BEFORE THE CORPORATION COMMISSION

OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION	]	
OF MIDWEST ENERGY, INC.	]	KCC Docket No. 06-MDWG-1027-RTS
FOR ADJUSTMENT OF ITS NATURAL	]	
GAS RATES IN THE STATE OF	]	
KANSAS	]	

DIRECT TESTIMONY OF

ANDREA C. CRANE

RE: REVENUE REQUIREMENTS
AND COST OF CAPITAL

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

July 25, 2006

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I. STATEMENT OF QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Andrea C. Crane and my business address is One North Main Street, PO Box 810, Georgetown, Connecticut 06829.

Q. By whom are you employed and in what capacity?

A. I am Vice President of The Columbia Group, Inc., a financial consulting firm that specializes in utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and undertake various studies relating to utility rates and regulatory policy. I have held several positions of increasing responsibility since I joined The Columbia Group, Inc. in January 1989.

Q. Please summarize your professional experience in the utility industry.

A. Prior to my association with The Columbia Group, Inc., I held the position of Economic Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987 to January 1989. From June 1982 to September 1987, I was employed by various Bell Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the Product Management, Treasury, and Regulatory Departments.

Q. Have you previously testified in regulatory proceedings?

A. Yes, since joining The Columbia Group, Inc., I have testified in approximately 225 regulatory proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Hawaii, Kansas, Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, West Virginia and the District of Columbia. These proceedings involved gas, electric, water, wastewater, telephone, solid waste, cable television, and navigation utilities. A list of dockets in which I have filed testimony is included in Appendix A.

Q. What is your educational background?

A. I received a Masters degree in Business Administration, with a concentration in Finance, from Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a B.A. in Chemistry from Temple University.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony?

A. On or about March 24, 2006, Midwest Energy, Inc. ("Midwest" or "Company") filed an Application with the State of Kansas Corporation Commission ("KCC" or "Commission") seeking a rate increase of $3.42 million. The Company's request would result in an increase of approximately 25% of gas distribution revenues and 6.7% of total Company revenues. The Company's proposal increases residential sales delivery revenues by 32.6%, as shown in Section 2, Schedule 1 of the filing. In addition, the Company is requesting approval of a Normalized Volume Rider ("NVR"), which is a decoupling mechanism that would sever the relationship between Midwest's gas sales and its margin.

The Columbia Group, Inc. was engaged by The State of Kansas, Citizens' Utility Ratepayer Board ("CURB") to review the Company's Application and to provide recommendations to the KCC regarding the Company's cost of capital and revenue requirement claims. We were also engaged to examine the Company's proposed decoupling mechanism and to make appropriate recommendations to the KCC.

Q. What are the most significant issues in this rate proceeding?

A. The single most significant issue in the Company's filing is its request for the NVR decoupling mechanism, which would sever the relationship between gas sales and Company revenues. The most significant revenue requirement issues driving the specific rate increase request are the Company's claims for a 13.5% return on equity, increases in salaries and wages and employee benefits, an increase in net plant of approximately $7.9 million since the last case, and significant new working capital requirements. The Company's last base rate case was based on a test year ending December 31, 2001, and new rates in that case were effective January 22, 2003.

Q. Do you believe that Midwest should receive special regulatory treatment because it is a cooperative utility instead of an investor-owned utility?

A. No, I do not. Midwest argues that it should be regulated differently than an investor-owned utility, since its investors are also its customers. The Company argues that a lower level of scrutiny is appropriate, since in theory the interests of owners and customers are aligned. I could not disagree more. While I am not an attorney, I understand that the KCC has been given regulatory jurisdiction by the Kansas legislature over Midwest. Therefore, the KCC should apply the same regulatory scrutiny over Midwest that it applies to investor-owned utilities. If the legislature did not expect the KCC to provide the same degree of regulatory oversight, then the legislature would have exempted Midwest from regulation, or would have provided for a reduced level of KCC authority. The fact that the KCC has full regulatory jurisdiction over Midwest suggests to me that the legislature recognized the importance of the regulatory process and expected the KCC to act accordingly.

III. SUMMARY OF CONCLUSIONS

Q. What are your conclusions concerning the Company's revenue requirement and its need for rate relief?

A. Based on my analysis of the Company's filing and other documentation in this case, my conclusions are as follows:

1. The twelve months ending December 31, 2005 is a reasonable test year to use in this case to evaluate the reasonableness of the Company's claim.
2. The Company has a cost of equity of 10.0% and an overall cost of capital of 7.14% (see Schedule ACC-2).[1]

1 Schedules ACC-1, ACC-25, ACC-26, and ACC-27 are summary schedules, ACC-2 to ACC-2b are cost of capital schedules, ACC-3 to ACC-9 are rate base schedules, and ACC-10 to ACC-24 are operating income schedules.

3. Midwest has pro forma test year rate base of $39,409,852 (see Schedule ACC-3).
4. The Company has pro forma operating income at present rates of $771,055 (see Schedule ACC-10).
5. Midwest has a pro forma, revenue requirement deficiency of $2,053,488 (see Schedule ACC-1). This is in contrast to the Company's claimed deficiency of $3,420,142.
6. Midwest's request for a Normalized Volume Rider should be rejected.

IV. COST OF CAPITAL AND CAPITAL STRUCTURE

Q. What is the cost of capital and capital structure that the Company is requesting in this case?

A. The Company has utilized the following capital structure and cost of capital:

	Percent	Cost	Weighted Cost
Long Term Debt	60.48%	5.21%	3.15%
Equity	39.51%	13.51%	5.34%
Total			8.49%

A. Capital Structure

Q. Are you recommending any adjustments to this capital structure or cost of capital?

A. Yes, I am recommending adjustments to the Company's capital structure and its cost of equity claim.

Q. How did the Company determine its capital structure claim in this case?

A. Midwest's claim is based on its actual capital structure at December 31, 2005.

Q. Has the Company provided further information about its actual capital structure?

A. Yes, it has. In response to KCC-169, the Company provided its actual capital structure at March 31, 2006. This response indicates that the Company's equity ratio has increased from 39.51% to 40.36% over this three-month period. I have reflected this updated capital structure at Schedule ACC-2. This adjustment reflects a known and measurable change to the test year and should be recognized for ratemaking purposes.

B. Cost of Debt

Q. What cost of debt have you included in your overall cost of capital recommendation?

A. I have used the Company's claimed cost for long-term debt of 5.21%. This is the cost of debt reflected in the Company's filing. I am not aware of any long-term debt that Midwest retired between December 31, 2005 and March 31, 2006. However, if the Company did retire long-term debt during this period, then I recommend that the cost of debt be updated to reflect actual debt costs at March 31, 2006, consistent with my capital structure adjustment discussed above. If the Company provides information about updated debt costs, I will revise my cost of debt recommendation accordingly.

C. **Cost of Equity**

Q. How did the Company determine its cost of equity claim?

A. The Company's claim is based on the modified "Goodwin" model, developed by James W. Goodwin, who worked for the Rural Electrification Administration ("REA") during the 1960s and 1970s. Midwest did not utilize the traditional discounted cash flow ("DCF") approach to determine its cost of equity. The Company argues that as a cooperative utility, there is no difference between its equity investors and its customers and that the modified Goodwin model is therefore a better determinant of its required cost of equity than the DCF.

As discussed on pages 18 to 21 of Mr. Edward's testimony, Midwest used a modified version of the Goodwin model that includes adjustments to the cost of equity that will allow the Company to achieve a target equity ratio in a fixed number of years. Specifically, the modified version of the Goodwin model primarily relied upon by Midwest is:

Ke = g + (1/n) + ((1+g) * (((We*/We) ^ (1/t)) - 1)

Where:

Ke = Required Return on Equity

$g =$ Anticipated growth rate in plant

$n =$ Patronage Capital Rotation Period

$We^* =$ Target Equity Ratio

$We =$ Actual Equity Ratio

$t =$ Target Number of Years to Reach We*

The Company used the following inputs for these variables:

$g =$ 5.22%

$n =$ 20

$We^* =$ 46.09%

$We =$ 39.51%

$t =$ 5

Based on this model, Midwest calculated a required return on equity of 13.51%. As shown in the Company's filing at Section 7, Schedule 2, Page 1, the 13.51% is composed of a baseline return of 10.22% and a premium of 3.29%. The premium of 3.29% results from the Company's actual equity ratio being below its targeted equity ratio. Thus, the 3.29% is the additional margin needed to reach the Company's targeted equity ratio within five years.

Midwest also reviewed another modified version of the Goodwin model, as demonstrated below:

$$Ke = [((1+g) \wedge (n+1) - (1+g) \wedge n) / ((1+g) \wedge n) - 1]$$

$$+ [(1+g) * ((We^*/We) \wedge (1/t)) - 1]$$

This second version of the model assumes that patronage capital is retired as margins grow, while the prior model assumes a levelized return of patronage capital. This second model resulted in a cost of equity calculation of 11.47%. The Company indicated in its testimony that it "relied on" both equations in its analysis. However, it gave no weight to the latter equation in its final return on equity calculation, instead relying only upon the equation that assumes a levelized return of patronage capital.

Q. Do you agree with the cost of capital being proposed by the Company?

A. No, I do not. I believe that the Company's claim is excessive, for several reasons. First, as I testified in Midwest's last base rate case, I do not believe that it is necessary to treat Midwest differently from investor owned utilities. The KCC has traditionally relied upon the DCF model, as the primary mechanism to determine cost of equity for a regulated utility. Therefore, in determining an appropriate return on equity for Midwest, I have considered the return on equity that would result if the DCF method were employed.

Second, with regard to attracting new capital, cooperatives have the advantage of having a built-in equity market, in that each customer is also an investor. Moreover, cooperatives also have an advantage in attracting debt capital, because there is an organization, the National Rural Utilities Cooperative Finance Cooperative ("NRUCFC"), that has been created specifically to provide debt capital to cooperatives. If the DCF methodology provides a sufficient return to attract capital to an investor-owned utility, it should certainly result in a return on equity that is sufficient to attract capital to a cooperative, where the customers have no choice but to become investors in the utility, and where an organization is in place specifically to provide debt financing to cooperatives.

Third, I believe that the Company's adjustment of 3.29% relating to its proposed target equity of 46.09% ratio is unnecessary. While I have no objection to the Company eventually reaching an equity level of 46%, I do not believe that the Company should be provided with a return on equity premium in order to achieve this equity ratio. The Company's current equity ratio is 40.36%, slightly above the 40% target requested by Midwest in its last base rate case. That target has now been achieved. Moreover, this target was achieved well before the eight years assumed by Midwest in its last base rate case. A 40.36% equity ratio is certainly within the range of reasonableness for a regulated gas utility. It is particularly reasonable when one considers the fact that Midwest has a dedicated lender, NRUCFC, as well as a permanent source of equity capital, i.e., its customers.

Q. How did you determine an appropriate return on equity for Midwest?

A. While I believe that the KCC should use the DCF method as the primary tool to establish a return on equity in this case, I recognize that in the Company's last base rate case the KCC adopted the use of a modified Goodwin model. Therefore, in determining an appropriate return on equity for Midwest, I have analyzed the return on equity based on both forms of the modified Goodwin model discussed in Mr. Edwards's testimony. In using these models, I accepted all of the inputs proposed by Midwest, except for the targeted equity ratio. I used the current equity ratio of 40.36% in place of the 46.09% reflected in the Company's filing.

Q. What were the results using the two versions of the modified Goodwin model presented by the Company?

A. The two versions of the modified Goodwin model produced return on equity requirements of 10.22% (assuming a levelized return of patronage capital) and of 8.34% (assuming patronage capital is retired as margins grow). These returns on equity compare with the 13.51% and 11.47% developed by Midwest. The only difference between my results and Midwest's calculations is that I assumed a target ratio of 40.36% instead of the 46.09% claimed by Midwest.

Q. Did you also analyze Midwest's return using the DCF?

A. Yes, I did. The DCF method is based on the following formula:

$$\text{Return on Equity} = \frac{D_1}{P_0} + g$$

where "D_1" is the expected dividend, "P_0" is the current stock price, and "g" is the expected growth in dividends.

The DCF methodology is generally applied to a comparable group of investments, usually to a group of companies that provide the same utility service as the utility service for which rates are being set. In order to determine a comparable group of companies, I utilized the Natural Gas Distribution and Integrated Natural Gas Companies as reported by AUS Utility Reports. To determine an appropriate dividend yield for comparable companies, i.e. the expected dividend divided by the current price, I calculated the dividend yield of each of the comparable companies under two scenarios. First, I calculated the dividend yield using the average of the stock prices for each company over the past six months. The use of a dividend yield using a six-month average price mitigates the effect of stock price volatility for any given day. Based on the average stock prices over the past six-months, and the current dividend for each company, I determined an average dividend yield for the comparable group of 3.45%, as shown in Schedule ACC-2a. I also calculated the current dividend yield at June 26, 2006, which showed an average dividend yield for the comparable group of 3.43%, also shown in Schedule ACC-2a. Based on these determinations, I recommend that a dividend yield of 3.45% be used in the DCF calculation. This dividend yield will be increased by ½ of my recommended growth rate, as determined below, to reflect the fact that the DCF model is prospective and dividend yields may grow over the next year. Increasing the dividend yield by ½ of the prospective growth rate is commonly referred to as the "half year convention."

