</td>
</tr>
<tr>
<td>Revised Application</td>
<td>$11,507</td>
<td>$17.70</td>
</tr>
<tr>
<td>Uncollectible Accounts</td>
<td>$10,556</td>
<td>$16.24</td>
</tr>
<tr>
<td>Universal Service Program</td>
<td>$7,947</td>
<td>$12.22</td>
</tr>
<tr>
<td>Miscellaneous Customer</td>
<td>$6,689</td>
<td>$10.29</td>
</tr>
<tr>
<td>Service Expenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Based on 650,160 Residential billings.

Finally, the cost structure of the Company’s distribution system is dominated
by costs which vary with changes in demand. As such, the customer charge does not
provide price signals that are particularly relevant to the cost structure. The volumetric
energy charge is the primary source of meaningful price signals. A lower customer
charge ensures that a greater portion of costs are recovered through energy charges, is
more consistent with the Commonwealths’ energy conservation and efficiency goals,
and will help minimize electric distribution system costs over the long-term.

Q. WHAT DO YOU RECOMMEND WITH RESPECT TO THE COMPANY’S
MONTHLY RESIDENTIAL CUSTOMER CHARGE?
A. I recommend a monthly customer charge for UGI’s Residential customers of $8.00. An $8.00 customer charge would be a 45 percent increase, and while not typically reasonable, it would be acceptable in this case given the length of time since the last customer charge increase. This charge reflects significant movement towards a cost-based rate and is more consistent with the concept of gradualism.

VI. STORM EXPENSE RIDER (“SER”)

Q. PLEASE DESCRIBE UGI’S PROPOSED SER.

A. UGI is proposing a new SER (Rider D) designed to recover or refund certain storm damage expenses in excess of or below a base amount of $275,000 which UGI has claimed in base rates in this proceeding. The Company claims that the SER would provide for timely tracking of significant storm expenses that could vary in relation to weather events.

Q. SHOULD UGI’S PROPOSED SER BE APPROVED BY THE COMMISSION?

A. No. UGI’s proposal is single-issue ratemaking and it is unsound regulatory policy to isolate certain costs or expenses for separate rate making treatment without considering charges in other costs included in the Company’s base rate revenue requirement. As discussed further in the testimony of OCA witness Mr. Morgan, UGI’s storm damage expenses have not been extraordinary, one-time costs, but regular on-going costs. UGI has presented no evidence to demonstrate that these costs qualify for separate treatment. UGI has not demonstrated the need for separate rider treatment for storm damage costs, and the fact that it has been 22 years since UGI’s last base rate case is proof that separate treatment for these costs is not warranted. The SER would also reduce UGI’s incentive to minimize storm damages expense. Finally, the costs identified as qualifying for
recovery under the SER are extensive, and the SER does not provide procedures for audit.

V. RATE ELECTRIC VEHICLE SERVICE ("RATE EV")

Q. PLEASE DESCRIBE UGI'S PROPOSED RATE EV.

A. UGI is proposing a new Rate EV for non-residential customers that want UGI to own, install, and maintain electric vehicle charging station equipment. The applicable rates will consist of a flat monthly charge based on the equipment costs and related maintenance expenses associated with one of three separate station types: (1) a 4,000 series charging unit (or similar); (2) a 100 series charging unit (or similar); or (3) a 250 series charging unit (or similar). In addition to the monthly charges for equipment, customers electing service under this rate will be responsible for the installation costs incurred by UGI for the charging stations at their service location(s). Energy usage by the charging stations shall be billed to the customer at the applicable UGI GSR or their Electric Generation Suppliers' generation rate. UGI believes that Rate EV will promote and facilitate the adoption and utilization of EVs within its service territory. UGI currently has no anticipated Rate EV customers and, therefore, no related capital additions, associated revenues, or associated expenses have been projected in developing UGI revenue requirement claims in this proceeding.

Q. SHOULD THE COMMISSION APPROVE RATE EV?

A. No, not at this time. There are a number of policy issues associated with utility ownership of EV charging equipment which have not been resolved by this Commission, and until those issues are resolved, Rate EV should not be approved. If, approved, however, no costs associated with the provision of service under Rate EV should be recovered from retail customers other than those on Rate EV. Also if
approved, UGI should maintain a detailed accounting of the revenues, costs, and usage
of Rate EV customers for review in the Company’s next base rate proceeding.

VII. COMPANY-OWNED SERVICE ("COS") TRANSITION PROGRAM

Q. PLEASE DESCRIBE UGI’S PROPOSED COS TRANSITION PROGRAM.

A. UGI has included in its expense claim in this proceeding an annual amount of $314,000
for a COS Transition Program. UGI claims that as a result of a marketing program that
ended in the early 1970s, UGI currently owns and maintains nearly 5,000 COS services,
mainly residential services, that include the service entrance cable, meter socket, panel
box, main breaker and 240-volt breakers, that of which some equipment is located
inside the customers’ homes. UGI claims that maintenance of the equipment within
the home has proven difficult due to the Company’s service technicians’ limited ability
to gain access to the equipment.

In its filing, UGI is proposing to implement a new program to transition
ownership of these COS facilities to homeowners. Specifically, UGI will send notices
to affected customers and will schedule an appointment(s) to inspect and, if necessary,
repair or replace its COS equipment so that it passes an inspection by an approved
electrical inspector certified by the Pennsylvania Department of Labor and Industry. If
customers do not cooperate in providing access, UGI intends to utilize all regulatory
options available, including its tariff rights to potentially interrupt service until access
is granted to complete inspection of and repair or replacement of, as necessary, its COS
equipment. Once the approved electrical inspector’s inspection is completed, the
Company’s former COS equipment will be deemed customer-owned equipment
consistent with the terms of UGI tariff.
UGI expects this program will result in the inspection and transfer of responsibility for approximately 500 services a year for the next ten years. The total program cost over the ten-year period is estimated at $4.544 million.

