

BEFORE THE STATE OF KANSAS
STATE CORPORATION COMMISSION

STATE CORPORATION COMMISSION

DEC 17 2007

Susan K. Duffy Docket Room

IN THE MATTER OF THE JOINT APPLICATION OF)
AQUILA, INC., D/B/A AQUILA NETWORKS - KGO,)
BLACK HILLS CORPORATION AND BLACK) DOCKET NO. 07-BHCG-1063-ACQ ✓
HILLS/KANSAS GAS UTILITY COMPANY, LLC)
("BH KANSAS GAS"), JOINT APPLICANTS, FOR)
AN ORDER APPROVING THE TRANSFER TO)
BH KANSAS GAS OF AQUILA'S CERTIFICATE OF)
CONVENIENCE AND NECESSITY AND)
FRANCHISES WITH RESPECT TO ALL OF)
AQUILA'S KANSAS NATURAL GAS BUSINESS,)
INCLUDING ITS TRANSMISSION AND)
DISTRIBUTION FACILITIES LOCATED IN THE)
STATE OF KANSAS, AND FOR OTHER RELATED)
RELIEF)

IN THE MATTER OF THE JOINT APPLICATION OF)
GREAT PLAINS ENERGY INCORPORATED,)
KANSAS CITY POWER & LIGHT COMPANY,) DOCKET NO. 07-KCPE-1064-ACQ
AND AQUILA, INC. FOR APPROVAL OF THE)
ACQUISITION OF AQUILA, INC. BY GREAT)
PLAINS ENERGY INCORPORATED)

Direct Testimony of

Andrea C. Crane

On Behalf of

The Citizens' Utility Ratepayer Board

December 18, 2007

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Appendix A - List of Prior Testimonies

1 **I. STATEMENT OF QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Andrea C. Crane and my business address is 199 Ethan Allen Highway, 2nd
4 Floor, Ridgefield, Connecticut 06877. (Mailing address: PO Box 810, Georgetown,
5 Connecticut 06829)

6
7 **Q. By whom are you employed and in what capacity?**

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

13
14 **Q. Please summarize your professional experience in the utility industry.**

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

20
21 **Q. Have you previously testified in regulatory proceedings?**

1 A. Yes, since joining The Columbia Group, Inc. in January, 1989, I have testified in over 250
2 dockets in the states of Arizona, Arkansas, Connecticut, Delaware, Hawaii, Kansas,
3 Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania,
4 Rhode Island, South Carolina, Vermont, West Virginia, and the District of Columbia. These
5 proceedings involved electric, gas, water, wastewater, telephone, solid waste, cable
6 television, and navigation utilities.

7
8 **Q. Have you previously testified in utility merger proceedings?**

9 **A.** Yes, in addition to providing testimony in various utility rate proceedings and in proceedings
10 involving electric industry restructuring, I have also testified in several cases involving the
11 merger of electric and/or gas utilities. I have been engaged in cases involving Consolidated
12 Edison, Inc. and Orange and Rockland Utilities, Inc.; Consolidated Edison, Inc. and
13 Northeast Utilities, Inc.; Delmarva Power and Light Company and Atlantic Energy
14 Corporation; Western Resources, Inc. and Oneok, Inc.; Western Resources, Inc. and the
15 Kansas City Power and Light Company; Potomac Electric Power Company and the
16 Baltimore Gas and Electric Company; New England Electric System and Eastern Utilities
17 Associates, Inc.; the Long Island Power Company and Brooklyn Union Gas; Potomac
18 Electric Power Company and Conectiv, Inc.; New Century Energies, Inc. and the Northern
19 States Power Company; Midwest Energy, Inc. and Westar Energy, Inc.; and Aquila, Inc. and
20 Mid-Kansas Electric Company. In addition, I participated in the proceeding involving the
21 acquisition of Texas-New Mexico Power Company by an investment group.