Q. How did you determine an appropriate growth rate?

A. The actual growth rate used in the DCF analysis is the dividend growth rate. In spite of the fact that the model is based on dividend growth, it is not uncommon for analysts to examine several growth factors, including growth in earnings, dividends, and book value.

Various growth rates for the companies within my comparable group are shown in Schedule ACC-2b and summarized below:

Past 5 Years - Earnings	7.3%
Past 5 Years - Dividends	1.4%
Past 5 Years - Book Value	4.5%
Past 10 Years - Earnings	5.0%
Past 10 Years - Dividends	1.9%
Past 10 Years - Book Value	4.5%
Estimated Next 5 Years - Earnings	8.8%
Estimated Next 5 Years - Dividends	4.8%
Estimated Next 5 Years - Book Value	7.2%

Q. Why do you believe that it is reasonable to examine historic growth rates as well as projected growth rates when evaluating a utility's cost of equity?

A. I believe that historic growth rates should be considered because security analysts have been notoriously optimistic in forecasting future growth in earnings. At least part of this problem in the past has been the fact that firms that traditionally sell securities are the same firms that provide investors with research on these securities, including forecasts of earnings growth. This results in a direct conflict of interest since it has traditionally been in the best interest of securities firms to provide optimistic earnings forecasts in the hope of selling more stock. As a result of this practice, the Wall Street investment firms agreed to a $1.4 billion settlement with securities regulators. Pursuant to that settlement, ten major Wall Street law firms agreed to pay $1.4 billion to investigating state regulators and the United States Securities and Exchange Commission ("SEC"). Approximately $900 million of this amount constituted fines. The remainder was earmarked for various education and independent research activities. In addition, firms were required to sever the links between their stock research activities and their investment banking activities. Therefore, earnings growth forecasts should be analyzed cautiously by state regulatory commissions.

In addition, the forecast of future growth in earnings, dividends, and book value is also dependent upon past performance. For example, several of the companies in the comparable group have very high projected earnings growth rates, such as El Paso Corporation at 30.5% and SEMCO Energy at 24.5%. However, these companies had very poor earnings over the past five years (five years earnings growth rates were -35.5% for El Paso and -26.5% for SEMCO Energy) so growth is being estimated from a very low base.

Q. Based upon your review, what growth rate do you recommend be utilized in the DCF calculation?

A. Based on my review of this data, I believe that a growth rate of no greater than 6.0 % should be utilized. This growth rate is higher than the actual average growth rates over the past five or ten years in dividends or book value. It is also higher than the ten-year average growth rate in earnings or the projected five-year average growth rate in dividends. While my recommendation is slightly below the estimated five-year growth rate in earnings or book value, I have already discussed the fact that projected growth rates, particularly in earnings, tend to be overly optimistic.

Q. Why didn't you use utilize the 5.22% growth rate that you and the Company used in the modified Goodwin models?

A. Theoretically, the growth rate used in the DCF model is a growth rate in dividends while the growth rate used for the modified Goodwin models is growth in net plant. Moreover, the DCF model uses a comparable group of companies to determine an appropriate return while the modified Goodwin models are specific to the particular cooperative being reviewed.

Q. What cost of equity is produced by the DCF methodology?

A. My analysis indicates a cost of equity using the DCF methodology of 9.55%, as shown below:

Dividend Yield	3.45%
Growth in Dividend Yield (1/2 X 6.0% X 3.45%)	0.10%
Expected Growth	6.00%
Total	9.55%

Q. Based upon the Goodwin models and the DCF, what cost of equity are you recommending?

A. The results of the three models are shown below:

First Modified Goodwin (Levelized Return of Patronage Capital)	10.22%
Second Modified Goodwin (Patronage Capital Retired as Margins Grow)	8.34%
Average of Goodwin Models	9.28%
DCF Methodology	9.55%

I understand that the KCC has used both versions of the modified Goodwin model in past cases involving cooperatives. In addition, I understand that the first modified Goodwin model was used by the KCC in the Company's last base rate case. Therefore, I am giving greater weight to the first version of the modified Goodwin model and recommending a cost of equity of 10.0% for Midwest.

D. Overall Cost of Capital

Q. What is the overall cost of capital that you are recommending for Midwest?

A. As shown on Schedule ACC-2 , I am recommending an overall cost of capital for Midwest of 7.14 %, based on the following capital structure and cost rates:

Equity Capital	40.36%	10.00%	4.04%
Long-Term Debt	59.64%	5.21%	3.11%
Total Capital	100.0%		7.14%

Q. Does the Company have any coverage requirements that it is required to meet as a condition of its borrowing agreements?

A. Yes, it does. According to page 9 of Mr. Edwards's testimony, NRUCFC requires that the Company maintain a debt service coverage ("DSC") ratio of 1.35. No other coverage requirements are in place for Midwest.[2] According to the Company's filing, its revenue requirement proposal results in a DSC of 2.09. My recommendations result in a DSC of 1.86, still well above NRUCFC's requirement of 1.35, as shown in the Calculation of Coverages in Schedule ACC-27.

2 Per the response to CURB-7.

Q. Did you also calculate the Times Interest Earned Ratio ("TIER") resulting from your recommendations?

A. Yes, I did. Even though the Company has no TIER requirement, I did calculate the TIER that results from my recommended rate increase. This calculation is also shown in Schedule ACC-27. My recommendations result in a TIER of 2.33 while the Company's proposal results in a TIER of 2.81.

VI. RATE BASE ISSUES

Q. What test year did the Company utilize to develop its rate base claim in this proceeding?

A. The Company selected the test year ending December 31, 2005.

A. Utility Plant In Service

Q. Are you recommending any adjustment to the Company's claim for utility plant in service?

A. Yes, I am recommending several adjustments to the Company's claim. Specifically, I am recommending adjustments relating to construction work in progress ("CWIP"), vehicles, and the Bunker Hill acquisition.

Q. What is CWIP?

A. CWIP is plant that is being constructed but which has not yet been completed and placed into service. Once the plant is completed and serving customers, then the plant is booked to utility plant-in-service and the utility begins to take depreciation expense on the plant.

Q. Is CWIP an appropriate rate base element?

A. No, it is not. CWIP is not used and useful in the provision of utility service and it should not be included in a utility's rate base claim. However, more and more utilities are requesting the inclusion of CWIP in rate base. Inclusion of CWIP in rate base creates a mismatch among the components of the test year, since it represents plant that was not actually serving customers at the end of the test year. Thus, including CWIP in rate base overstates the plant necessary to provide service to those customers who were present at the end of the test year and on whom the Company's revenue claim is based.

Q. What CWIP has the Company included in its rate base claim?

A. Midwest has included $306,460 of CWIP in its rate base claim.

Q. Should CWIP be included in rate base?

A. I do not believe that CWIP is an appropriate rate base element. CWIP does not represent facilities that are used or useful in the provision of utility service. In addition, including this plant in rate base violates the regulatory principle of intergenerational equity by requiring current ratepayers to pay a return on plant that is not providing them with utility service and which may never provide current ratepayers with utility service.

One of the basic principles of utility ratemaking is that shareholders are entitled to a return on, and to a return of, plant that is used and useful in the provision of safe and adequate utility service. By its definition, CWIP does not meet this criteria. The Company should accrue an allowance for funds used during construction ("AFUDC") on projects until such time as the project is completed and placed into service. Since the Company is compensated for its costs in this manner, there is no need to make an exception to good ratemaking principles by allowing CWIP to be included in rate base.

The AFUDC methodology has two distinct advantages over permitting CWIP in rate base. First, it properly matches the benefits provided to ratepayers with the costs paid by those ratepayers, while allowing CWIP in rate base forces today's ratepayers to pay for plant that may never provide them with any benefit. Second, allowing CWIP in rate base transfers the risk during project construction from shareholders, where it properly belongs, to ratepayers. The shareholders will be compensated for that risk once the plant enters utility service and the AFUDC is appropriately included in rate base.

Q. Is there a statute that addresses the property that the KCC may include in rate base?

A. Yes, there is.[3] Section 6, K.S.A. 66-128, provides for the KCC to determine the value of the property included in rate base. The statute generally requires that "property of any public utility which has not been completed and dedicated to commercial service shall not be deemed to be used and required to be used in the public utility's service to the public."

The statute also provides that certain property "may be deemed to be completed and dedicated to commercial service" under certain circumstances, one of which is that "construction of the property will be commenced and placed into service in one year or less."

Q. Has the KCC relied upon this statute in some past cases to permit the inclusion of some CWIP in rate base?

A. Yes, it has. While I do not believe that it is appropriate to include any CWIP in rate base, I am aware that the KCC has included some CWIP in rate base for some companies. For example, in the Company's last base rate case, the KCC included plant that was completed and placed into service during the litigation phase of that case.

Q. Given that the KCC has permitted some CWIP to be included in rate base, what are you recommending in this case?

A. In developing my recommended rate base, I have included CWIP that the Company reported as being booked to plant in service as of the preparation of this testimony. According to the response to KCC-91, $149,848 of the Company's claim for CWIP has been completed and placed into service. Therefore, I have included this amount in my pro forma rate base. I recommend that the remaining $156,612 in CWIP be disallowed, as shown in Schedule

3 I am not an attorney and my discussion of the CWIP statute is not intended as a legal interpretation of that statute,

ACC-4.

Q. Please discuss your concern relating to company vehicles.

A. The Company has twenty-three vehicles that have the potential to be used for both business and personal reasons. These vehicles were identified in response to KCC-27. In that same response, Midwest identified the mileage associated with personal vs. business use. Approximately 12% of the total mileage for these vehicles is for personal use.

In data request CURB-78, I asked the Company how ratepayers are compensated for the personal use of vehicles by employees. In response, Midwest stated that "[p]ersonal use of vehicles is an employee benefit available only to employees that have a need for a company vehicle." However, the Company did not indicate how ratepayers are protected from paying higher costs associated with this personal usage.

Q. What do you recommend?

A. In order to ensure that ratepayers are not paying costs associated with the personal use of company vehicles, I recommend that the Company's utility plant in service claim be reduced to eliminate that portion of the capital costs associated with personal use of company vehicles. At Schedule ACC-5, I have made an adjustment to reduce gross plant associated with Company vehicles by 12.14%, which is the percentage of personal use as reported by Midwest. While I suspect that there are also operating costs associated with the personal use

but rather provides my discussion of the statute from a ratemaking perspective.

of these vehicles, at this time I do not have sufficient information to quantify those costs.

Q. Why is your adjustment based on gross plant instead of net plant?

A. My adjustment is based on gross plant, because ratepayers should not be responsible for recovery of any of the capital costs associated with personal usage. If I had based my adjustment on net plant instead of gross plant, I would have been implicitly recognizing that some of these costs were properly recoverable from ratepayers.

Q. Please explain your third utility plant in service adjustment.

A. My third adjustment relates to the Company's acquisition of the Bunker Hill system. As discussed in the response to CURB-83, Midwest currently provides various services to the City of Bunker Hill. These services include the sale and delivery of gas to the municipal gas system as well as meter reading and billing services. In its rate case filing, Midwest excluded revenues and costs associated with the provision of service to Bunker Hill.

In response to CURB-83, Midwest stated that the City of Bunker Hill has approved the sale of its gas distribution system to Midwest Energy, for a purchase price of $50,000. The sale is subject to approval of the voters in the City of Bunker Hill as well as to approval of the KCC. Nevertheless, Midwest stated that it "anticipates approvals and expects to add the 60 customers to its retail customer base soon." According to the response to KCC-120, Midwest's Board of Directors approved an asset purchase agreement on May 15.

Given that the acquisition of the system is imminent, then I recommend that the assets, revenues, and expenses associated with the provision of service to Bunker Hill be included in the Company's revenue requirement. If the Company is permitted to extend the test year through the inclusion of CWIP in rate base, then it is also appropriate to recognize these additional customers when setting prospective rates.

Q. How did you quantify your adjustment?

A. In CURB-82, I asked the Company to identify the net book value of the assets being acquired. In response, Midwest stated that the assets are currently not regulated; therefore their accounting may differ from the guidelines within the Uniform System of Accounts. The Company went on to state that it expected there to be some positive net book value associated with the assets since the system is only about 15 years old. In the absence of more definitive information, I have included the purchase price of $50,000 in utility plant in service. My adjustment is shown in Schedule ACC-6.

Q. Are you recommending that the purchase price determine the valuation of the system for regulatory purposes?

A. No, I am not. Utility plant that is acquired by a regulated utility should be included in rate base at the lower of a) net book value (original cost less accumulated depreciation) at the time the plant first entered utility service or b) purchase price. At this time I am using the purchase price as a proxy since I do not have information regarding the net original cost. If net original cost is ultimately found to be lower than the price paid by Midwest, the amount included in rate base should be limited to the net original cost. In other words, any attempt by Midwest to claim an acquisition premium associated with the purchase should be denied.