Q. SHOULD UGI’S COS TRANSITION PROGRAM (“PROGRAM”) AND EXPENSE CLAIM BE APPROVED?

A. The COS Transition Program addresses a unique safety issue, and as such, the OCA does not oppose the Program. However, UGI should only be entitled to recover the expenses associated with the Program, and not profit in any way. Under no circumstances should service be terminated under the Program. In addition, since the Program impacts nearly 10 percent of UGI’s Residential customers, the Company should coordinate its efforts with the Commission’s Bureau of Consumer Services and the OCA.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.
BEFORE
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

UGI Utilities, Inc. – Electric Division ) Docket No. R-2017-2640058

SCHEDULE ACCOMPANYING THE
DIRECT TESTIMONY

OF

JEROME D. MIERZWA

ON BEHALF OF
THE PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE

APRIL 26, 2018
# UGI Utilities, Inc. – Electric Division
## OCA Class Cost of Service Study
*(in $1,000's)*

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description</th>
<th>Total Company</th>
<th>Residential RES</th>
<th>General Service GS</th>
<th>Large Power LP</th>
<th>Lighting LIGHT</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Plant in Service</td>
<td>$183,333</td>
<td>$117,446</td>
<td>$29,840</td>
<td>$32,571</td>
<td>$3,476</td>
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<tr>
<td>2</td>
<td>Accumulated Reserve</td>
<td>(59,711)</td>
<td>(38,841)</td>
<td>(9,543)</td>
<td>(9,887)</td>
<td>(1,440)</td>
</tr>
<tr>
<td>3</td>
<td>Other Rate Base Items</td>
<td>(9,218)</td>
<td>(5,903)</td>
<td>(1,501)</td>
<td>(1,639)</td>
<td>(175)</td>
</tr>
<tr>
<td>4</td>
<td><strong>Total Rate Base</strong></td>
<td><strong>$114,404</strong></td>
<td><strong>$72,701</strong></td>
<td><strong>$18,797</strong></td>
<td><strong>$21,045</strong></td>
<td><strong>$1,861</strong></td>
</tr>
<tr>
<td>5</td>
<td>Total Distribution Margin</td>
<td>31,989</td>
<td>18,675</td>
<td>6,877</td>
<td>5,448</td>
<td>988</td>
</tr>
<tr>
<td>6</td>
<td>Purchased Power Revenue</td>
<td>49,093</td>
<td>34,954</td>
<td>8,002</td>
<td>5,891</td>
<td>245</td>
</tr>
<tr>
<td>7</td>
<td>Purchased Power GRT Revenue</td>
<td>3,078</td>
<td>2,192</td>
<td>502</td>
<td>369</td>
<td>15</td>
</tr>
<tr>
<td>8</td>
<td>CAP Rider</td>
<td>1,752</td>
<td>1,752</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>EEC Rider</td>
<td>2,008</td>
<td>1,258</td>
<td>398</td>
<td>338</td>
<td>15</td>
</tr>
<tr>
<td>10</td>
<td>Forfeited Discounts</td>
<td>440</td>
<td>294</td>
<td>79</td>
<td>60</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>Miscellaneous Revenues Margin</td>
<td>574</td>
<td>366</td>
<td>95</td>
<td>102</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td><strong>Total Revenue</strong></td>
<td><strong>$88,934</strong></td>
<td><strong>$59,491</strong></td>
<td><strong>$15,952</strong></td>
<td><strong>$12,209</strong></td>
<td><strong>$1,282</strong></td>
</tr>
</tbody>
</table>

## Expenses at Current Rates

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description</th>
<th>Total Company</th>
<th>Residential RES</th>
<th>General Service GS</th>
<th>Large Power LP</th>
<th>Lighting LIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Operation and Maintenance</td>
<td>23,652</td>
<td>16,613.93</td>
<td>3,315.19</td>
<td>3,351.93</td>
<td>370.70</td>
</tr>
<tr>
<td>14</td>
<td>Purchased Power Expense</td>
<td>49,093</td>
<td>34,954</td>
<td>8,002</td>
<td>5,891</td>
<td>245</td>
</tr>
<tr>
<td>15</td>
<td>Amortization and Depreciation Expense</td>
<td>5,663</td>
<td>3,687</td>
<td>909</td>
<td>948</td>
<td>119</td>
</tr>
<tr>
<td>16</td>
<td>Purchased Power GRT Expense</td>
<td>3,078</td>
<td>2,192</td>
<td>502</td>
<td>369</td>
<td>15</td>
</tr>
<tr>
<td>17</td>
<td>Taxes Other Than Income</td>
<td>3,743</td>
<td>2,106</td>
<td>827</td>
<td>656</td>
<td>154</td>
</tr>
<tr>
<td>18</td>
<td>Income Taxes</td>
<td>(106)</td>
<td>134</td>
<td>(147)</td>
<td>(70)</td>
<td>(24)</td>
</tr>
<tr>
<td>19</td>
<td><strong>Total Expenses - Current</strong></td>
<td><strong>$85,122</strong></td>
<td><strong>$59,687</strong></td>
<td><strong>$13,408</strong></td>
<td><strong>$11,147</strong></td>
<td><strong>$881</strong></td>
</tr>
</tbody>
</table>

## Current Rate of Return

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Operating Income - Current</td>
<td>3.33%</td>
</tr>
<tr>
<td>21</td>
<td><strong>Current Rate of Return</strong></td>
<td><strong>3.33%</strong></td>
</tr>
</tbody>
</table>