1

2 **Q. What is your educational background?**

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

6

7 **II. PURPOSE OF TESTIMONY**

8 **Q. What is the purpose of your testimony?**

9 A. The Columbia Group, Inc. was engaged by the Citizens' Utility Ratepayer Board ("CURB")
10 to review two Joint Applications involving the sale of assets, to identify areas of possible
11 concern to Kansas ratepayers, and to develop recommendations for consideration by the
12 Kansas Corporation Commission ("KCC"). The first Joint Application, filed by Aquila, Inc.
13 d/b/a Aquila Networks-KGO ("Aquila"), Black Hills Corporation and Black Hills/Kansas
14 Gas Utility Company, LLC (collectively Black Hills") seeks authorization for Black Hills to
15 purchase Aquila's gas assets, including those gas assets located in Kansas, as well as
16 Aquila's electric operations in Colorado. The second Joint Application, filed by Aquila,
17 Great Plains Energy, Inc. ("GPE") and Kansas City Power and Light Company ("KCPL"),
18 seeks authorization for GPE to purchase the stock of Aquila and its remaining electric
19 operations in Missouri.

20 In developing my recommendations, I reviewed the prefiled testimony and exhibits of
21 the Joint Applicants, and the responses to data requests propounded upon the Joint

1 Applicants by CURB and by the Staff of the KCC. I also reviewed certain documents
2 relating to approval of the proposed merger in other regulatory jurisdictions, and other
3 documents useful in an analysis of the Joint Applications.
4

5 **III. SUMMARY OF CONCLUSIONS**

6 **Q. What are your conclusions and recommendations concerning the Joint Application?**

7 A. My conclusions and recommendations are as follows:

- 8 1. As currently proposed, the Black Hills/Aquila acquisition is not in the public interest and
9 it should be denied by the KCC.
- 10 2. As currently proposed, the Black Hills/Aquila will burden ratepayers with recovery of
11 costs relating to an acquisition premium, transition costs, and transaction costs over the
12 next twenty-five years.
- 13 3. Although it appears that Black Hills has the expertise to operate the Aquila gas system,
14 the proposed acquisition will not result in the economies of scale often found in other
15 merger transactions and that produce cost savings.
- 16 4. The Black Hills/Aquila cost savings are based on speculative Aquila baseline estimates
17 and are not subject to any verification methodology.
- 18 5. If the Black Hills/Aquila acquisition is approved, no acquisition costs, including
19 transaction and transition costs, should be allocated to ratepayers.
- 20 6. The proposed GPE/Aquila, as currently structured, is not in the public interest and should
21 be denied.

1 7. The proposed GPE/Aquila merger will increase rates by \$225 million, without any
2 assurance of cost savings flowing to ratepayers.

3 8. GPE’s estimate of cost savings includes enabled savings, which could be achieved in the
4 absence of the merger.

5 9. By GPE’s own admission, the GPE/Aquila cost savings as projected by GPE are high
6 relative to other merger transactions.

7 10. If the KCC approves the proposed GPE/Aquila acquisition, it should suspend the
8 Contributions in Aid of Construction (“CIAC”) provisions of the KCPL regulatory plan.

9 11. If the GPE/Aquila acquisition is approved, the KCC should deny GPE’s request to
10 recover \$225 million in associated costs from ratepayers.

11 12. The KCC should take no action on the GPE/Aquila merger until all parties have the
12 opportunity to review and comment upon the revised GPE/Aquila merger plan, which
13 GPE states will be filed in January with the Missouri Public Service Commission
14 (“PSC”).

15
16 **IV. BACKGROUND OF THE APPLICATION**

17 **Q. Please summarize the Joint Applications in this docket.**

18 A. On April 4, 2007, a Joint Application was filed by Aquila, Inc. d/b/a Aquila Networks-KGO
19 (“Aquila”), and by Black Hills Corporation and Black Hills/Kansas Gas Utility Company,
20 LLC (together “Black Hills”), requesting approval by the KCC of a transfer of Aquila’s
21 natural gas system in Kansas to Black Hills. Pursuant to an announcement on February 7,

1 2007, Aquila announced that Black Hills would be acquiring Aquila’s gas assets in
2 Colorado, Iowa, Nebraska, and Kansas as well as its electric utility assets in Colorado.