Q. Have you also made corresponding adjustments relating to the operating revenue and depreciation expense?

A. Yes, I have. These adjustments are discussed in the Operating Income (Section VI) of this testimony. In addition to the depreciation expense adjustment included in the this testimony, it may be appropriate to make additional expense adjustments to reflect other incremental costs of serving the City of Bunker Hill customers. However, at this time no additional costs have been identified by Midwest.

B. <u>Fuel Stocks - Gas</u>

Q. How did the Company determine its claim for fuel stocks?

A. Midwest used a thirteen-month average balance of fuel stocks in inventory.

Q. Are you recommending any adjustment to the Company's claim?

A. Yes, I am recommending one adjustment. In reviewing supporting documentation provided in discovery, a discrepancy arose between the December 31, 2005 fuel stock inventory balance as reported in the Company's filing and the balance stated in certain discovery responses. In CURB-81, I requested clarification from the Company regarding this discrepancy. In response, the Company indicated that an audit adjustment was subsequently made to the amount used to develop its filing. The impact of this adjustment is to reduce the balance of fuel stock-gas inventory at December 31, 2005, which impacts the resulting thirteen-month average balance.

Q. What do you recommend?

A. At Schedule ACC-7, I have made an adjustment to recalculate the Company's thirteen-month average balance, based on the corrected balance for December 2005. The result is a decrease to the thirteen-month average reflected in Midwest's filing and a corresponding decrease to rate base.

C. <u>Cash Working Capital</u>

Q. What is cash working capital?

A. Cash working capital is the amount of cash that is required by a utility in order to cover cash outflows between the time that revenues are received from customers and the time that expenses must be paid. For example, assume that a utility bills its customers monthly and that it receives monthly revenues approximately 30 days after the midpoint of the date that service is provided. If the Company pays its employees weekly, it will have a need for cash prior to receiving the monthly revenue stream. If, on the other hand, the Company pays its interest expense quarterly, it will receive these revenues well in advance of needing the funds to pay interest expense.

Q. Do companies always have a positive cash working capital requirement?

A. No, they do not. The actual amount and timing of cash flows dictate whether or not a utility requires a cash working capital allowance. Therefore, one should examine actual cash flows through a lead/lag study in order to accurately measure a utility's need for cash working capital.

Q. Did the Company provide a lead /lag study in support of its cash working capital claim?

A. The Company's cash working capital claim is composed of two parts; a claim for cash working capital associated with purchased gas costs and a claim for cash working capital associated with other operating and maintenance expenses. Midwest provided a lead/lag study for the cash working capital claim associated with its purchased gas costs. The Company did not file a lead/lag study in support of its cash working capital claim associated with other operating expenses, instead relying upon the $1/8^{th}$ formula method.

Q. What assumptions are implicit in the $1/8^{th}$ formula method?

A. The $1/8^{th}$ formula method is based on the assumption that, on average, a company has a net lag of 45 days (365 days / 8 = 45 days). Therefore, the $1/8^{th}$ formula method assumes that, on average, revenues are received 45 days after expenses must be paid. While I realize that the KCC has utilized the $1/8^{th}$ formula method in the past, I believe that it is useful to review the specific assumptions inherent in the methodology so that the KCC can determine if those assumptions are valid in this case.

Q. Based on the information available, is it reasonable to assume a 45 day average net lag?

A. No, it is not. The net lag is the difference between the revenue lag and the expense lag. In general, revenue lags tend to run about 50 days, which includes 15.2 days for the monthly service lag (365 days / 12 months / 2), about 5 days for the billing lag, and about 30 days for the payment lag. In fact, Midwest calculated a revenue lag of 49.8 days in the lead/lag study performed for its gas costs. The same revenue lag would apply to all other components of the cash working capital calculation. Therefore, the 49.8 day revenue lag appears reasonable.

However, it is virtually impossible for a 45 day net lag to result when the revenue lag is 49.8 days. Since the net lag is the difference between the revenue lag and the expense lag, a 45 day net lag day means that the average expense lag is only 4.8 days. This means that on average, the Company's expenses are paid only 4.8 days after the service is received. This would be highly unusual payment behavior. As demonstrated in the lead/lag study performed by the Company in support of its purchased gas costs, a more common payment pattern is to have a payment lag of 30 days. In fact, the payment lag for purchased gas is 38.6 days.

The 1/8th formula method results in a cash working capital percentage of 12.5%, several times greater than the cash working capital percentage of 3.08% resulting from the lead/lag study developed by Midwest for purchased gas costs. It is highly unlikely that the Company pays its bills, on average, within 4.8 days of incurring the costs. Therefore, I recommend that the KCC reject the Company's proposal to base its cash working capital claim on the 1/8th formula method.

Q. Are you recommending any cash working capital associated with operating and maintenance expenses?

A. Yes, I am. While I generally testify that any cash working capital claim should be supported by a lead/lag study, I recognize that the KCC has included some cash working capital requirement in the Company's rate base in past cases even when no lead/lag study was provided. Therefore, I am recommending that some cash working capital requirement associated with operating expenses be included in rate base in this case as well. Specifically, I am recommending that a cash working capital requirement of 5.42% of operating and maintenance costs be included in rate base. This cash working capital percentage includes a revenue lag of 49.8 days and an expense lag of 30 days, resulting in a net lag of 19.8 days (19.8 days / 365 days = 5.42%). A 30 day average expense lag is far more reasonable than then the 4.8 day average expense lag implicit in the Company's claim. My adjustment is shown in Schedule ACC-8.

Q. Do you have any concerns about the Company's cash working capital claim associated with its gas purchases?

A Yes, I do. The Company's lead/lag study assumes that each month customers are paying for gas purchased to serve them in that particular month. Therefore, the Company is assuming that the revenue received 49.8 days after the midpoint of the service period is intended to compensate them for expenses paid, on average, 38.6 days after services were received. However, Midwest has a purchased gas adjustment mechanism that is based on two factors: estimated gas costs for a twelve-month period and a monthly true-up. Therefore, in any given month, there is likely to be either an underrcovery or overrecovery of gas costs. The Company's lead/lag study incorrectly assumes a matching of monthly revenues and expenses with an 11.3 day net lag (49.8 day revenue lag - 38.6 day expense lag). However, in any particular month, the revenue received by the Company may be paying for gas purchased in the past, or it may be paying for gas that is still to be purchased in the future.

Because of the special nature of purchased gas adjustment clauses, gas costs are frequently excluded from the cash working capital calculation. This is because it is very difficult at any point in time to determine if the Company is being compensated for prior costs, current costs, or future costs. In fact, Midwest did not include any claim for cash working capital associated with purchased gas costs in its last base rate case.

Q. What do you recommend?

A. I recommend that the KCC exclude from rate base the Company's claim for cash working capital associated with purchased gas costs, consistent with the treatment in the Company's last base rate case. The Company has not demonstrated that there is any cash working capital requirement associated with these costs. In fact, due to the nature in which the PGA operates there may be no cash working capital requirement generated by these costs. Nor has the Company demonstrated that the KCC should deviate from its past practice in this regard. Midwest has not provided any testimony in support of its proposal that the KCC change the way it has traditionally handled cash working capital associated with purchased gas costs, i.e., to exclude these costs from the Company's cash working capital requirement due to the nature of the purchased gas adjustment clause. My adjustment is shown in Schedule ACC-9.

D. <u>Summary of Rate Base Issues</u>

Q. What is the impact of all of your rate base adjustments?

A. My recommended adjustments reduce the Company's rate base claim from $41,279,697 as reflected in its filing, to $39,409,852, as summarized on Schedule ACC-3.

VI. <u>OPERATING INCOME ISSUES</u>

A. <u>Pro Forma Revenues</u>

Q. Are you recommending any adjustments to the Company's pro forma revenue claim?

A. Yes, I am recommending three adjustments to the Company's pro forma revenue claim, relating to forfeited discounts, the Bunker Hill acquisition, and two new commercial customers.

Q. Please describe your first revenue adjustment.

A. In its filing, Midwest made an adjustment to eliminate all forfeited discount revenue. In response to CURB-30, the Company stated that forfeited discount revenue "is a part of normal operating revenues and therefore should not have been removed from the pro forma revenue." Therefore, at Schedule ACC-11, I have made an adjustment to add forfeited discount revenue to the Company's pro forma revenue claim.

Q. Please discuss your second revenue adjustment.

A. As previously stated, the Company has plans to acquire 60 customers from the City of Bunker Hill. The Company currently provides services to the City of Bunker Hill relating to these customers, as described above. However, Midwest has now announced its intention to acquire these customers and the City of Bunker Hill has approved this acquisition, which is now awaiting voter approval on August 1, 2006.

Since it appears certain that these customers will be acquired by Midwest in the near term, I am recommending that certain investment, revenues, and expenses associated with these incremental customers be included in the Company's revenue requirement. At Schedule ACC-12, I have included incremental delivery revenue of $14,000, based on Midwest's response to CURB-82.

Q. Did you also include incremental revenue associated with two commercial customers added since December 31, 2005?

A. Yes, I did. In its utility plant in service claim, Midwest included projects to extend service to two new commercial customers, Woofter Commercial Development and Walmart. However, it does not appear that revenues from these customers were included in the Company's pro forma revenue claim. If the plant used to serve these customers is included in rate base, then the KCC should also consider the delivery revenue provided to Midwest by these customers. In the response to CURB-87, Midwest provided the expected delivery revenues from these customers. Accordingly, at Schedule ACC-12, I have made an adjustment to include pro forma delivery revenue from Woofter Commercial Development and Walmart.

B. <u>Uncollectible Expense</u>

Q. Are you recommending any adjustment to the Company's uncollectible expense claim?

A. Yes, I am recommending two adjustments. First, the Company's uncollectible expense was $312,109 in calendar year 2005, and this is the amount that was included in its pro forma revenue requirement. However, a review of uncollectible costs over the past few years indicates that uncollectible costs as a percentage of sales was abnormally high in the test year, as shown below:[4]

Year	Sales Revenue	Bad Debt Expense	Percentage Bad Debt Expense/ Sales Revenue
2005	$50,526,608	$312,109	0.61%
2004	$44,047,978	$158,138	0.36%
2003	$43,920,710	$177,176	0.40%
2002	$38,790,961	$52,970	0.14%
2001	$38,606,948	$181,589	0.47%
Three Year Average			0.46%
Five Year Average			0.40%

During the test year, uncollectible expense averaged 0.61% of sales revenue, well above either the three-year average ratio of 0.46% or the five-year average ratio of 0.40%. In addition, the test year percentage was significantly higher than the uncollectible ratio during any of the other years in the five-year period.

Q. What are you recommending?

A. I am recommending that a three-year average uncollectible ratio be utilized. This adjustment is shown in Schedule ACC-13. My adjustment recognizes the fact that the uncollectible

4 Per the response to CURB-57.

expense incurred in the test year was quite high relative to historic levels. In addition, the use of the three-year average will mitigate the impact of fluctuations that occur from year-to-year, as demonstrated above.

Q. What is your second uncollectible expense adjustment?

A. I have made an adjustment to the revenue multiplier shown in Schedule ACC-24 so that the final level of uncollectible expense reflected in rates will correspond with the overall revenue requirement approved by the KCC. Since my uncollectible expense adjustment is based on a three-year average of the ratio between uncollectible costs and sales revenues, it is appropriate to adjust the final uncollectible expense included in the revenue requirement to correspond with the actual sales revenue approved in this case. This results in a revenue multiplier of 1.0046. Thus, any margin deficiency should be grossed-up to permit the Company to recover the incremental uncollectible costs associated with any revenue increase.

C. <u>Payroll Costs</u>

Q. How did the Company develop its payroll claim in this case?

A. Midwest began with its actual test year payroll costs. It then adjusted these actual test year costs to reflect a 3.5% payroll increase effective in 2006, and another 3.5% payroll increase effective in 2007, resulting in a total payroll adjustment of 7.123%. According to the response to CURB-45, union employees receive payroll increases effective January 1, while non-union employees receive increases effective beginning with the payroll period that includes March 1.

Q. Are you recommending any adjustments to the Company's claim?

A. Yes, I am recommending two adjustments. First, the Company's claim includes pro forma payroll increases that will not take place until January and March 2007, more than one year after the end of the test year in this case. The inclusion of this payroll increase reaches too far beyond the end of the test year selected by Midwest in this case and should be rejected. Rates are set based on a regulatory triad that synchronizes rate base, revenues and expenses at a point in time. The Company's proposal to include these pro forma labor costs violates the principle that all elements of the Company's revenue requirement should be matched at a point in time.

Utilities are continuously attempting to "push the envelope" with regard to post-test year adjustments. This is demonstrated by the utilities' positions that such items as CWIP and post-test year wage increases should be included in their revenue requirements as a matter of course. Even more disturbing, some utility commissions have accepted the utilities' claims, to the detriment of utility ratepayers already burdened with high rates.