## Present Revenue Requirement at Equal Rates of Return

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description</th>
<th>Present Return</th>
<th>Present Operating Income @ Equal Return</th>
<th>Income Taxes</th>
<th>Other Expenses</th>
<th>Total Revenue @ Equal Rates of Return</th>
<th>Present (Subsidies)/Excesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Present Return</td>
<td>3.33%</td>
<td>3.33%</td>
<td>3.33%</td>
<td>3.33%</td>
<td>3.33%</td>
<td>(0)</td>
</tr>
<tr>
<td>23</td>
<td>Present Operating Income @ Equal Return</td>
<td>$3,812</td>
<td>$2,422</td>
<td>$626</td>
<td>$701</td>
<td>$62</td>
<td>(2,418)</td>
</tr>
<tr>
<td>24</td>
<td>Income Taxes</td>
<td>(106)</td>
<td>(67)</td>
<td>(17)</td>
<td>(20)</td>
<td>(2)</td>
<td>1,789</td>
</tr>
<tr>
<td>25</td>
<td>Other Expenses</td>
<td>85,229</td>
<td>59,552</td>
<td>13,555</td>
<td>11,216</td>
<td>905</td>
<td>311</td>
</tr>
<tr>
<td>26</td>
<td><strong>Total Revenue @ Equal Rates of Return</strong></td>
<td><strong>$88,934</strong></td>
<td><strong>$61,907</strong></td>
<td><strong>$14,163</strong></td>
<td><strong>$11,888</strong></td>
<td><strong>$965</strong></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Present (Subsidies)/Excesses</td>
<td>$ (0)</td>
<td>(2,418)</td>
<td>1,789</td>
<td>311</td>
<td>318</td>
<td></td>
</tr>
</tbody>
</table>
## Revenue Requirement at Equal Rates of Return

| 28 | Required Return | 8.24% | 8.24% | 8.24% | 8.24% | 8.24% |
| 29 | Required Operating Income | $9,427 | $5,991 | $1,549 | $1,734 | $153 |
| 30 | Operating Income (Deficiency) / Surplus | $(5,815) | $(6,186) | 996 | $(672) | 247 |

## Expenses at Required Return

| 31 | Operation and Maintenance | $23,852 | $16,614 | 3,315 | 3,352 | 371 |
| 32 | Purchased Power Expense | $49,093 | $34,954 | 8,002 | 5,891 | 245 |
| 33 | Uncollectible Account Increase | 94 | 63 | 17 | 13 | 1 |
| 34 | Amortization and Depreciation Expense | 5,663 | 3,087 | 909 | 948 | 119 |
| 35 | Purchased Power GRT Expense | 3,078 | 2,192 | 502 | 369 | 15 |
| 36 | Taxes Other Than Income | 3,743 | 2,106 | 827 | 656 | 154 |
| 37 | GRT Increase | 501 | 346 | 80 | 69 | 6 |
| 38 | Income Taxes | 1,176 | 1,383 | 357 | 400 | 35 |
| 39 | Total Expenses - Required | $87,999 | $61,344 | 14,009 | 11,699 | 947 |

## Revenue (Deficiency)/Surplus

| 40 | Total Revenue Requirement at Equal Return | $97,426 | $67,335 | 15,558 | 13,433 | 1,101 |
| 41 | Current Miscellaneous Revenues Margin | $1,014 | 660 | 174 | 163 | 18 |
| 42 | Total Revenue @ Equal Rates of Return | $96,412 | $66,674 | 15,384 | 13,270 | 1,083 |

## Revenue (Deficiency)/Surplus

| 43 | Revenue (Deficiency)/Surplus | $(8,492) | $(7,844) | 395 | $(1,224) | 181 |

## Total Revenue as Proposed

| 44 | Total Revenue as Proposed | $96,412 | $65,345 | 16,532 | 13,271 | 1,264 |
| 45 | Miscellaneous Revenues Margin | 1,014 | 660 | 174 | 163 | 18 |
| 46 | Total Revenue as Proposed | $97,426 | $66,605 | 16,706 | 13,434 | 1,282 |

## Total Revenue Increase as Proposed

| 47 | Total Revenue Increase as Proposed | $8,492 | $6,514 | 753 | 1,225 | 0 |

## Percent Total Revenue Change

| 48 | Percent Total Revenue Change | 9.55% | 10.95% | 4.72% | 10.03% | 0.00% |

## Income Prior to Taxes

| 49 | Income Prior to Taxes | $9,131 | 4,473 | 2,648 | 1,681 | 329 |
| 50 | Income Taxes | 2,176 | 1,066 | 631 | 400 | 78 |
| 51 | Operating Income | $9,427 | 4,978 | 2,423 | 1,735 | 291 |

## Proposed Return

| 52 | Proposed Return | 8.24% | 6.85% | 12.89% | 8.24% | 15.64% |

## Current Relative Rate of Return

| 53 | Current Relative Rate of Return | 100% | 99% | 406% | 151% | 645% |

## Proposed Relative Rate of Return

| 54 | Proposed Relative Rate of Return | 100% | 83% | 156% | 100% | 190% |

## Current Revenue to Cost Ratio

| 55 | Current Revenue to Cost Ratio | 0.91 | 0.88 | 1.03 | 0.91 | 1.17 |

## Current Parity Ratio

| 56 | Current Parity Ratio | 1.00 | 0.97 | 1.12 | 1.00 | 1.28 |

## Proposed Revenue to Cost Ratio

| 57 | Proposed Revenue to Cost Ratio | 1.00 | 0.98 | 1.07 | 1.00 | 1.17 |

## Proposed Parity Ratio

| 58 | Proposed Parity Ratio | 1.00 | 0.98 | 1.07 | 1.00 | 1.17 |
RESUMES OF

JEROME D. MIERZWA
&
LAFAYETTE K. MORGAN, JR.
JEROME D. MIERZWA

Mr. Mierzwa is a Principal of Exeter Associates, Inc., with over 25 years of public utility regulatory experience. At Exeter, Mr. Mierzwa has been involved in purchased gas cost allocation analysis and rate design analysis, conducting management audits and similar investigations of the natural gas supply and procurement policies and practices of local distribution companies (LDCs), and has provided assistance in proceedings before the Federal Energy Regulatory Commission (FERC). Mr. Mierzwa has participated in the planning of natural gas procurements for major federal installations located in various regions of the country. Mr. Mierzwa has been involved in evaluating performance-based incentive regulation for LDC purchased gas costs and the unbundling of LDC services. Mr. Mierzwa has participated in developing utility class cost-of-service studies, has presented testimony sponsoring gas, water and wastewater utility cost-of-service studies, least cost gas procurement and incentive regulation, in addition to presenting testimony addressing utility rate base and revenues.