3 A Joint Application was also filed on April 4, 2007 by Aquila, Great Plains Energy
4 (“GPE”) and Kansas City Power and Light Company (“KCPL”). Pursuant to that filing,
5 Gregory Acquisition Corp., a wholly-owned subsidiary of GPE, will merge with and into
6 Aquila, with Aquila as the surviving entity. The effect of this merger is that GPE will
7 effectively acquire Aquila’s Missouri electric operations.

8 As outlined in the testimony of Aquila witness Richard C. Loomis, Aquila serves
9 approximately 106,000 retail customers in 35 counties in Kansas. Aquila has operations
10 centers in Lawrence, Wichita, Garden City, Dodge City, Liberal and Goodland.
11 Approximately 89% of Aquila’s customers are residential. Aquila initiated the sale of four
12 of its utilities in September 2005 as part of an overall restructuring plan. As part of that
13 restructuring plan, Aquila sold its electric utility operations in Kansas to Mid-Kansas Electric
14 Company (“MKEC”), a company formed by several cooperatives that were already
15 providing electric service in Kansas. That sale was reviewed in Docket No. 06-MKEE-524-
16 ACQ and the KCC approved the acquisition of the Kansas electric assets by MKEC on
17 February 23, 2007.

18 Aquila subsequently began a strategic review of its remaining Aquila operations and
19 determined that that “shareholder value would most likely be maximized through a sale of

1 Aquila.”¹ The Blackstone Group LP and Lehman Brothers were engaged to advise Aquila
2 on the transaction while Evercore Group LLC was engaged to provide advice to the
3 independent board members of Aquila’s board.

4 My testimony addresses both the Black Hills/Aquila acquisition and the GPE/Aquila
5 acquisition. I will address the Black Hills/Aquila acquisition in Section V and the
6 GPE/Aquila in Section VI.

7
8
9 **V. DISCUSSION OF THE BLACK HILLS/AQUILA TRANSACTION**

10 **Q. Please provide a description of Black Hills.**

11 A. Black Hills Corporation is a public utility holding company under the Energy Policy Act of
12 2005.² According to the testimony of Black Hills witness Linden R. Evans, Black Hills is
13 engaged in the electric and gas business in three states and is engaged in wholesale energy
14 production and marketing in the western United States and Canada. Black Hills has four
15 wholly-owned subsidiaries:

- 16 ➤ Black Hills Power - Provides retail electric service to approximately 65,000
17 customers in South Dakota, Wyoming, and Montana; also provides wholesale sales
18 of electric capacity and energy to municipal and investor-owned utility customers in
19 Wyoming and Nebraska and to other off-system wholesale customers.

1 Testimony of Mr. Fleener, page 2.

2 Black Hills was previously a public utility holding company under the Public Utility Holding Company Act of 1935, which has been repealed.

- 1 ➤ Cheyenne Light - Combination electric and gas company serving approximately
- 2 39,000 electric customers and 33,000 gas customers in Wyoming. Acquired from
- 3 Xcel Energy, Inc, in January 2005.
- 4 ➤ Black Hills Energy - Has four direct subsidiaries: Black Hills Generation, Inc.
- 5 engaged in independent power activities; Black Hills Exploration and Production,
- 6 Inc. engaged in oil and natural gas production; Wyodak Resource engaged in coal
- 7 production and sale; and Enserco engaged in natural gas and crude oil marketing.
- 8 ➤ Black Hills Service Company, LLC - provides centralized services to all affiliates.

9

10 **Q. Please describe the assets being acquired.**

11 A. As outlined in the testimony of Mr. Evans, Black Hills will be acquiring approximately

12 106,000 natural gas customers in Kansas, as well as 64,000 natural gas customers in

13 Colorado, 146,000 natural gas customers in Iowa, and 194,000 natural gas customers in

14 Nebraska. Black Hills will also be acquiring approximately 92,000 electric customers in

15 Colorado. In addition, Black Hills will acquire related support functions and assets. The

16 purchase price for the Aquila assets is \$940 million, subject to certain adjustments. Black

17 Hills is also assuming the contractual obligations and liabilities of Aquila associated with the

18 assets being acquired. Black Hills has formed the Black Hills Utility Holding Company