Q. What do you recommend?

A. In order to preserve the regulatory triad, I would prefer that the KCC eliminate all post-test year increases from the Company's revenue requirement. However, I recognize that the KCC has included certain post-test increases in the past, just as it has included CWIP for certain projects and other post-test year adjustments. In this case, I have attempted to follow the KCC's policies with regard to post-test year adjustments while still matching revenues, expenses, and investment. Therefore, I have included in my recommendation, salary and wage increases occurring within one year of the end of the Company's test year, i.e., increases through December 31, 2006. Increases that extend one year or more past the end of the test year should be excluded. At Schedule ACC-14, I have made an adjustment to exclude all 2007 increases from the Company's claim.

Q. What is your second payroll adjustment?

A The Company's claim assumed an average payroll increase of 3.5% for 2006. However, as shown in the response to KCC-83, the actual 2006 payroll increase was 3.74%. Therefore, at Schedule ACC-14, I have also included an adjustment to reflect the 2006 increase of 3.74% instead of the 3.5% included in the Company's claim.

Q. Have you also made an adjustment to the Company's payroll tax expense claim?

A. Yes, I have made an adjustment to eliminate the payroll taxes associated with the 2007 payroll increases that I recommend be excluded from the Company's claim. I have also made an adjustment to increase payroll taxes to reflect the actual 2006 payroll increase of 3.74% instead of the 3.5% reflected in the Company's filing. To quantify these adjustments, I utilized the statutory social security and medicare tax rate of 7.65%. Both of these payroll tax adjustments are shown in Schedule ACC-15.

D. Medical Benefits Expense

Q. How did the Company determine its employee benefits expense claim in this case?

A. To develop its medical benefits expense claim, the Company first examined the total company medical benefits expense increase experienced from calendar year 2004 to 2005. Over this one year period, the Company's employee medical expenses increased by $328,257. Midwest then assumed that the same increase of $328,257 would occur between 2005 and 2006. Midwest then allocated 34.51% of that increase to its gas operations.

Q. Are you recommending any adjustment to the Company's claim?

A. Yes, I am recommending two adjustments. First, there is no basis for the Company's assumption that the increase experienced from 2004 to 2005 is expected to reoccur prospectively. My understanding is that the Company is self-insured, meaning that its costs will fluctuate depending upon actual claims paid. In addition, the Company increased the plan deductible effective January 1, 2006, from $500 per individual to $1,000 per individual.[5] Thus, all other things being equal, one would expect that the Company's medical benefit expenses would actually decline in 2006.

Q. Has the Company revised its claim since its filing was submitted?

A. Yes, it has. Midwest's actual medical expenses for 2006 have been less than projected in its filing. Accordingly, in the response to KCC-133, Midwest updated its claim to reflect a revised 2006 pro forma expense, based on actual 2006 experience to date. This adjustment resulted in a decrease of $516,331 over the amount included in its original filing.

Q. Did the Company also include medical benefits expenses associated with new employees in its revised claim?

A. Yes, it did. In its revised claim, Midwest is now claiming an additional $25,515 for "New Hires".

Q. Has Midwest adequately supported these claimed costs for new hires?

A. No, it has not. Midwest did not include any salary and wage adjustment to reflect new hires in its filing. Nor did the Company provide any documentation supporting its need for additional employees. Therefore, Midwest has not justified any claim for additional medical benefits expenses associated with new hires and this portion of its revised claim should be disallowed. At Schedule ACC-16, I have made an adjustment to reflect the updated 2006 estimated medical benefits claim, based on the Company's actual experience in 2006 to date. However, I have not included the additional adjustment related to new hires.

5 Per the response to CURB-52.

E. Pension Costs

Q. Please describe the Company's pension cost claim.

A. Midwest participates in the pension plan sponsored by the National Rural Electric Cooperative Association ("NRECA"). In order to develop its claim in this case, Midwest used a methodology similar to the one originally used for its medical expense claim. The Company first determined the difference between its 2004 contribution to the pension plan of $1,325,529 and its 2005 contribution of $1,448,559. This amounted to an increase of $123,031. Midwest then increased its actual test year pension contribution expense by this amount, resulting in a pro forma claim of $1,571,590.

Q. Are you recommending any adjustments to the Company's claim?

A. Yes, I am. As demonstrated in the above discussion regarding the Company's medical expense claim, the use of the 2004-2005 increase as a pro forma adjustment to the test year is not a meaningful or reasonable methodology to utilize when establishing prospective rates. This is especially true for the Company's pension expense claim. The actual contributions made to the pension plan depend upon many factors, perhaps the most important of which is actual and projected market returns. Since Midwest did not provide an actuarial report for the Company's pension plan,[6] we have very limited information about expected levels of funding to be made by Midwest during 2006. According to the response to KCC-80, "[a]s

6 In response to KCC-79 the Company provided the NRECA plan documents but an actuarial report was not provided. In addition, in response to KCC-59 the Company indicated that "[t]here is no separate actuarial report for Midwest Energy, Inc.

of 1/1/2005 which is the latest actuarial valuation of the RS Plan, the funded ratio using plan valuation assumptions was 107%." Thus, there is nothing in the record in this case to support Midwest's proposed pro forma adjustment to its pension plan contributions.

Q. What do you recommend?

A. Given this lack of supporting documentation, I recommend that the Company's post-test year adjustment be denied. Instead, I recommend that the KCC utilize the actual test year pension contribution to determine the Company's revenue requirement. My adjustment is shown in Schedule ACC-17.

It should be noted that the Company filed its claim based on actual funding to the pension plan rather than on the actuarially determined annual accrued liability. Although this is different from the methodology generally used by the KCC, I am not opposed to utilizing the contribution method in this case. In fact, unless a utility is required to contribute the full amount of its accrued annual liability into a dedicated fund, which I understand Midwest is not, then the contribution methodology proposed by Midwest provides a better matching between amounts collected from ratepayers and the Company's true pension expense liability.

F. H_2S Conversion Costs

Q. Please describe the Company's claim for H_2S conversion costs.

A. On April 1, 2005, Midwest filed an Application with the KCC requesting approval of deferred accounting treatment for certain costs relating to the investigation and management of hydrogen sulfide (H_2S) levels in the natural gas being supplied to customers. In addition, Midwest requested that these costs be amortized over a three year period, beginning with the effective date of new rates in its next base rate case. On July 18, 2005, the KCC issued an Order approving the Company's request. In that Order, the KCC stated that "[n]o determination is made as to the recoverability of any such cost in any future proceeding."

In its rate case filing, Midwest included an adjustment to amortize $143,679 relating to H_2S conversion costs over a three-year period. In addition, it included carrying costs during this three year period at a rate of 7.63%, which was the cost of capital approved in the Company's last base rate case.

Q. Are you recommending any adjustments to the Company's claim?

A. Yes, I am recommending several adjustments. First, in its filing, the Company indicated that there were still a few invoices outstanding. My first adjustment updates the Company's claim to include costs incurred in 2006 to date. According to the Company's response to KCC-137, Midwest incurred $2,552 in costs during 2006 that were not included in its rate case claim.

Second, the costs claimed by Midwest include $9,321 in payroll and associated overhead costs. These costs should not be included in the Company's proposed amortization. These costs would have been incurred regardless of the H_2S conversion activities undertaken by Midwest. The Company did not incur incremental labor costs associated with these activities. Nor did Midwest hire additional employees to address H_2S conversion issues. Thus, these labor-related costs are not incremental costs and should be excluded from the proposed amortization.

Third, I am recommending an adjustment to reflect a carrying cost over a three-year amortization period of 7.14%, based on the capital structure and cost of equity that I discussed earlier in my testimony. All of my recommended adjustments are shown in Schedule ACC-18.

Q. Doesn't the KCC Order state that the carrying charge "shall be at the authorized rate of return from Midwest's last rate case?"

A. Yes, it does. However, the KCC's Order is clear that it is limited to the Company's accounting treatment and does not proscribe any particular ratemaking treatment for these costs. Therefore, the language regarding the carrying costs can be interpreted to apply only to the accounting treatment for these costs. Alternatively, the Order could be interpreted as referring to carrying charges that may be approved in the future for ratemaking purposes, in which case the authorized return would be at the last approved return authorized by the KCC. Hence, assuming that the amortization is approved for ratemaking purposes in this case, the carrying costs that would apply would be based on the overall rate of return approved in this case, which would be the "last rate case" prior to amortization of the costs for ratemaking purposes. Thus, while there are several interpretations of the Order, I do not believe that it is reasonable to interpret the Order as requiring carrying charges for ratemaking purposes at a previously authorized rate of return.

There would be no reason why the KCC would order carrying costs in a prospective period based on a cost of capital that is different from the cost of capital being used as the return on other investments. While I am aware of situations where a carrying cost has been approved that differs from the overall cost of capital, e.g. when the carrying cost was limited to a short-term debt rate, I am unaware of any situation where a regulatory commission used two different overall costs of capital during the same pro forma period. Therefore, if it is the KCC's intention to utilize an overall cost of capital as the carrying cost, I recommend that the carrying cost that is applied during the prospective recovery period be the overall cost of capital approved by the KCC in this case. Accordingly, at Schedule ACC-18, I have reflected my recommended overall cost of capital of 7.14% as the carrying cost during the three-year amortization period proposed by Midwest.

G. Rate Case Costs

Q. Please describe the Company's rate case cost claim.

A. Midwest is requesting recovery of rate case costs for the current case of $67,645. These costs are composed of the following:

Preparation	$30,600
Discovery	$25,015
Hearings and Briefing	$12,030
Total	$67,645

Midwest has used a three-year amortization period for these costs.

Q. Are you recommending any adjustment to the Company's claim?

A. Yes, I am recommending one adjustment. In its filing, Midwest estimated total rate case costs for the preparation of this filing of $30,000. In addition, it estimated costs of $25,015 for the discovery phase of this case. In response to KCC-157, the Company provided the actual rate case costs incurred to date. In that response, Midwest reported total costs to date of only $12,979. This response was submitted on June 23, 2006. Therefore, it is likely that this amount includes not only the preparation costs for this case, but costs incurred in responding to a significant portion of the discovery propounded by Staff and CURB. Based on the fact that Midwest has spent only $12,979 to date, I believe that its original rate case cost claim is overstated. Therefore, at Schedule ACC-19, I have made an adjustment to reduce the Company's rate case cost claim. Actual rate case costs are probably lower than anticipated since the Company is relying upon in-house support for most of its rate case work, and the salaries and wages associated with these employees are already reflected in the Company's payroll expense claim

Q. How did you quantify your adjustment?

A. As noted above, it is likely that rate case costs reported on June 23, 2006 include not only costs for the preparation of this case, but also those costs that have been incurred to respond to much of the discovery in this case. Therefore, I compared the actual rate case costs incurred to date with a) the Company's estimate for preparation of this case and 2) one-half of its estimate for discovery activities. This methodology assumes that the Company is half way through the discovery process. This is a generous assumption on my part, since we are closer to the end of discovery than to the middle of the process. Based on my assumptions, the Company's filing includes $30,000 plus 50% of $25,015, or a total of $42,508 for activities undertaken to date. Since actual costs have only been $12,979, I reflected an adjustment of $29,529 in Schedule ACC-19. This adjustment is then amortized over the three-year amortization period assumed by Midwest.

H. Corporate Image Costs

Q. Are you recommending any adjustments to the Company's claim associated with corporate image costs?

A. Yes, I am. In the response to KCC-155, the Company provided invoices received during the test year from The Heritage Company. These invoices totaled $11,108 during the test year, and approximately 50% of these costs was allocated to gas operations. The Heritage

Company provides advertising and promotional materials to corporations. Often these promotional materials contain the corporate logo of the client company.

During the test year, Midwest purchased several items from the Heritage Company, including golf balls, pens with lights, zippy letter openers, emery boards, key chains, and pocket planners. These items are not necessary for the provision of safe and adequate regulated utility service. In fact, these appear to be corporate image or public relations costs that are directed toward promoting the corporate image of the utility, rather than toward the provision of regulated utility service to its customers. Unless the Company can show a direct relationship between these costs and the provision of safe and adequate utility gas service, these costs should be disallowed. The Company has not made such a showing at this time. Therefore, I recommend that these costs be disallowed. My adjustment is shown in Schedule ACC-20.

I. <u>Lobbying Expenses</u>

Q. Are you recommending any adjustment to the Company's claim for lobbying expenses?

A. Yes, I am recommending that lobbying costs be disallowed. The Company indicated in response to KCC-41 that there were no "outside lobbying costs" included in the test year cost of service. However, the Company did include dues to NRECA and to the Kansas Chamber of Commerce ("KCCI") in its claim. Both of these organizations report that a portion of their dues is used for lobbying activities. In response to CURB-65, Midwest indicated that 28% of NRECA dues and 25% of its KCCI dues were identified as being directed toward lobbying activities. Accordingly, I am recommending that 28% of the Company's test year NRECA dues and 25% of its KCCI dues be eliminated, based on these costs being classified as lobbying costs. My adjustment is shown in Schedule ACC-21.

Q. Are lobbying costs an appropriate expense to include in a regulated utility's cost of service?

A. No, they are not. Lobbying expenses are not necessary for the provision of safe and adequate utility service. Ratepayers have the ability to lobby on their own through the legislative process. Moreover, lobbying activities have no functional relationship to the provision of safe and adequate gas service. If the Company were to immediately cease contributing to these types of efforts, utility service would in no way be disrupted. For all these reasons, I recommend that lobbying activities be disallowed.