Education

B.S. (Marketing) – Canisius College, Buffalo, New York, 1981

M.B.A. (Finance) – Canisius College, Buffalo, New York, 1985


Previous Employment

1986-1990 Rate Analyst
National Fuel Gas Company
Buffalo, New York

Previous Experience

Prior to joining Exeter in 1990, Mr. Mierzwa served as a rate analyst at National Fuel Gas Supply Corporation, an interstate pipeline. In that position, he was involved in preparing purchased gas adjustment filings and reviewing the rate filings of interstate pipeline suppliers. Mr. Mierzwa was also involved in preparing supplier rate, gas sales, and gas purchase price forecasts, examining the rate implications of storage activity, and analyzing rate of return, cash working capital, and potential merger and acquisition candidates.
Presentations

The NASUCA annual meetings in San Antonio, Texas, November 1991 (presentation concerning the FERC Mega-NOPR proceeding which led to the adoption of FERC Order No. 636).

The NASUCA annual meetings in Reno, Nevada, November 1994 (presentation concerning spot market gas incentive procurement programs).

Expert Testimony

Columbia Gas of Ohio (Public Utilities Commission of Ohio, Case No. 90-17-GA-GCR), November 1990. Co-authored report on audit of management and performance of gas purchasing on behalf of the Public Utilities Commission of Ohio. (Findings and recommendations were stipulated to without cross-examination.)


Cincinnati Gas & Electric Company (Public Utilities Commission of Ohio, Case No. 91-16-GA-GCR), October 1991. Co-authored report on audit of management and performance of gas purchasing on behalf of the Public Utilities Commission of Ohio. (Findings and recommendations were stipulated to without cross-examination.)

Louisiana Gas Service Company (Louisiana Public Service Commission Docket No. U-19237), December 1991. Testified on rate base including cash working capital, cost allocation and rate design on behalf of the Louisiana Public Service Commission.


Providence Water Supply Board (Rhode Island Public Utilities Commission Docket No. 2048),
August 1992. Presented testimony sponsoring a class cost of service study, cash working
capital and revenues on behalf of the Division of Public Utilities and Carriers.

Dallas, Harvey’s Lake, Noxen and Shavertown Water Companies (Pennsylvania Public Utility
testimony on rate base and net operating income issues on behalf of the Pennsylvania
Office of Consumer Advocate.

Columbia Gas of Ohio (Public Utilities Commission of Ohio, Case No. 92-18-GA-GCR).
purchasing on behalf of the Public Utilities Commission of Ohio.

National Fuel Gas Distribution Corporation (Pennsylvania Public Utility Docket No. R-
00922499), March 1993. Presented testimony on the allocation of purchased gas costs,
FERC Order No. 636 transition costs and the projection of purchased gas costs on behalf
of the Pennsylvania Office of Consumer Advocate.

Philadelphia Suburban Water Company (Pennsylvania Public Utility Docket No. R-00922476),
March 1993. Presented testimony addressing test year revenues and expenses on behalf
of the Pennsylvania Office of Consumer Advocate.

The Peoples Natural Gas Company (Pennsylvania Public Utility Docket No. R-00932598), May
636 transition costs and least cost gas procurement on behalf of the Pennsylvania Office
of Consumer Advocate.

Dauphin Consolidated Water Supply Company and General Waterworks of Pennsylvania, Inc.
addressing test year net operating income on behalf of the Pennsylvania Office of
Consumer Advocate.

National Fuel Gas Distribution Corporation (Pennsylvania Public Utility Docket No. R-
00932548), July 1993. Presented testimony addressing test year revenues and FERC
Order No. 636 transition costs on behalf of the Pennsylvania Office of Consumer
Advocate.

RP93-73-000), July 1993. Presented testimony addressing test year throughput and rate
design on behalf of the Pennsylvania Office of Consumer Advocate.

UGI Utilities, Inc., Gas Utility Division (Pennsylvania Public Utility Docket No. R-00932674),
July 1993. Presented testimony on the allocation of purchased gas costs, FERC Order
No. 636 transition costs and least cost gas procurement on behalf of the Pennsylvania
Office of Consumer Advocate.


The Peoples Natural Gas Company (Pennsylvania Public Utility Docket No. R-00953318), May 1995. Presented testimony addressing the acquisition of capacity resources, transportation balancing charges, performance-based incentive programs and lost and unaccounted-for and company use gas.

National Fuel Gas Distribution Corporation (Pennsylvania Public Utility Docket No. R-00953299), June 1995. Presented testimony addressing storage working capital requirements, heating degree days to be utilized for weather normalization purposes and sponsored a class cost of service on behalf of The Pennsylvania Office of Consumer Advocate.


Atlanta Gas Light Company (Georgia Public Service Commission Docket No. 5650-U), August 1995. Presented testimony addressing operations of the Company’s purchased gas adjustment mechanism and gas procurement practices and policies on behalf of the Georgia Consumers’ Utility Counsel.


West Ohio Gas Company (Public Utilities Commission of Ohio, Case No. 96-221-GA-GCR), November 1996. Co-authored report on audit of management and performance of gas purchasing on behalf of the Public Utilities Commission of Ohio.


Southern Union Gas Company (City of El Paso, Texas) Inquiry into Southern Union Gas Company’s Purchased Gas Adjustment Clause, March 1998. Presented testimony addressing the reasonableness of the Company’s gas procurement practices and policies on behalf of the City of El Paso, Texas.


Delmarva Power and Light Company (Delaware Public Service Commission Docket No. 98-524), March 1999. Presented testimony addressing the Company’s customer choice pilot program on behalf of the Division of Public Advocate.