19 (“BH Utility Holding”) to hold the acquired assets in direct and indirect subsidiaries. The

20 Kansas gas assets will be held by Black Hills/Kansas Gas Utility Company, LLC (“BH

21 Kansas Gas”).

1

2 **Q. What approvals are required for the Black Hills transaction?**

3 A. The Black Hills transaction is subject to numerous approvals, as outlined on page 13 of Mr.
4 Evans testimony, including approval of the KCC, the Iowa Utilities Board, the Nebraska
5 Public Service Commission, the Colorado Public Utilities Commission, and the Federal
6 Energy Regulatory Commission (“FERC”). The transaction has been approved by
7 regulatory commissions in Nebraska and Iowa, and by FERC. The transaction is pending in
8 Colorado. In addition, the proposed GPE/Aquila transaction requires regulatory approvals in
9 Kansas and Missouri. If the GPE/Aquila merger is not approved, then the proposed Black
10 Hills/Aquila transaction will be terminated.

11

12 **Q. Will the proposed acquisition have a significant impact on Black Hills?**

13 A. Yes, the proposed acquisition will have a significant impact on Black Hills. Black Hills
14 currently serves approximately 137,000 retail utility customers, most of whom are electric
15 customers. In the proposed acquisition, Black Hills will be acquiring over 600,000 more
16 customers, the vast majority of whom will be gas customers. Therefore, not only will the
17 acquisition more than quadruple the number of regulated customers served by Black Hills,
18 but it will require a shift in focus from the retail electric business to the retail gas business.

19 Black Hills has entered into a Transition Services Agreement (“TSA”) with GPE so
20 that it will have access to Aquila’s utility business records and will be able to obtain other
21 assistance, as necessary, from GPE once GPE acquires the Aquila corporate entity.

1 According to the testimony of Mr. Evans, Black Hills will offer employment to all “Aquila’s
2 field operations and field customer-service employees so that the institutional knowledge of
3 Aquila’s gas and electric distribution systems remain intact, ensuring that customers will
4 continue to receive safe and reliable service.”³ Black Hills has stated that it is likely to add
5 employees at its Omaha, Nebraska natural gas operations, its Lincoln, Nebraska call center,
6 and its Rapid City, South Dakota headquarters. Black Hills will also assume all Aquila
7 collective bargaining agreements. In addition, Black Hills has purchased the rights to
8 Aquila’s current billing and customer data systems along with several other key information
9 technology systems.

10 Black Hills states that it is well-qualified to serve the former Aquila customers, since
11 it currently operates in adjacent states to the states where the assets are being acquired. In
12 addition, Black Hills contends that the customers served in Lawrence and Wichita are
13 comparable to those served in Cheyenne, Wyoming and that its customer demographics are
14 similar to those of the customers being acquired. Black Hills contends that it will continue to
15 be an active partner in the communities currently being served by Aquila and that it does not
16 expect the closing of local offices.

17 With regard to rates, Black Hills will adopt Aquila’s tariffs. However, the company
18 is not proposing any rate freeze as part of the acquisition so Black Hills will be able to file
19 for a rate change as soon as the acquisition is completed.

20 Pursuant to an order of the KCC in Docket No. 02-UTCG-701-GIG, Aquila has been

³ Testimony of Mr. Evans, page 22.

1 filing quality of service reports with the KCC on a quarterly basis relating to natural gas
2 service and call center services. Black Hills has stated that it will continue to file these
3 reports after the transaction is completed.

4 Black Hills is currently rated Baa3 by Moodys and BBB- by Standard and Poor's. In
5 February 2007, the Company completed a private placement of 4.17 million shares of
6 common stock. Black Hills states that it has a conservative investment strategy that will be
7 beneficial to the ratepayers being acquired.

8 With regard to the financing of the transaction, Black Hills has entered into an
9 agreement with a group of lenders for a credit facility to facilitate the transaction. Permanent
10 financing will eventually replace this credit facility. The permanent financing is expected to
11 be investment grade. It will be composed of a combination of corporate debt, mandatory
12 convertible securities, common equity and/or internally generated cash. According to the
13 Company, the financial condition of each entity will be stronger after the acquisition, since
14 Black Hills has "an investment grade credit rating, access to lower cost capital, and a solid
15 capital structure."⁴

16
17 **Q. What services will be provided by the Black Hills Services Company?**

18 **A** Services currently provided by the Services Company include accounting, finance, human

⁴ Testimony of Mr. Evans, page 15.