Q. Does the Company agree that lobbying costs should not be recovered from ratepayers?

A. Yes, Midwest apparently agrees that lobbying costs are not appropriate costs to include in a regulated utility's revenue requirement, since it did not include any other direct lobbying costs in its regulated cost of service. Thus, my adjustment simply treats dues that are used for lobbying activities in a manner similar to other types of lobbying costs.

J. Other Dues and Donations

Q. Are you recommending any other adjustment to the Company's claim for costs that

should not be borne by ratepayers?

A. Yes, I am recommending two additional adjustments. According to the response to KCC-175, Midwest included $1,152 in its revenue requirement for costs incurred to reserve two tables at a dinner "honoring State Officials and Members of the Kansas Legislature." This event was sponsored by the Kansas Chamber of Commerce. While I have no objection to Midwest's officials attending this event, these dinner costs should not be borne by ratepayers. This dinner was not necessary for the provision of safe and adequate utility service, but instead appears to be an event directed toward lobbying Kansas officials and legislators, or at least promoting the corporate goodwill of Midwest. There is no rationale for requiring captive ratepayers to pay these costs and I recommend that they be disallowed. My adjustment is shown in Schedule ACC-22.

Similarly, the Company has also included $240 to become a "Four Leaf Clover Sponsor" at an evening sponsored by the Kansas Chamber of Commerce, "Painting the Statehouse Green." According to material provided in response to KCC-75, "[t]hat night, lobbyists, Senators and Representatives, Republicans and Democrats will set aside any differences they have to be Irish for an evening of fun." While this certainly sounds like an enjoyable evening at the Statehouse, there is no reason why regulated ratepayers should be responsible for paying for the "[g]ood food, great fellowship and green beer [that] will be in abundance..." at this event. Accordingly, at Schedule ACC-22, I have made an adjustment to eliminate costs for this event from the Company's regulated revenue requirement.

Utility rates should include a reasonable level of costs that are necessary for the provision of safe and reliable utility service. Sponsorships of such events do not meet the criteria for inclusion in regulated utility rates.

K. Depreciation Expense

Q. Are you recommending any adjustment to the Company's depreciation expense claim?

A. Yes, I am recommending one adjustment. As discussed previously, I am recommending that certain plant associated with the Bunker Hill acquisition be included in rate base. Therefore, at Schedule ACC-23, I have made an adjustment to include annual depreciation expense on this plant in the Company's revenue requirement. To quantify my adjustment, I used the composite depreciation rate for distribution plant included in the Company's filing.

L. Revenue Multiplier

Q. What revenue multiplier have you used for your adjustments?

A. As a cooperative, Midwest does not pay income taxes on its earnings. Therefore, there is no need to adjust the Company's earnings deficiency to reflect an income tax liability. Accordingly, the revenue multiplier only reflects an adjustment for the uncollectible costs discussed earlier in my testimony. This results in a revenue multiplier of 1.0046. Therefore, for every dollar of margin deficiency, the KCC needs to increase revenues by $1.0046, in order to permit the Company to recover the incremental uncollectible costs associated with the increase in revenues. My adjustment is shown in Schedule ACC-24.

VII. REVENUE REQUIREMENT SUMMARY

Q. What is the result of the recommendations contained in your testimony?

A. My adjustments result in a revenue requirement deficiency at present rates of $2,053,488, as summarized on Schedule ACC-1. This recommendation reflects revenue requirement adjustments of $1,366,654 to the Company's requested revenue requirement increase of $3,420,142.

Q. Have you quantified the revenue requirement impact of each of your recommendations?

A. Yes, at Schedule ACC-25, I have quantified the revenue requirement impact of the rate of return, rate base, revenue and expense recommendations contained in this testimony.

Q. Have you developed a pro forma income statement?

A. Yes, Schedule ACC-26 contains a pro forma income statement, showing utility operating income under several scenarios, including the Company's claimed operating income at present rates, my recommended operating income at present rates, and operating income under my proposed rate increase. My recommendations will result in an overall return on rate base of 7.14%.

Q. Does your recommendation allow the Company to meet its financial coverage ratio requirements?

A. Yes, it does. The Company only has one financial coverage ratio requirement, i.e., a DSC requirement of 1.35. As shown in Schedule ACC-27, my recommended rate increase is sufficient to allow the Company to meet a DSC coverage requirement of 1.86. In addition, my recommended rate increase will result in TIER coverage of 2.33. While the Company does not a have TIER coverage requirement, it is still useful for the KCC to know that my recommendation will provide margins that are more than two times the amount needed to meet Midwest's interest obligations.

VIII. <u>NORMALIZED VOLUME RIDER</u>

Q. What is the NVR?

A. The NVR is a fancy expression for a decoupling mechanism that would sever the relationship between gas sales and Company revenues. Decoupling is the latest buzz word in the utility industry. A few utilities have successfully lobbied for decoupling programs that shift a significant amount of risk from shareholders to ratepayers. Fortunately, most regulatory commissions still maintain the relationship between revenues and sales and have resisted attempts to provide gas utilities with a guaranteed revenue stream.

Q. How do decoupling mechanisms generally work?

A. Decoupling mechanisms guarantee the utility a fixed revenue (or margin) per customer regardless of customer usage. Under these mechanisms, actual revenue per customer is compared with a target revenue. If the actual revenue is less than the target, a surcharge is applied and customers must make up the difference. This would generally be the case if the weather was warmer than normal, resulting in reduced gas sales, or if conservation efforts resulted in lower sales. If the actual revenue is greater than the target, because of colder than normal weather or other factors, then customers would receive a credit.

Q. Do you support decoupling mechanisms such as the NVR being requested by Midwest?

A. No, I do not. While I have serious concerns about decoupling mechanisms in general, the mechanism proposed by Midwest is especially troubling.

Q. From a general perspective, why do you oppose decoupling mechanisms?

A. I oppose such mechanisms for several reasons. First, these mechanisms result is a tremendous shifting of risk from utility shareholders to ratepayers. Utility rates are currently established based on an overall rate of return that includes a return on equity. Moreover, this return on equity is higher than a risk-free rate, because utility shareholders bear certain risks. The most significant risk borne by utility shareholders is the risk that revenues will be less than projected. There are several reasons for variations between actual and projected revenue levels such as variations in weather, conservation efforts, economic conditions, and price elasticity.

Utility rates are set at levels that provide the utility with the opportunity to earn its authorized rate of return. Utilities do not have a guarantee of a return. By severing the relationship between sales and revenues, decoupling mechanisms go a long way toward guaranteeing the utility's return.

Ratepayers currently bear all the risk of fluctuating gas costs. If they are also made to bear the risk of fluctuating revenue streams, then there is little risk left for utility shareholders to bear and the utilities' authorized returns on equity should reflect this reduced risk.

Q. Why are you so concerned about the impact of the NVR on risk, since in the case of Midwest its investors are its customers?

A. I am concerned for several reasons. First, while theoretically Midwest's investors are its customers, the fact is that any one individual customer has very little ability to impact or influence decisions made by Midwest. For all practical purposes, the customers of Midwest are similar to the customers of investor-owned utilities. It is naive to assume that Midwest's customers do not need regulatory protections, since it is virtually impossible for any one customer to influence Midwest's management. The Board of Directors of Midwest is composed of nine directors with staggered terms. Even if a group of customers banded together, it would take a considerable amount of time to gain a majority on the Board. Moreover, given the inherent advantages of current Board membership, it is very difficult for any customer group to challenge a Board-endorsed candidate or policy.

The legislature apparently recognized the difficulties that face customers of cooperatives and determined that these customers, like the customers of investor-owned utilities, should be subject to KCC regulation. Therefore, the KCC should view the customers of Midwest for exactly what they are -- utility customers with very little ability to influence the decisions of utility management except through the regulatory process.

Q. Does the fact that Midwest is a cooperative make the NVR even more unnecessary?

A. Yes, it does. Midwest argues that since its customers are its shareholders, then the KCC should not object to management decisions to impose the NVR. Their rationale is that while the customer may have to pay more, the shareholder will earn more. Thus, looking at the customer and shareholder together, Midwest views the NVR proposal as neutral. However, the opposite is also true. If the customer and shareholder are indifferent in these dual roles, then the shareholder shouldn't care if he earns less than his authorized return, since he benefited from not having to pay higher utility rates. Therefore, there is even less reason to impose the NVR when the customers and shareholders are the same, as is the case in Midwest.

If the KCC believes that the NVR is an idea worth considering for Midwest, then it should require Midwest to obtain the approval of the majority of its customers before implementing such a mechanism. The management of Midwest should be required to demonstrate that the customers/shareholders support this concept, prior to it being implemented. Therefore, if the KCC is inclined to even consider the NVR, it should require Midwest to hold a vote on the concept and to obtain approval from the majority of its customers. Moreover, in conducting this vote, Midwest should make it very clear to customers that the NVR will guarantee a certain revenue stream for Midwest, regardless of any individual customer's actual usage or conservation efforts.

Q. Did the Company include an adjustment to its return on equity to reflect the reduced risk inherent in the NVR?

A. No, it did not. There was no discussion of the impact of the NVR in the Company's return on equity testimony. More importantly, Midwest made no adjustment to reduce its cost of equity to reflect the significant risk reduction that would occur if the NVR was adopted.

Q. What is the primary argument used by gas utilities to support decoupling mechanisms?

A. The most common argument is that the decoupling mechanisms are necessary in order to align the interests of the company and its ratepayers with regard to conservation efforts. Thus, companies generally argue that conservation is good for society, and that a decoupling mechanism is needed so that shareholders will not be harmed by conservation efforts. As a result, most companies that request a decoupling mechanism also include aggressive conservation programs as part of their proposals. In some cases, decoupling mechanisms are being linked to reductions in pipeline capacity costs and sometimes even in commodity prices[7] so that there is a direct link between the amount of any decoupling surcharge flowed though to ratepayers and rate reductions associated with the gas portion of the bill.

What is most surprising to me is that Midwest's decoupling proposal does not propose any specific new conservation programs. Nor does it include any measurement or evaluation of the success of any conservation or energy efficiency programs on overall gas usage. Midwest is also silent with regard to any gas cost savings that could be used to offset the proposed surcharge on ratepayers.

It should be noted that there is disagreement among various parties regarding whether utilities should take the primary role in promoting conservation or whether these efforts should be directed by government agencies. This is a debate that is also absent from the Company's testimony.

Q. In addition to the shifting of risk, are there other problems with decoupling mechanisms?

A. Yes, there are many. One of the most serious flaws is that these mechanisms send the wrong conservation signal to ratepayers. Decoupling proposals may provide an incentive for utilities to promote conservation, but at the same time they provide a disincentive for customers to conserve. This is because successful conservation results in an increased charge to ratepayers. Thus, ratepayers are going to be responsible for providing the same level of distribution revenue regardless of their usage. Decoupling mechanisms send the wrong signal to ratepayers in that they are charged higher rates when their usage declines.

Another problem with such mechanisms is that the NVR is charged to all customers within the rate class, regardless of the actual usage of any particular customer. Therefore, the NVR results in cost shifting among customers. For example, assume that the base revenue

7 The argument is sometimes made that reduced usage permits the Company to reduce peak purchases, thereby

per customer is $250.00 per year and that there are only two customers. Customer A conserves and therefore is billed only $150.00. Customer B does not conserve and is billed $250.00. Under the NVR, there would be a shortfall of $100.00 that would be recovered from both customers. Thus, Customer B, who provided the full delivery target revenue, would still be charged the NVR. This simple example is even more complicated by the fact that Midwest is proposing to combine certain rate classes for purposes of the determining the annual NVR.

Another flaw in the NVR is that it is likely to result in higher customer charges, at least over the next few years. Many studies indicate that usage per customer has declined over the past several years, due to unprecedented increases in energy costs, more efficient appliances and furnaces, and conservation efforts. This trend may continue for the short-term. If so, then Kansas ratepayers may be looking at several years of additional charges being imposed under the NVR. Moreover these additional charges would be imposed without the benefit of base rate cases. Therefore, while declining revenue per customer could result in the implementation of NVR surcharges, these surcharges could be imposed even if the utility is earning an appropriate rate of return, due to reductions in operating expenses or capital costs.

Q. Did Midwest provide any data about the impact of the NVR on customers?

A. No, it did not. Midwest did not provide any analysis to demonstrate what the impact of the

lowering the overall average commodity price passed through to ratepayers.

NVR is likely to be, or what impact the NVR would have had if it had been in place over the past several years.

Q. Have return on equity thresholds been implemented in some cases to ensure that the utility is not imposing a surcharge while earning more than its authorized return?