Elizabethtown Gas Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company and South Jersey Gas Company (New Jersey Board of Public Utilities Docket Nos. GX99030121 - GO99030125), July 1999. Presented testimony addressing the assignment of capacity by gas utilities to third-party suppliers and the recovery of stranded costs resulting from the unbundling of gas utility services on behalf of the Ratepayer Advocate.


City of Newport-Water Division (Public Utilities Commission of Rhode Island Docket No. 2985), December 1999. Presented testimony addressing cost allocation and rate design issues on behalf of the Division of Public Utilities and Carriers.

Entergy Gulf States, Inc. (Public Utilities Commission of Texas Docket No. 2111), December 1999. Presented testimony addressing the recovery of purchased power and purchased gas costs on behalf of certain Cities served by Entergy Gulf States, Inc.


Northern Shore Gas Company (Illinois Commerce Commission Docket No. 01-0469), September 2001. Presented testimony addressing gas supply, unbundling and restructuring customer choice issues on behalf of the Citizens Utility Board, Cook County State’s Attorney’s Office and the People of the State of Illinois.

The Peoples Gas Light and Coke Company (Illinois Commerce Commission Docket No. 01-0470), September 2001. Presented testimony addressing gas supply, unbundling and restructuring customer choice issues on behalf of the Citizens Utility Board, Cook County State’s Attorney’s Office and People of the State of Illinois.


Southwest Gas Corporation (Nevada Public Services Commission Docket No. 04-6001), September 2004. Presented testimony addressing gas procurement practices on behalf of the Nevada Office of Consumer Advocate.

Northern Natural Gas Company (FERC Docket No. RP04-155-000), November 2004. Presented testimony on billing determinant to be used for rate design on behalf of the Northern Municipal Distributors Group and Midwest Region Gas Task Force Association.


Southwest Gas Corporation (Nevada Public Services Commission Docket No. 05-5015), September 2005. Presented testimony addressing purchased gas cost recovery rates on behalf of the Nevada Office of Consumer Advocate.


Cincinnati Gas & Electric Company (Public Utilities Commission of Ohio Case No. 05-218-GACR), April 2006. Authored report on audit of gas purchasing practices and policies on behalf of the Public Utilities Commission of Ohio.


Northern Indiana Public Service Company (Indiana Regulatory Utility Commission Cause No. 41338-GCA8), October 2006. Presented testimony addressing reported gas costs and gas cost incentive mechanism results on behalf of the Indiana Office of Utility Consumer Counselor.


Northern Indiana Public Service Company (Indiana Regulatory Utility Commission Cause No. 41338-GCA9), December 2007. Presented testimony addressing the reasonableness of reported gas costs and evaluating the results of the gas cost incentive mechanisms under which the company operates on behalf of the Indiana Office of Utility Commission Counselor.


City of Newport (Public Utilities Commission of Rhode Island), January 2010. Presented testimony sponsoring a water cost of service study on behalf of the Division of Public Utilities and Carriers.


Columbia Gas of Ohio, Inc. (Public Utilities Commission of Ohio Case No. 10-221-GA-GCR), November 2010. Authored report on audit of gas purchasing practices and policies on behalf of the Public Utilities Commission of Ohio.


City of Woonsocket Water Division (Public Utilities Commission of Rhode Island Docket No. 4320), June 2012. Presented testimony addressing water cost of service and rate design on behalf of the Division of Public Utilities and Carriers.


City of Newport (Public Utilities Commission of Rhode Island Docket No. 4355), December 2012. Presented testimony addressing water cost of service on behalf of Division of Public Utilities and Carriers.


Chesapeake Utilities Corporation (Delaware Public Service Commission Docket No. 12-450F), March 2013. Presented testimony addressing lost and unaccounted-for gas, and the allocation of upstream interstate pipeline capacity on behalf of the Delaware Public Service Commission.


Delmarva Power & Light Company (Public Service Commission of the State of Delaware Docket No. 12-419F), March 2013. Presented testimony addressing interstate pipeline capacity and gas supply contracting practices on behalf of the Delaware Public Service Commission.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-26), April 2013. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-27), July 2013. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Washington Gas Light Company (Public Service Commission of Maryland Case No. 9322), July 2013. Presented testimony addressing cost of service, rate design and other tariff changes on behalf of the Office of People’s Counsel.


Providence Water Supply Board (Public Utilities Commission of Rhode Island Docket No. 4406), August 2013. Presented testimony addressing water class cost of service and rate design on behalf of the Division of Public Utilities and Carriers.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-28), October 2013. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Delmarva Power & Light Company (Public Service Commission of the State of Delaware Docket No. 13-349F), February 2014. Presented testimony addressing interstate pipeline capacity and gas supply contracting practices on behalf of the Delaware Public Service Commission.


Chesapeake Utilities Corporation (Delaware Public Service Commission Docket No. 13-351F), May 2014. Presented testimony addressing lost and unaccounted-for gas, and the allocation of upstream interstate pipeline capacity on behalf of the Delaware Public Service Commission.


Indiana American Water Company (Indiana Utility Regulatory Commission Cause No. 44450), May 2014. Presented testimony addressing water cost of service and rate design on behalf of the Indiana Office of Utility Consumer Counselor.
Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-30), May 2014. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-32), October 2014. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Delmarva Power & Light Company (Public Service Commission of the State of Delaware Docket No. 14-0295F), January 2015. Presented testimony addressing interstate pipeline capacity and gas supply contracting practices on behalf of the Delaware Public Service Commission and the Division of Public Advocate.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-33), January 2015. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-34), April 2015. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Pawtucket Water Supply Board (Public Utilities Commission of Rhode Island Docket No. 4550), June 2015. Presented testimony addressing water class cost of service and rate design on behalf of the Division of Public Utilities and Carriers.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-36), October 2015. Presented testimony addressing the assignment and sharing of capacity release revenues, administration of the Company’s gas cost incentive mechanism, and gas procurement activity on behalf of the Office of Utility Consumer Counselor.