1 resources, information technology, risk management, regulatory affairs, governance, legal
2 services, and other corporate services. Costs are allocated pursuant to a Cost Allocation
3 Manual (“CAM”). The Services Company also operates two money pools for short-term
4 borrowings, one for utility operations and one for non-utility operations. At this time, the
5 Company is still determining which services might be provided by the Service Company
6 after closing and which services would be provided by BH Utility Holding.

7
8 **Q. What are the costs of the acquisition that will be incurred by Black Hills?**

9 A Costs relating to the acquisition include the acquisition premium, transition costs, and
10 transaction costs. As described in the Supplemental Testimony of Mr. Theis on page 2, the
11 acquisition premium is the “difference between the Final Purchase Price, as that term is
12 defined in the Asset Purchase Agreement dated February 6, 2007...and the assets and
13 liabilities as defined under the APA.” The estimated acquisition premium was originally
14 provided in the Supplemental Testimony of Mr. Theis that was filed on July 3, 2007. The
15 estimated acquisition premium was revised by Mr. Theis in a filing made on December 3,
16 2007.

17 Transition costs, as defined by Black Hills, are the costs incurred by Black Hills to
18 obtain all of the necessary regulatory approvals. Transaction costs are the costs to be
19 incurred by Black Hills, other than the costs incurred to obtain all of the necessary regulatory
20 approvals, to complete the transaction. According to the December 3, 2007 testimony of
21 Mr. Theis, the total of the acquisition premium, transaction costs, and transition costs that

1 Black Hills expects to allocate to Kansas is approximately is \$48.5 million. The breakdown
2 of this amount is confidential but was provide by the company in its workpapers. Black
3 Hills is now seeking recovery of 50% of this amount, or \$24.25 million from ratepayers.
4 The acquisition premium, transition costs and transaction costs were allocated among the
5 various jurisdictions based on six factors: Earnings Before Interest, Depreciation, and
6 Amortization (“EBITDA”), Utility Operating Income, Net Property, Plant and Equipment,
7 Gross Margin, Rate Base, and Number of Customers.
8

9 **Q. Did Black Hills quantify any savings associated with the transaction?**

10 A. In his Direct Testimony at page 13, Mr. Theis stated that,

11 The contemplated transaction is an asset acquisition, not a merger.
12 Thus, certain synergies and savings often associated with a merger
13 are not present in this case (e.g., closing of redundant company
14 headquarters, elimination of duplicate employment positions.)
15 Nonetheless, important financial benefits will result from the
16 transaction. After closing, Black Hills expects to have a
17 lower allocation of corporate and common administrative
18 costs to the new utility subsidiaries than currently exists.
19

20 The Company provided an estimate of its savings in Exhibit MTT-3, which was confidential.
21 That exhibit was revised when Mr. Theis filed his Supplemental Testimony, and further
22 revised when the Company filed its Updated Supplemental Testimony. These savings
23 estimates were developed by comparing the Black Hills projected cost of service for the
24 2008-2012 time frame to the cost of service that had been projected by Aquila for this same
25 period.

1

2 **Q. Do you have concerns about the methodology used by Black Hills to forecast projected**
3 **savings?**

4 A. Yes, I do. Black Hills stated that the Aquila financial projections were provided “to facilitate
5 the purchase due diligence process related to the sale of Aquila...”⁵ It is difficult to say how
6 valid these Aquila projects are and it is even more difficult to say whether these projections
7 can provide a meaningful basis of comparison. Black Hills is not representing that there will
8 be actual cost reductions, but only that its costs will be lower than the costs that Aquila
9 provided to Black Hills as a proxy for what ratepayers would have experienced if they
10 remained Aquila customers.