A. Yes, that is an option that has been employed. If the purpose of the NVR is to protect shareholders in the event of declining usage, then at a minimum the NVR should be subject to a return on equity test. There is no reason to provide additional earnings to a company that is already earning its authorized rate of return. While the return on equity test would be an improvement over Midwest's proposal, it still does not address the possibility of declining capital costs. For example, Midwest is requesting a return on equity premium in order to reach its return on equity target. Under the Company's proposal, the Company's cost of equity will drop as it moves closer to its targeted equity ratio, all other things being equal. Midwest has not taken this decline into account in formulating its NVR proposal. In fact, Midwest has ignored the entire issue of return on equity in developing its proposal.

Q. Given your concerns, what is your recommendation regarding the proposed NVR?

A. I recommend that it be rejected by the KCC. Midwest's proposal would simply impose an additional charge on ratepayers without any resulting customer benefit. Midwest's proposal does not include any new conservation programs. Nor did Midwest provide any studies or analyses to demonstrate the impact of the NVR on customer rates. Most importantly, Midwest has failed to recognize the significant risk reduction inherent in any decoupling mechanism. For these reasons, and the other concerns expressed above, I recommend that the KCC reject Midwest's decoupling proposal and retain the relationship between revenues and sales.

Q. Does this conclude your testimony?

A. Yes, it does.

Appendix A

List of Prior Testimonies

The Columbia Group, Inc., Testimonies of Andrea C. Crane

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Cablevision Systems Corporation	C	New Jersey	CR05110924, et al.	5/06	Cable Rates - Forms 1205 and 1240	Division of the Ratepayer Advocate
Montague Sewer Company	WW	New Jersey	WR05121056	5/06	Revenue Requirements	Division of the Ratepayer Advocate
Comcast of South Jersey	C	New Jersey	CR05119035, et al.	5/06	Cable Rates - Form 1240	Division of the Ratepayer Advocate
Comcast of New Jersey	C	New Jersey	CR05090826-827	4/06	Cable Rates - Form 1240	Division of the Ratepayer Advocate
Parkway Water Company	W	New Jersey	WR05070634	3/06	Revenue Requirements Cost of Capital	Division of the Ratepayer Advocate
Aqua Pennsylvania, Inc.	W	Pennsylvania	R-00051030	2/06	Revenue Requirements	Office of Consumer Advocate
Delmarva Power and Light Company	G	Delaware	05-312F	2/06	Gas Cost Rates	Division of the Public Advocate
Delmarva Power and Light Company	E	Delaware	05-304	12/05	Revenue Requirements Cost of Capital	Division of the Public Advocate
Utility Systems, Inc.	WW	Delaware	335-05	9/05	Regulatory Policy	Division of the Ratepayer Advocate
Westar Energy, Inc.	E	Kansas	05-WSEE-981-RTS	9/05	Revenue Requirements	Citizens' Utility Ratepayer Board
Empire Electric District Company	E	Kansas	05-EPDE-980-RTS	8/05	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Comcast Cable	C	New Jersey	CR05030186	8/05	Form 1205	Division of the Ratepayer Advocate
Pawtucket Water Supply Board	W	Rhode Island	3674	7/05	Revenue Requirements	Division of Public Utilities and Carriers
Delmarva Power and Light Company	E	Delaware	04-391	7/05	Standard Offer Service	Division of the Public Advocate
Patriot Media & Communications CNJ, LLC	C	New Jersey	CR04111453-455	6/05	Cable Rates	Division of the Ratepayer Advocate
Cablevision	C	New Jersey	CR04111379, et al.	6/05	Cable Rates	Division of the Ratepayer Advocate
Comcast of Mercer County, LLC	C	New Jersey	CR04111458	6/05	Cable Rates	Division of the Ratepayer Advocate
Comcast of South Jersey, LLC, et al.	C	New Jersey	CR04101356, et al.	5/05	Cable Rates	Division of the Ratepayer Advocate
Comcast of Central New Jersey LLC, et al.	C	New Jersey	CR04101077, et al.	4/05	Cable Rates	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	3660	4/05	Revenue Requirements	Division of Public Utilities and Carriers
Aquila, Inc.	G	Kansas	05-AQLG-367-RTS	3/05	Revenue Requirements Cost of Capital Tariff Issues	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	04-334-F	3/05	Gas Service Rates	Division of the Public Advocate

The Columbia Group, Inc., Testimonies of Andrea C. Crane

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Delmarva Power and Light Company	G	Delaware	04-301F	3/05	Gas Cost Rates	Division of the Public Advocate
Delaware Electric Cooperative, Inc.	E	Delaware	04-288	12/04	Revenue Requirements Cost of Capital	Division of the Public Advocate
Public Service Company of New Mexico	E	New Mexico	04-00311-UT	11/04	Renewable Energy Plans	Office of the New Mexico Attorney General
Woonsocket Water Division	W	Rhode Island	3626	10/04	Revenue Requirements	Division of Public Utilities and Carriers
Aquila, Inc.	E	Kansas	04-AQLE-1065-RTS	10/04	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	04-121	8/04	Conservation Rates (Affidavit)	Division of the Public Advocate
Atlantic City Electric Company	E	New Jersey	ER03020110 PUC 06061-2003S	8/04	Deferred Balance Phase II	Division of the Ratepayer Advocate
Kentucky American Water Company	W	Kentucky	2004-00103	8/04	Revenue Requirements	Office of Rate Intervention of the Attorney General
Shorelands Water Company	W	New Jersey	WR04040295	8/04	Revenue Requirements Cost of Capital	Division of the Ratepayer Advocate
Artesian Water Company	W	Delaware	04-42	8/04	Revenue Requirements Cost of Capital	Division of the Public Advocate
Long Neck Water Company	W	Delaware	04-31	7/04	Cost of Equity	Division of the Public Advocate
Tidewater Utilities, Inc.	W	Delaware	04-152	7/04	Cost of Capital	Division of the Public Advocate
Cablevision	C	New Jersey	CR03100850, et al.	6/04	Cable Rates	Division of the Ratepayer Advocate
Montague Water and Sewer Companies	W/WW	New Jersey	WR03121034 (W) WR03121035 (S)	5/04	Revenue Requirements	Division of the Ratepayer Advocate
Comcast of South Jersey, Inc.	C	New Jersey	CR03100876,77,79,80	5/04	Form 1240 Cable Rates	Division of the Ratepayer Advocate
Comcast of Central New Jersey, et al.	C	New Jersey	CR03100749-750 CR03100759-762	4/04	Cable Rates	Division of the Ratepayer Advocate
Time Warner	C	New Jersey	CR03100763-764	4/04	Cable Rates	Division of the Ratepayer Advocate
Interstate Navigation Company	N	Rhode Island	3573	3/04	Revenue Requirements	Division of Public Utilities and Carriers
Aqua Pennsylvania, Inc.	W	Pennsylvania	R-00038805	2/04	Revenue Requirements	Pennsylvania Office of Consumer Advocate
Comcast of Jersey City, et al.	C	New Jersey	CR03080598-601	2/04	Cable Rates	Division of the Ratepayer Advocate
Delmarva Power and Light Company	G	Delaware	03-378F	2/04	Fuel Clause	Division of the Public Advocate
Atmos Energy Corp.	G	Kansas	03-ATMG-1036-RTS	11/03	Revenue Requirements	Citizens' Utility Ratepayer Board

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Aquila, Inc. (UCU)	G	Kansas	02-UTCG-701-GIG	10/03	Using utility assets as collateral	Citizens' Utility Ratepayer Board
CenturyTel of Northwest Arkansas, LLC	T	Arkansas	03-041-U	10/03	Affiliated Interests	The Arkansas Public Service Commission General Staff
Borough of Butler Electric Utility	E	New Jersey	CR03010049/63	9/03	Revenue Requirements	Division of the Ratepayer Advocate
Comcast Cablevision of Avalon Comcast Cable Communications	C	New Jersey	CR03020131-132	9/03	Cable Rates	Division of the Ratepayer Advocate
Delmarva Power and Light Company d/b/a Conectiv Power Delivery	E	Delaware	03-127	8/03	Revenue Requirements	Division of the Public Advocate
Kansas Gas Service	G	Kansas	03-KGSG-602-RTS	7/03	Revenue Requirements	Citizens' Utility Ratepayer Board
Washington Gas Light Company	G	Maryland	8959	6/03	Cost of Capital Incentive Rate Plan	U.S. DOD/FEA
Pawtucket Water Supply Board	W	Rhode Island	3497	6/03	Revenue Requirements	Division of Public Utilities and Carriers
Atlantic City Electric Company	E	New Jersey	EO03020091	5/03	Stranded Costs	Division of the Ratepayer Advocate
Public Service Company of New Mexico	G	New Mexico	03-000-17 UT	5/03	Cost of Capital Cost Allocations	Office of the New Mexico Attorney General
Comcast - Hopewell, et al.	C	New Jersey	CR02110818 CR02110823-825	5/03	Cable Rates	Division of the Ratepayer Advocate
Cablevision Systems Corporation	C	New Jersey	CR02110838, 43-50	4/03	Cable Rates	Division of the Ratepayer Advocate
Comcast-Garden State / Northwest	C	New Jersey	CR02100715 CR02100719	4/03	Cable Rates	Division of the Ratepayer Advocate
Midwest Energy, Inc. and Westar Energy, Inc.	E	Kansas	03-MDWE-421-ACQ	4/03	Acquisition	Citizens' Utility Ratepayer Board
Time Warner Cable	C	New Jersey	CR02100722 CR02100723	4/03	Cable Rates	Division of the Ratepayer Advocate
Westar Energy, Inc.	E	Kansas	01-WSRE-949-GIE	3/03	Restructuring Plan	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Company	E	New Jersey	ER02080604 PUC 7983-02	1/03	Deferred Balance	Division of the Ratepayer Advocate
Atlantic City Electric Company d/b/a Conectiv Power Delivery	E	New Jersey	ER02080510 PUC 6917-02S	1/03	Deferred Balance	Division of the Ratepayer Advocate
Wallkill Sewer Company	WW	New Jersey	WR02030193 WR02030194	12/02	Revenue Requirements Purchased Sewage Treatment Adj. (PSTAC)	Division of the Ratepayer Advocate
Midwest Energy, Inc.	E	Kansas	03-MDWE-001-RTS	12/02	Revenue Requirements	Citizens' Utility Ratepayer Board
Comcast-LBI Crestwood	C	New Jersey	CR02050272 CR02050270	11/02	Cable Rates	Division of the Ratepayer Advocate
Reliant Energy Arkla	G	Oklahoma	PUD200200166	10/02	Affiliated Interest Transactions	Oklahoma Corporation Commission, Public Utility Division Staff

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Midwest Energy, Inc.	G	Kansas	02-MDWG-922-RTS	10/02	Gas Rates	Citizens' Utility Ratepayer Board
Comcast Cablevision of Avalon	C	New Jersey	CR02030134 CR02030137	7/02	Cable Rates	Division of the Ratepayer Advocate
RCN Telecom Services, Inc., and Home Link Communications	C	New Jersey	CR02010044, CR02010047	7/02	Cable Rates	Division of the Ratepayer Advocate
Washington Gas Light Company	G	Maryland	8920	7/02	Rate of Return Rate Design (Rebuttal)	General Services Administration (GSA)
Chesapeake Utilities Corporation	G	Delaware	01-307, Phase II	7/02	Rate Design Tariff Issues	Division of the Public Advocate
Washington Gas Light Company	G	Maryland	8920	6/02	Rate of Return Rate Design	General Services Administration (GSA)
Tidewater Utilities, Inc.	W	Delaware	02-28	6/02	Revenue Requirements	Division of the Public Advocate
Western Resources, Inc.	E	Kansas	01-WSRE-949-GIE	5/02	Financial Plan	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	02-EPDE-488-RTS	5/02	Revenue Requirements	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	3709	4/02	Fuel Costs	Office of the New Mexico Attorney General
Cablevision Systems	C	New Jersey	CR01110706, et al	4/02	Cable Rates	Division of the Ratepayer Advocate
Potomac Electric Power Company	E	District of Columbia	945, Phase II	4/02	Divestiture Procedures	General Services Administration (GSA)
Vermont Yankee Nuclear Power Corp.	E	Vermont	6545	3/02	Sale of VY to Entergy Corp. (Supplemental)	Department of Public Service
Delmarva Power and Light Company	G	Delaware	01-348F	1/02	Gas Cost Adjustment	Division of the Public Advocate
Vermont Yankee Nuclear Power Corp.	E	Vermont	6545	1/02	Sale of VY to Entergy Corp.	Department of Public Service
Pawtucket Water Supply Company	W	Rhode Island	3378	12/01	Revenue Requirements	Division of Public Utilities and Carriers
Chesapeake Utilities Corporation	G	Delaware	01-307, Phase I	12/01	Revenue Requirements	Division of the Public Advocate
Potomac Electric Power Company	E	Maryland	8796	12/01	Divestiture Procedures	General Services Administration (GSA)
Kansas Electric Power Cooperative	E	Kansas	01-KEPE-1106-RTS	11/01	Depreciation Methodology (Cross Answering)	Citizens' Utility Ratepayer Board
Wellsboro Electric Company	E	Pennsylvania	R-00016356	11/01	Revenue Requirements	Office of Consumer Advocate
Kent County Water Authority	W	Rhode Island	3311	10/01	Revenue Requirements (Surrebuttal)	Division of Public Utilities and Carriers
Pepco and New RC, Inc.	E	District of Columbia	1002	10/01	Merger Issues and Performance Standards	General Services Administration (GSA)