Delmarva Power & Light Company (Public Service Commission of the State of Delaware Docket No. 15-1355), January 2016. Presented testimony addressing interstate pipeline capacity and gas supply contracting practices on behalf of the Delaware Public Service Commission and the Division of Public Advocate.


Philadelphia Water Department (Philadelphia Water Board, Fiscal Years 2017-2018 Rates), March 2016. Presented testimony addressing water, wastewater, and stormwater cost allocation and rate design on behalf of the Public Advocate.


City of Newport, Rhode Island (Public Utilities Commission of Rhode Island Docket No. 4595), April 2016. Presented testimony addressing class cost of service on behalf of the Division of Public Utilities and Carriers.

Columbia Gas of Pennsylvania (Pennsylvania Public Utility Commission Docket No. P-2016-2521993), April 2016. Presented testimony addressing the filing for a waiver of the statutory Distribution System Improvement Charge cap of five percent of billed revenues on behalf of the Pennsylvania Office of Consumer Advocate.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Case No. 43629-GCA-38), April 2016. Presented testimony addressing the gas costs reported for the period December 2015 through February 2016 focusing on evaluation of the gas cost incentive mechanism. Also, addressed whether gas procurement practices and policies were reasonable and consistent with least cost procurement standards during the review period on behalf of the Indiana Office of Utility Consumer Counselor.


Eversource Energy (Massachusetts Department of Public Utilities Docket No. 15-181) June 2016. Presented testimony addressing the petition for approval of two, 20-year gas transportation service agreements to support electric generation on behalf of the Attorney General’s Office.
National Grid (Massachusetts Department of Public Utilities Docket No. 16-05) June 2016. Presented testimony addressing the petition for approval of two, 20-year gas transportation service agreements to support electric generation on behalf of the Attorney General’s Office.


UGI Central Penn Gas of Pennsylvania (Pennsylvania Public Utility Commission Docket No. P-2016-2537609), July 2016. Presented testimony addressing the filing for a waiver of the statutory Distribution System Improvement Charge cap of five percent on behalf of the Pennsylvania Office of Consumer Advocate.

UGI Penn Natural Gas, Inc. (Pennsylvania Public Utility Commission Docket No. P-2016-2537594), July 2016. Presented testimony addressing the filing for a waiver of the statutory Distribution System Improvement Charge cap of five percent of billed revenues on behalf of the Pennsylvania Office of Consumer Advocate.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Case No. 43629-GCA-39), July 2016. Presented testimony addressing the gas costs reported for the period March through May 2016 focusing on evaluation of the gas cost incentive mechanism. Also, addressed whether gas procurement practices and policies were reasonable and consistent with least cost procurement standards during the review period on behalf of the Indiana Office of Utility Consumer Counselor.

Chesapeake Utilities Corporation (Public Service Commission of the State of Delaware Docket No. 15-1734) August 2016. Presented testimony addressing the cost of service study and rate design on behalf of the Delaware Public Service Commission.

Kent County Water Authority (Public Utilities Commission of Rhode Island Docket No. 4611), September 2016. Presented testimony addressing class cost of service and rate design on behalf of the Division of Public Utilities and Carriers.

Entergy Gulf States Louisiana, LLC (Louisiana Public Service Commission Docket No. U-32245), September 2016. Presented testimony addressing the fuel adjustment clause of Entergy Louisiana, LLC on behalf of the Louisiana Public Service Commission.

Providence Water Supply Board (Public Utilities Commission of Rhode Island Docket No. 4618), October 2016. Presented testimony addressing class cost of service and rate design on behalf of the Division of Public Utilities and Carriers.
Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Case No. 43629-GCA-40), October 2016. Presented testimony addressing the gas costs reported for the period June through August 2016 focusing on evaluation of the gas cost incentive mechanism. Also, addressed whether gas procurement practices and policies were reasonable and consistent with least cost procurement standards during the review period on behalf of the Indiana Office of Utility Consumer Counselor.


Delmarva Power & Light Company (Public Service Commission of the State of Delaware Docket No. 16-0889) January 2017. Presented testimony addressing the reasonableness of the Company’s gas procurement practices and policies on behalf of the Delaware Public Service Commission.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Case No. 43629-GCA-41), January 2017. Presented testimony addressing the gas costs reported for the period September through November 2016 focusing on evaluation of the gas cost incentive mechanism. Also, addressed whether gas procurement practices and policies were reasonable and consistent with least cost procurement standards during the review period on behalf of the Indiana Office of Utility Consumer Counselor.

Chesapeake Utilities Corporation (Public Service Commission of the State of Delaware Docket No. 16-0908) February 2017. Presented testimony addressing the reasonableness of the Company’s gas procurement practices and policies on behalf of the Delaware Public Service Commission and Division of the Public Advocate.

Entergy Gulf States Louisiana, LLC (Louisiana Public Service Commission Docket No. U-34298), March 2017. Presented testimony addressing the appropriate rate recovery method for the expenses associated with the dry cask storage of spent nuclear fuel and the refund/ratemaking treatment for the damage awards received on behalf of the Louisiana Public Service Commission.
CWA Authority, Inc. (Indiana Utility Regulatory Commission Cause No. 44685-S1), March 2017. Presented testimony addressing cost allocation and rate design on behalf of the Indiana Office of Utility Consumer Counselor.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Case No. 43629-GCA-42), April 2017. Presented testimony addressing the gas costs reported for the period December 2016 through February 2017 focusing on evaluation of the gas cost incentive mechanism. Also, addressed whether gas procurement practices and policies were reasonable and consistent with least cost procurement standards during the review period on behalf of the Indiana Office of Utility Consumer Counselor.


Fitchburg Gas and Electric Company d/b/a Unitil (Massachusetts Department of Public Utilities Docket No. 17-12), June 2017. Presented testimony addressing Asset Management Agreement pricing structure on behalf of the Massachusetts Attorney General’s office.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-44), October 2017. Presented testimony addressing the gas costs reported for the period June 2017 through August 2017 focusing on evaluation of the gas cost incentive mechanism on behalf of the Indiana Office of Utility Consumer Counselor.


Delmarva Power & Light Company (Public Service Commission of the State of Delaware Docket No. 17-1013), January 2018. Presented testimony addressing the reasonableness of the Company’s gas procurement practices and policies on behalf of the Delaware Public Service Commission and Division of the Public Advocate.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-45), January 2018. Presented testimony addressing the gas costs reported for the period September 2017 through November 2017 focusing on evaluation of the gas cost incentive mechanism on behalf of the Indiana Office of Utility Consumer Counselor.

Bay State Gas Company d/b/a Columbia Gas of Massachusetts (Massachusetts Department of Public Utilities Docket No. 17-166), January 2018. Presented testimony addressing Asset Management Agreement pricing structure on behalf of the Massachusetts Attorney General’s office.

Chesapeake Utilities Corporation (Public Service Commission of the State of Delaware Docket No. 17-1021), February 2018. Presented testimony addressing the reasonableness of the Company’s gas procurement practices and policies on behalf of the Delaware Public Service Commission and Division of the Public Advocate.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-46), April 2018. Presented testimony addressing the gas costs reported for the period December 2017 through February 2018 focusing on evaluation of the gas cost incentive mechanism on behalf of the Indiana Office of Utility Consumer Counselor.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-47), July 2018. Presented testimony addressing the gas costs reported for the period March through May 2018 focusing on evaluation of the gas cost incentive mechanism on behalf of the Indiana Office of Utility Consumer Counselor.


Washington Gas Light Company (Public Service Commission of Maryland Case No. 9481), August 2018. Presented testimony addressing class cost of service and rate design on behalf of the Office of People’s Counsel.

Town of Chandler (Indiana Utility Regulatory Commission Cause No. 45062), August 2018. Presented testimony addressing water utility class cost of service and rate design on behalf of the Indiana Office of Utility Consumer Counselor.

Maryland-American Water Company (Public Service Commission of Maryland Case No. 9481), September 2018. Presented testimony addressing water utility class cost of service and rate design on behalf of the Office of People’s Counsel.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-48), October 2018. Presented testimony addressing the gas costs reported for the period June through August 2018 focusing on evaluation of the gas cost incentive mechanism on behalf of the Indiana Office of Utility Consumer Counselor.


Northern Indiana Public Service Company (Indiana Utility Regulatory Commission Cause No. 43629-GCA-49), January 2019. Presented testimony addressing gas costs reported for the period September through November 2018 focusing on evaluation of the gas cost incentive mechanism on behalf of the Indiana Office of Utility Consumer Counselor.


City of Woonsocket Water Division (Public Utilities Commission of Rhode Island Docket No. 4879), January 2019. Presented testimony addressing water utility class cost of service and rate design on behalf of the Division of Public Utilities and Carriers.
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Arkansas (Arkansas Public Service Commission Docket No. 18-057-U), February 2019. Presented testimony addressing the gas procurement practices and policies on behalf of the Arkansas Attorney General’s Office.
LAFAYETTE K. MORGAN, JR.

Mr. Morgan is an independent regulatory consultant focusing in the area of the analysis of the operations of public utilities with particular emphasis on rate regulation. He has reviewed and analyzed utility rate filings, focusing primarily on revenue requirements determination, accounting and regulatory policy and cost recovery mechanisms. This work has included natural gas, water, electric, and telephone utilities.

**Education and Qualifications**

B.B.A. (Accounting) – North Carolina Central University, 1983

M.B.A. (Finance) – The George Washington University, 1993

C.P.A. – Licensed in the State of North Carolina (Inactive status)

**Previous Employment**

1993-2010  Senior Regulatory Analyst
            Exeter Associates, Inc.
            Columbia, MD

1990-1993  Senior Financial Analyst
            Potomac Electric Power Company
            Washington, D.C.

1984-1990  Staff Accountant
            North Carolina Utilities Commission – Public Staff
            Raleigh, NC

**Professional Experience**

As a Staff Accountant with the North Carolina Utilities Commission – Public Staff, Mr. Morgan was responsible for analyzing testimony, exhibits, and other data presented by parties before the Commission. In addition, he performed examinations of the books and records of utilities involved in rate proceedings and summarized the results into testimony and exhibits for presentation before the Commission. Mr. Morgan also participated in several policy proceedings and audits involving regulated utilities.
As a Senior Financial Analyst with Potomac Electric Power Company, Mr. Morgan was a lead analyst and was involved in the preparation of the cost of service, rate base, and ratemaking adjustments supporting the Company's request for revenue increases in its retail jurisdictions.

As a Senior Regulatory Analyst with Exeter Associates, Inc., Mr. Morgan has been involved in the analysis of the operations of public utilities with particular emphasis on rate regulation. He has reviewed and analyzed utility rate filings, focusing primarily on revenue requirements determination, accounting and regulatory policy and cost recovery mechanisms. This work included natural gas, water, electric, and telephone utilities.
Expert Testimony
of Lafayette K. Morgan, Jr.


Heins Telephone Company (North Carolina Utilities Commission, Docket No. P-26, Sub 93), November 1986. Presented testimony on rate base, cost of service, and revenue and expense adjustments on behalf of the North Carolina Utilities Commission – Public Staff.


Expert Testimony

of Lafayette K. Morgan, Jr.


Expert Testimony
of Lafayette K. Morgan, Jr.

Jackson Purchase Electric Cooperative Corporation (Kentucky Public Service Commission, Case No. 97-224), December 1997. Presented testimony on rate base and cost of service issues on behalf of the Kentucky Office of the Attorney General.


Western Kentucky Gas Company (Kentucky Public Service Commission, Case No. 99-070), November 1999. Presented testimony on rate base and cost of service issues on behalf of the Kentucky Office of the Attorney General.


Expert Testimony

of Lafayette K. Morgan, Jr.