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Potomac Electric Power Co. & Delmarva Power	E	Delaware	01-194	10/01	Merger Issues and Performance Standards	Division of the Public Advocate
Yankee Gas Company	G	Connecticut	01-05-19PH01	9/01	Affiliated Transactions	Office of Consumer Counsel
Hope Gas, Inc., d/b/a Dominion Hope	G	West Virginia	01-0330-G-42T 01-0331-G-30C 01-1842-GT-T 01-0685-G-PC	9/01	Revenue Requirements (Rebuttal)	The Consumer Advocate Division of the PSC
Pennsylvania-American Water Company	W	Pennsylvania	R-00016339	9/01	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Potomac Electric Power Co. & Delmarva Power	E	Maryland	8890	9/01	Merger Issues and Performance Standards	General Services Administration (GSA)
Comcast Cablevision of Long Beach Island, et al	C	New Jersey	CR01030149-50 CR01050285	9/01	Cable Rates	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	3311	8/01	Revenue Requirements	Division of Public Utilities and Carriers
Pennsylvania-American Water Company	W	Pennsylvania	R-00016339	8/01	Revenue Requirements	Office of Consumer Advocate
Roxiticus Water Company	W	New Jersey	WR01030194	8/01	Revenue Requirements Cost of Capital Rate Design	Division of the Ratepayer Advocate
Hope Gas, Inc., d/b/a Dominion Hope	G	West Virginia	01-0330-G-42T 01-0331-G-30C 01-1842-GT-T 01-0685-G-PC	8/01	Revenue Requirements	Consumer Advocate Division of the PSC
Western Resources, Inc.	E	Kansas	01-WSRE-949-GIE	6/01	Restructuring Financial Integrity (Rebuttal)	Citizens' Utility Ratepayer Board
Western Resources, Inc.	E	Kansas	01-WSRE-949-GIE	6/01	Restructuring Financial Integrity	Citizens' Utility Ratepayer Board
Cablevision of Allamuchy, et al	C	New Jersey	CR00100824, etc.	4/01	Cable Rates	Division of the Ratepayer Advocate
Public Service Company of New Mexico	E	New Mexico	3137, Holding Co.	4/01	Holding Company	Office of the Attorney General
Keauhou Community Services, Inc.	W	Hawaii	00-0094	4/01	Rate Design	Division of Consumer Advocacy
Western Resources, Inc.	E	Kansas	01-WSRE-436-RTS	4/01	Revenue Requirements Affiliated Interests (Motion for Suppl. Changes)	Citizens' Utility Ratepayer Board
Western Resources, Inc.	E	Kansas	01-WSRE-436-RTS	4/01	Revenue Requirements Affiliated Interests	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	3137, Part III	4/01	Standard Offer Service (Additional Direct)	Office of the Attorney General
Chem-Nuclear Systems, LLC	SW	South Carolina	2000-366-A	3/01	Allowable Costs	Department of Consumer Affairs
Southern Connecticut Gas Company	G	Connecticut	00-12-08	3/01	Affiliated Interest Transactions	Office of Consumer Counsel

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Atlantic City Sewerage Corporation	WW	New Jersey	WR00080575	3/01	Revenue Requirements Cost of Capital Rate Design	Division of the Ratepayer Advocate
Delmarva Power and Light Company d/b/a Conectiv Power Delivery	G	Delaware	00-314	3/01	Margin Sharing	Division of the Public Advocate
Senate Bill 190 Re: Performance Based Ratemaking	G	Kansas	Senate Bill 190	2/01	Performance-Based Ratemaking Mechanisms	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	00-463-F	2/01	Gas Cost Rates	Division of the Public Advocate
Waitsfield Fayston Telephone Company	T	Vermont	6417	12/00	Revenue Requirements	Department of Public Service
Delaware Electric Cooperative	E	Delaware	00-365	11/00	Code of Conduct Cost Allocation Manual	Division of the Public Advocate
Commission Inquiry into Performance-Based Ratemaking	G	Kansas	00-GIMG-425-GIG	10/00	Performance-Based Ratemaking Mechanisms	Citizens' Utility Ratepayer Board
Pawtucket Water Supply Board	W	Rhode Island	3164 Separation Plan	10/00	Revenue Requirements	Division of Public Utilities and Carriers
Comcast Cablevision of Philadelphia, L.P.	C	Pennsylvania	3756	10/00	Late Payment Fees (Affidavit)	Kaufman, Lankelis, et al.
Public Service Company of New Mexico	E	New Mexico	3137, Part III	9/00	Standard Offer Service	Office of the Attorney General
Laie Water Company	W	Hawaii	00-0017 Separation Plan	8/00	Rate Design	Division of Consumer Advocacy
El Paso Electric Company	E	New Mexico	3170, Part II, Ph. 1	7/00	Electric Restructuring	Office of the Attorney General
Public Service Company of New Mexico	E	New Mexico	3137 - Part II Separation Plan	7/00	Electric Restructuring	Office of the Attorney General
PG Energy	G	Pennsylvania	R-00005119	6/00	Revenue Requirements	Office of Consumer Advocate
Consolidated Edison, Inc. and Northeast Utilities	E/G	Connecticut	00-01-11	4/00	Merger Issues (Additional Supplemental)	Office of Consumer Counsel
Sussex Shores Water Company	W	Delaware	99-576	4/00	Revenue Requirements	Division of the Public Advocate
Utilicorp United, Inc.	G	Kansas	00-UTCG-336-RTS	4/00	Revenue Requirements	Citizens' Utility Ratepayer Board
TCI Cablevision	C	Missouri	9972-9146	4/00	Late Fees (Affidavit)	Honora Eppert, et al
Oklahoma Natural Gas Company	G	Oklahoma	PUD 990000166 PUD 980000683 PUD 990000570	3/00	Pro Forma Revenue Affiliated Transactions (Rebuttal)	Oklahoma Corporation Commission, Public Utility Division Staff
Tidewater Utilities, Inc. Public Water Supply Co.	W	Delaware	99-466	3/00	Revenue Requirements	Division of the Public Advocate
Delmarva Power and Light Company	G/E	Delaware	99-582	3/00	Cost Accounting Manual Code of Conduct	Division of the Public Advocate

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Philadelphia Suburban Water Company	W	Pennsylvania	R-00994868 R-00994877 R-00994878 R-00994879	3/00	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Philadelphia Suburban Water Company	W	Pennsylvania	R-00994868 R-00994877 R-00994878 R-00994879	2/00	Revenue Requirements	Office of Consumer Advocate
Consolidated Edison, Inc. and Northeast Utilities	E/G	Connecticut	00-01-11	2/00	Merger Issues	Office of Consumer Counsel
Oklahoma Natural Gas Company	G	Oklahoma	PUD 990000166 PUD 980000683 PUD 990000570	1/00	Pro Forma Revenue Affiliated Transactions	Oklahoma Corporation Commission, Public Utility Division Staff
Connecticut Natural Gas Company	G	Connecticut	99-09-03	1/00	Affiliated Transactions	Office of Consumer Counsel
Time Warner Entertainment Company, L.P.	C	Indiana	48D06-9803-CP-423	1999	Late Fees (Affidavit)	Kelly J. Whiteman, et al
TCI Communications, Inc., et al	C	Indiana	55D01-9709-CP-00415	1999	Late Fees (Affidavit)	Franklin E. Littell, et al
Southwestern Public Service Company	E	New Mexico	3116	12/99	Merger Approval	Office of the Attorney General
New England Electric System Eastern Utility Associates	E	Rhode Island	2930	11/99	Merger Policy	Department of Attorney General
Delaware Electric Cooperative	E	Delaware	99-457	11/99	Electric Restructuring	Division of the Public Advocate
Jones Intercable, Inc.	C	Maryland	CAL98-00283	10/99	Cable Rates (Affidavit)	Cynthia Maisonette and Ola Renee Chatman, et al
Texas-New Mexico Power Company	E	New Mexico	3103	10/99	Acquisition Issues	Office of Attorney General
Southern Connecticut Gas Company	G	Connecticut	99-04-18	9/99	Affiliated Interest	Office of Consumer Counsel
TCI Cable Company	C	New Jersey	CR99020079 et al	9/99	Cable Rates Forms 1240/1205	Division of the Ratepayer Advocate
All Regulated Companies	E/G/W	Delaware	Reg. No. 4	8/99	Filing Requirements (Position Statement)	Division of the Public Advocate
Mile High Cable Partners	C	Colorado	95-CV-5195	7/99	Cable Rates (Affidavit)	Brett Marshall, an individual, et al
Electric Restructuring Comments	E	Delaware	Reg. 49	7/99	Regulatory Policy (Supplemental)	Division of the Public Advocate
Long Neck Water Company	W	Delaware	99-31	6/99	Revenue Requirements	Division of the Public Advocate
Delmarva Power and Light Company	E	Delaware	99-163	6/99	Electric Restructuring	Division of the Public Advocate
Potomac Electric Power Company	E	District of Columbia	945	6/99	Divestiture of Generation Assets	U.S. GSA - Public Utilities
Comcast	C	Indiana	49C01-9802-CP-000386	6/99	Late Fees (Affidavit)	Ken Hecht, et al

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Petitions of BA-NJ and NJPA re: Payphone Ops	T	New Jersey	TO97100792 PUCOT 11269-97N	6/99	Economic Subsidy Issues (Surrebuttal)	Division of the Ratepayer Advocate
Montague Water and Sewer Companies	W/WW	New Jersey	WR98101161 WR98101162 PUCRS 11514-98N	5/99	Revenue Requirements Rate Design (Supplemental)	Division of the Ratepayer Advocate
Cablevision of Bergen, Bayonne, Newark	C	New Jersey	CR98111197-199 CR98111190	5/99	Cable Rates Forms 1240/1205	Division of the Ratepayer Advocate
Cablevision of Bergen, Hudson, Monmouth	C	New Jersey	CR97090624-626 CTV 1697-98N	5/99	Cable Rates - Form 1235 (Rebuttal)	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	2860	4/99	Revenue Requirements	Division of Public Utilities & Carriers
Montague Water and Sewer Companies	W/WW	New Jersey	WR98101161 WR98101162	4/99	Revenue Requirements Rate Design	Division of the Ratepayer Advocate
PEPCO	E	District of Columbia	945	4/99	Divestiture of Assets	U.S. GSA - Public Utilities
Western Resources, Inc. and Kansas City Power & Light	E	Kansas	97-WSRE-676-MER	4/99	Merger Approval (Surrebuttal)	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	E	Delaware	98-479F	3/99	Fuel Costs	Division of the Public Advocate
Lenfest Atlantic d/b/a Suburban Cable	C	New Jersey	CR97070479 et al	3/99	Cable Rates	Division of the Ratepayer Advocate
Electric Restructuring Comments	E	District of Columbia	945	3/99	Regulatory Policy	U.S. GSA - Public Utilities
Petitions of BA-NJ and NJPA re: Payphone Ops	T	New Jersey	TO97100792 PUCOT 11269-97N	3/99	Tariff Revision Payphone Subsidies FCC Services Test (Rebuttal)	Division of the Ratepayer Advocate
Western Resources, Inc. and Kansas City Power & Light	E	Kansas	97-WSRE-676-MER	3/99	Merger Approval (Answering)	Citizens' Utility Ratepayer Board
Western Resources, Inc. and Kansas City Power & Light	E	Kansas	97-WSRE-676-MER	2/99	Merger Approval	Citizens' Utility Ratepayer Board
Adelphia Cable Communications	C	Vermont	6117-6119	1/99	Late Fees (Additional Direct Supplemental)	Department of Public Service
Adelphia Cable Communications	C	Vermont	6117-6119	12/98	Cable Rates (Forms 1240, 1205, 1235) and Late Fees (Direct Supplemental)	Department of Public Service
Adelphia Cable Communications	C	Vermont	6117-6119	12/98	Cable Rates (Forms 1240, 1205, 1235) and Late Fees	Department of Public Service
Orange and Rockland/ Consolidated Edison	E	New Jersey	EM98070433	11/98	Merger Approval	Division of the Ratepayer Advocate
Cablevision	C	New Jersey	CR97090624 CR97090625 CR97090626	11/98	Cable Rates - Form 1235	Division of the Ratepayer Advocate
Petitions of BA-NJ and NJPA re: Payphone Ops.	T	New Jersey	TO97100792 PUCOT 11269-97N	10/98	Payphone Subsidies FCC New Services Test	Division of the Ratepayer Advocate