Expert Testimony
of Lafayette K. Morgan, Jr.


Expert Testimony
of Lafayette K. Morgan, Jr.

Maryland-American Water Company (Maryland Public Service Commission, Case No. 9187), July 2009. Presented testimony on rate base and cost of service issues on behalf of the Maryland Office of People’s Counsel.

Monongahela Power Company & The Potomac Edison Company, both d/b/a Allegheny Power Company (West Virginia Public Service Commission, Case No. 09-1352-E-42T), February 2010. Presented testimony on rate base and cost of service issues on behalf of the West Virginia Consumer Advocate Division.


Pawtucket Water Supply Board (Rhode Island Public Utilities Commission, Docket No. 4550), June 2015. Presented testimony on revenue requirements issues on behalf of the Rhode Island Division of Public Utilities and Carriers.


Public Service Company of Oklahoma (Corporation Commission of Oklahoma, Cause No. PUD 201500208), October 2015. Presented testimony on revenue requirements and environmental compliance rider issues on behalf of the United States Department of Defense and the Federal Executive Agencies.

Northern Indiana Public Service Company (Indiana Utility Regulatory Commission, Cause No. 44688), January 2016. Presented testimony on the company’s electric division operating revenues, operating expenses and income taxes issues on behalf of the Indiana Office of Utility Consumer Counselor.

Philadelphia Water Department (Philadelphia Water, Sewer And Storm Water Rate Board, FY2017-2018 Rate Proceeding), March 2016. Presented testimony on revenue requirements issues on behalf of the Public Advocate.

Columbia Gas of Maryland (Public Service Commission of Maryland, Case No. 9417), June 2016. Presented testimony on rate base and cost of service issues on behalf of the Office of People’s Counsel.
Expert Testimony of Lafayette K. Morgan, Jr.

Chesapeake Utilities Corporation (Delaware Public Service Commission, PSC Docket No. 15-1734), August 2016. Presented testimony on rate base and cost of service issues on behalf of the Staff of the Delaware Public Service Commission.

Kent County Water Authority (Public Service Commission of Rhode Island, Docket No. 4611), September 2016. Presented testimony on rate base and cost of service issues on behalf of the Division of Public Utilities and Carriers.

Northern Utilities, Inc. (Maine Public Utilities Commission, Docket No. 2017-00065), August 2017. Assisted the Maine Office of Public Advocate (OPA) with Northern Utilities application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements, the utility’s request to renew and modify its alternative rate plan, and its Targeted Infrastructure Replacement Adjustment.


Emera Maine (Maine Public Utilities Commission, Docket No. 2017-00198), December 2017. Assisted the Maine Office of Public Advocate (OPA) with Emera Maine’s application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OPA, on accounting issues including test year revenue requirements, the utility’s request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

UGI-Electric (Pennsylvania Public Utility Commission, Docket No. R-2017-2640058), April 2018. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with UGI-Electric’s application for an increase in rates. Mr. Morgan provided testimony, on behalf of the OCA, on accounting issues including test year revenue requirements, the utility’s request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

Philadelphia Water Department (Philadelphia Water, Sewer And Storm Water Rate Board, FY2019-2020 Rate Proceeding), April 2018. Presented testimony on revenue requirements and the Department’s three-year rate plan issues on behalf of the Public Advocate.

Westar Energy, Inc. (Westar Energy) and Kansas Gas and Electric Company (KGE), (Kansas State Corporation Commission, Docket No. 18-WSEE-328-RTS), May 2018. Presented testimony on revenue requirements on behalf of the Federal Executive Agencies.
Expert Testimony

of Lafayette K. Morgan, Jr.

Duquesne Light Company (Pennsylvania Public Utility Commission, Docket No. R-2018-3000124), June 2018. Assisted the Pennsylvania Office of Consumer Advocate (OCA) with UGI-Electric’s application for an increase in rates. Presented testimony, on behalf of the OCA, on accounting issues including test year revenue requirements, the utility’s request to reflect the changes brought about by the Tax Change and Jobs Act of 2017.

Special Projects

Developed a Uniform System of Accounts and Financial Data Collection Template for five countries participating in the National Association of Regulatory Utility Commissioners (NARUC)/East Africa Regional Energy Regulatory Partnership. Also conducted training seminars and participated as a panel member addressing issues in the utility industry from the perspective of the regulator. This work was conducted by NARUC and the United States Agency for International Development (USAID).

Other Projects


Lafourche Telephone Company (Louisiana Public Service Commission, Docket No. U-21181). Analysis and investigation of earnings and appropriate rate of return on behalf of the Louisiana Public Service Commission Staff.


TDS Telecom (Pennsylvania Public Utility Commission, Docket Nos. R-00973892 and R-00973893). Technical analysis regarding rate base, cost of service, rate design, and rate of return, and assistance in settlement negotiations in the Company’s rate case and alternative regulatory filing on behalf of the Pennsylvania Office of Consumer Advocate.


TDS Telecom (Vermont Public Service Board, Docket No. 6576). Technical analysis regarding rate base, cost of service, and depreciation expense on behalf of the Vermont Department of Public Service.


Provided technical analysis and support on behalf of the Louisiana Public Service Commission Staff relating to CLECO Power LLC Rate Stabilization Plan.

Provided technical analysis and support on behalf of the Louisiana Public Service Commission Staff relating to CLECO Power LLC post-Katrina power purchases.

Provided technical analysis and support on behalf of the Louisiana Public Service Commission Staff relating to Entergy Louisiana LLC recovery of storm damage costs.


The Village of Ridgewood Water Utility, Exeter Associates, Inc. Retained on behalf of The Township of Wyckoff, the Borough of Glen Rock and the Borough of Midland Park to review and evaluate the Rate Study prepared for The Village of Ridgewood related to The Village of Ridgewood's Water Utility Rate Ordinances, Nos. 3236, 3272, and 3319, the Superior Court of New Jersey Law Division – Bergen County (Docket No. BER-L-5651-12) remand.