Company	Utility	State	Docket	Date	Topic	On Behalf Of
United Water Delaware	W	Delaware	98-98	8/98	Revenue Requirements	Division of the Public Advocate
Cablevision	C	New Jersey	CR97100719, 726 730, 732	8/98	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Potomac Electric Power Company	E	Maryland	Case No. 8791	8/98	Revenue Requirements Rate Design	U.S. GSA - Public Utilities
Investigation of BA-NJ IntraLATA Calling Plans	T	New Jersey	TO97100808 PUCOT 11326-97N	8/98	Anti-Competitive Practices (Rebuttal)	Division of the Ratepayer Advocate
Investigation of BA-NJ IntraLATA Calling Plans	T	New Jersey	TO97100808 PUCOT 11326-97N	7/98	Anti-Competitive Practices	Division of the Ratepayer Advocate
TCI Cable Company/ Cablevision	C	New Jersey	CTV 03264-03268 and CTV 05061	7/98	Cable Rates	Division of the Ratepayer Advocate
Mount Holly Water Company	W	New Jersey	WR98020058 PUC 03131-98N	7/98	Revenue Requirements	Division of the Ratepayer Advocate
Pawtucket Water Supply Board	W	Rhode Island	2674	5/98	Revenue Requirements (Surrebuttal)	Division of Public Utilities & Carriers
Pawtucket Water Supply Board	W	Rhode Island	2674	4/98	Revenue Requirements	Division of Public Utilities and Carriers
Energy Master Plan Phase II Proceeding - Restructuring	E	New Jersey	EX94120585U, EO97070457,60,63,66	4/98	Electric Restructuring Issues (Supplemental Surrebuttal)	Division of the Ratepayer Advocate
Energy Master Plan Phase I Proceeding - Restructuring	E	New Jersey	EX94120585U, EO97070457,60,63,66	3/98	Electric Restructuring Issues	Division of the Ratepayer Advocate
Shorelands Water Company	W	New Jersey	WR97110835 PUC 11324-97	2/98	Revenue Requirements	Division of the Ratepayer Advocate
TCI Communications, Inc.	C	New Jersey	CR97030141 and others	11/97	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Citizens Telephone Co. of Kecksburg	T	Pennsylvania	R-00971229	11/97	Alternative Regulation Network Modernization	Office of Consumer Advocate
Consumers Pennsylvania Water Co. - Shenango Valley Division	W	Pennsylvania	R-00973972	10/97	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Universal Service Funding	T	New Jersey	TX95120631	10/97	Schools and Libraries Funding (Rebuttal)	Division of the Ratepayer Advocate
Universal Service Funding	T	New Jersey	TX95120631	9/97	Low Income Fund High Cost Fund	Division of the Ratepayer Advocate
Consumers Pennsylvania Water Co. - Shenango Valley Division	W	Pennsylvania	R-00973972	9/97	Revenue Requirements	Office of Consumer Advocate
Delmarva Power and Light Company	G/E	Delaware	97-65	9/97	Cost Accounting Manual Code of Conduct	Office of the Public Advocate
Western Resources, Oneok, and WAI	G	Kansas	WSRG-486-MER	9/97	Transfer of Gas Assets	Citizens' Utility Ratepayer Board
Universal Service Funding	T	New Jersey	TX95120631	9/97	Schools and Libraries Funding (Rebuttal)	Division of the Ratepayer Advocate

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Universal Service Funding	T	New Jersey	TX95120631	8/97	Schools and Libraries Funding	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	2555	8/97	Revenue Requirements (Surrebuttal)	Division of Public Utilities and Carriers
Ironton Telephone Company	T	Pennsylvania	R-00971182	8/97	Alternative Regulation Network Modernization (Surrebuttal)	Office of Consumer Advocate
Ironton Telephone Company	T	Pennsylvania	R-00971182	7/97	Alternative Regulation Network Modernization	Office of Consumer Advocate
Comcast Cablevision	C	New Jersey	Various	7/97	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Maxim Sewerage Corporation	WW	New Jersey	WR97010052 PUCRA 3154-97N	7/97	Revenue Requirements	Division of the Ratepayer Advocate
Kent County Water Authority	W	Rhode Island	2555	6/97	Revenue Requirements	Division of Public Utilities and Carriers
Consumers Pennsylvania Water Co. - Roaring Creek	W	Pennsylvania	R-00973869	6/97	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Consumers Pennsylvania Water Co. - Roaring Creek	W	Pennsylvania	R-00973869	5/97	Revenue Requirements	Office of Consumer Advocate
Delmarva Power and Light Company	E	Delaware	97-58	5/97	Merger Policy	Office of the Public Advocate
Middlesex Water Company	W	New Jersey	WR96110818 PUCRL 11663-96N	4/97	Revenue Requirements	Division of the Ratepayer Advocate
Maxim Sewerage Corporation	WW	New Jersey	WR96080628 PUCRA 09374-96N	3/97	Purchased Sewerage Adjustment	Division of the Ratepayer Advocate
Interstate Navigation Company	N	Rhode Island	2484	3/97	Revenue Requirements Cost of Capital (Surrebuttal)	Division of Public Utilities & Carriers
Interstate Navigation Company	N	Rhode Island	2484	2/97	Revenue Requirements Cost of Capital	Division of Public Utilities & Carriers
Electric Restructuring Comments	E	District of Columbia	945	1/97	Regulatory Policy	U.S. GSA - Public Utilities
United Water Delaware	W	Delaware	96-194	1/97	Revenue Requirements	Office of the Public Advocate
PEPCO/ BGE/ Merger Application	E/G	District of Columbia	951	10/96	Regulatory Policy Cost of Capital (Rebuttal)	GSA
Western Resources, Inc.	E	Kansas	193,306-U 193,307-U	10/96	Revenue Requirements Cost of Capital (Supplemental)	Citizens' Utility Ratepayer Board
PEPCO and BGE Merger Application	E/G	District of Columbia	951	9/96	Regulatory Policy, Cost of Capital	U.S. GSA - Public Utilities
Utilicorp United, Inc.	G	Kansas	193,787-U	8/96	Revenue Requirements	Citizens' Utility Ratepayer Board
TKR Cable Company of Gloucester	C	New Jersey	CTV07030-95N	7/96	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate

Company	Utility	State	Docket	Date	Topic	On Behalf Of
TKR Cable Company of Warwick	C	New Jersey	CTV057537-95N	7/96	Cable Rates (Oral Testimony)	Division of the Ratepayer Advocate
Delmarva Power and Light Company	E	Delaware	95-196F	5/96	Fuel Cost Recovery	Office of the Public Advocate
Western Resources, Inc.	E	Kansas	193,306-U 193,307-U	5/96	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Princeville Utilities Company, Inc.	W/WW	Hawaii	95-0172 95-0168	1/96	Revenue Requirements Rate Design	Princeville at Hanalei Community Association
Western Resources, Inc.	G	Kansas	193,305-U	1/96	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Environmental Disposal Corporation	WW	New Jersey	WR94070319 (Remand Hearing)	11/95	Revenue Requirements Rate Design (Supplemental)	Division of the Ratepayer Advocate
Environmental Disposal Corporation	WW	New Jersey	WR94070319 (Remand Hearing)	11/95	Revenue Requirements	Division of the Ratepayer Advocate
Lanai Water Company	W	Hawaii	94-0366	10/95	Revenue Requirements Rate Design	Division of Consumer Advocacy
Cablevision of New Jersey, Inc.	C	New Jersey	CTV01382-95N	8/95	Basic Service Rates (Oral Testimony)	Division of the Ratepayer Advocate
Cablevision of New Jersey, Inc.	C	New Jersey	CTV01381-95N	8/95	Basic Service Rates (Oral Testimony)	Division of the Ratepayer Advocate
Chesapeake Utilities Corporation	G	Delaware	95-73	7/95	Revenue Requirements	Office of the Public Advocate
East Honolulu Community Services, Inc.	WW	Hawaii	7718	6/95	Revenue Requirements	Division of Consumer Advocacy
Wilmington Suburban Water Corporation	W	Delaware	94-149	3/95	Revenue Requirements	Office of the Public Advocate
Environmental Disposal Corporation	WW	New Jersey	WR94070319	1/95	Revenue Requirements (Supplemental)	Division of the Ratepayer Advocate
Roaring Creek Water Company	W	Pennsylvania	R-00943177	1/95	Revenue Requirements (Surrebuttal)	Office of Consumer Advocate
Roaring Creek Water Company	W	Pennsylvania	R-00943177	12/94	Revenue Requirements	Office of Consumer Advocate
Environmental Disposal Corporation	WW	New Jersey	WR94070319	12/94	Revenue Requirements	Division of the Ratepayer Advocate
Delmarva Power and Light Company	E	Delaware	94-84	11/94	Revenue Requirements	Office of the Public Advocate
Delmarva Power and Light Company	G	Delaware	94-22	8/94	Revenue Requirements	Office of the Public Advocate
Empire District Electric Company	E	Kansas	190,360-U	8/94	Revenue Requirements	Citizens' Utility Ratepayer Board
Morris County Municipal Utility Authority	SW	New Jersey	MM10930027 ESW 1426-94	6/94	Revenue Requirements	Rate Counsel
US West Communications	T	Arizona	E-1051-93-183	5/94	Revenue Requirements (Surrebuttal)	Residential Utility Consumer Office

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Pawtucket Water Supply Board	W	Rhode Island	2158	5/94	Revenue Requirements (Surrebuttal)	Division of Public Utilities & Carriers
US West Communications	T	Arizona	E-1051-93-183	3/94	Revenue Requirements	Residential Utility Consumer Office
Pawtucket Water Supply Board	W	Rhode Island	2158	3/94	Revenue Requirements	Division of Public Utilities & Carriers
Pollution Control Financing Authority of Camden County	SW	New Jersey	SR91111718J	2/94	Revenue Requirements (Supplemental)	Rate Counsel
Roaring Creek Water Company	W	Pennsylvania	R-00932665	9/93	Revenue Requirements (Supplemental)	Office of Consumer Advocate
Roaring Creek Water Company	W	Pennsylvania	R-00932665	9/93	Revenue Requirements	Office of Consumer Advocate
Kent County Water Authority	W	Rhode Island	2098	8/93	Revenue Requirements (Surrebuttal)	Division of Public Utilities and Carriers
Wilmington Suburban Water Company	W	Delaware	93-28	7/93	Revenue Requirements	Office of Public Advocate
Kent County Water Authority	W	Rhode Island	2098	7/93	Revenue Requirements	Division of Public Utilities & Carriers
Camden County Energy Recovery Associates, Inc.	SW	New Jersey	SR91111718J ESW1263-92	4/93	Revenue Requirements	Rate Counsel
Pollution Control Financing Authority of Camden County	SW	New Jersey	SR91111718J ESW 1263-92	4/93	Revenue Requirements	Rate Counsel
Jamaica Water Supply Company	W	New York	92-W-0583	3/93	Revenue Requirements	County of Nassau Town of Hempstead
New Jersey-American Water Company	W/WW	New Jersey	WR92090908J PUC 7266-92S	2/93	Revenue Requirements	Rate Counsel
Passaic County Utilities Authority	SW	New Jersey	SR91121816J ESW0671-92N	9/92	Revenue Requirements	Rate Counsel
East Honolulu Community Services, Inc.	WW	Hawaii	7064	8/92	Revenue Requirements	Division of Consumer Advocacy
The Jersey Central Power and Light Company	E	New Jersey	PUC00661-92 ER91121820J	7/92	Revenue Requirements	Rate Counsel
Mercer County Improvement Authority	SW	New Jersey	EWS11261-91S SR91111682J	5/92	Revenue Requirements	Rate Counsel
Garden State Water Company	W	New Jersey	WR9109-1483 PUC 09118-91S	2/92	Revenue Requirements	Rate Counsel
Elizabethtown Water Company	W	New Jersey	WR9108-1293J PUC 08057-91N	1/92	Revenue Requirements	Rate Counsel
New-Jersey American Water Company	W/WW	New Jersey	WR9108-1399J PUC 8246-91	12/91	Revenue Requirements	Rate Counsel
Pennsylvania-American Water Company	W	Pennsylvania	R-911909	10/91	Revenue Requirements	Office of Consumer Advocate
Mercer County Improvement Authority	SW	New Jersey	SR9004-0264J PUC 3389-90	10/90	Revenue Requirements	Rate Counsel

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Kent County Water Authority	W	Rhode Island	1952	8/90	Revenue Requirements Regulatory Policy (Surrebuttal)	Division of Public Utilities & Carriers
New York Telephone	T	New York	90-C-0191	7/90	Revenue Requirements Affiliated Interests (Supplemental)	NY State Consumer Protection Board
New York Telephone	T	New York	90-C-0191	7/90	Revenue Requirements Affiliated Interests	NY State Consumer Protection Board
Kent County Water Authority	W	Rhode Island	1952	6/90	Revenue Requirements Regulatory Policy	Division of Public Utilities & Carriers
Ellesor Transfer Station	SW	New Jersey	SO8712-1407 PUC 1768-88	11/89	Regulatory Policy	Rate Counsel
Interstate Navigation Co.	N	Rhode Island	D-89-7	8/89	Revenue Requirements Regulatory Policy	Division of Public Utilities & Carriers
Automated Modular Systems, Inc.	SW	New Jersey	PUC1769-88	5/89	Revenue Requirements Schedules	Rate Counsel
SNET Cellular, Inc.	T	Connecticut	-	2/89	Regulatory Policy	First Selectman Town of Redding