11 Moreover, Black Hills’ estimate of cost savings continues to be a moving target.
12 According to the Updated Supplemental Testimony of Mr. Theis at page 4, the projected
13 savings to Kansas’ ratepayers from 2009-2012 relating to the transaction have been revised
14 downward, from \$2.50 million over this period to \$1.64 million. As a result of this
15 reduction, Black Hills has revised its request relating to recovery of the acquisition premium,
16 transaction costs, and transition costs.

17

18 **Q. How did Black Hill originally propose to recover the acquisition premium, transition**
19 **costs, and transaction costs?**

20 A. Black Hills originally proposed to recover the acquisition premium, transaction costs, and

1 transition costs from ratepayers over a 25-year period beginning January 1, 2010. Black
2 Hills proposed to include the annual amount in rates beginning with the effective date of new
3 rates approved as part of the first general rate case decision issued by the Commission after
4 January 1, 2010. Black Hills did not request rate base treatment for the unamortized amount.

5 In its Updated Supplemental Filing, Black Hills revised its claim to request recovery
6 of 50% of the acquisition premium, transaction costs, and transition costs in rates. Black
7 Hills is not proposing to quantify or measure actual savings after the transaction is complete.
8 Thus it is proposing to charge ratepayers over \$24 million for the acquisition without any
9 guarantee that rates will actually be lower than they would have been in the absence of the
10 acquisition.

11
12 **Q. What criteria has the KCC used in the past to review requests for acquisition of utility**
13 **assets?**

14 A. In Docket Nos. 172,745-U and 174-155-U, the KCC stated that in order to approve a merger
15 or acquisition, the transaction should be “in the public interest.” Factors that the KCC
16 reviewed in that case to determine if a merger or acquisition is in the public interest include:

- 17 • The effect of the transaction on consumers, including (i) the effect of the
18 proposed transaction on the financial condition of the newly created entity as
19 compared to the financial condition of the stand-alone entity; (ii)
20 reasonableness of the purchase price, including whether the purchase price

1 was reasonable in light of the savings that can be demonstrated from the
2 merger and whether the purchase price is within a reasonable range; (iii)
3 whether ratepayer benefits resulting from the transaction can be quantified;
4 (iv) whether there are operational synergies that justify payment of a
5 premium in excess of book value; and (v) the effect of the proposed
6 transaction on the existing competition.

- 7 • The effect of the transaction on the environment.
- 8 • Whether the proposed transaction will be beneficial on an overall basis to
9 state and local economies and to communities in the area served by the
10 resulting public utility operations in the state.
- 11 • Whether the proposed transaction will preserve the jurisdiction of the
12 Commission to effectively regulate and audit public utility operations in the
13 state.
- 14 • Whether the transaction maximizes the use of Kansas energy resources.
- 15 • Whether the transaction will reduce the possibility of economic waste.
- 16 • What impact, if any, the transaction has on the public safety.

17

18 **Q. According to the KCC’s merger-review guidelines discussed above, the first standard to**
19 **be considered is the effect of the proposed transaction on the newly-created entity as**
20 **compared to the financial condition of the standalone entity. What impact will the**
21 **acquisition have on Black Hills’ capital structure?**

1 A. According to its consolidated 10Q filed with the Securities and Exchange Commission
2 (“SEC”) in November 2007, Black Hills has a consolidated capital structure consisting of
3 approximately 67% common equity and 33% long-term debt. Black Hills’ consolidated
4 common equity ratio is well above the industry average of 45% for combination electric
5 and gas utilities, as reported by AUS Utility Reports. The impact of the acquisition on
6 the company’s capital structure depends upon sources of permanent financing used for
7 the acquisition. Black Hills has stated that it has obtained a senior unsecured \$1 billion
8 Acquisition Facility to provide for initial funding of the acquisition. The Company has
9 also stated that it expects the permanent financing that will replace the bridge facility to
10 be a combination of corporate debt, mandatory convertible securities, common equity
11 and/or internally generated funds. While the company has provided some pro forma
12 confidential financial statements estimating the impact of the proposed transaction on its
13 capital structure, at this point we do not know exactly what capital structure will be used
14 for this new financing. Moreover, we do not know what combination of debt and equity
15 will be used to finance the individual legal entity (BH Utility Holding) that will actually
16 hold the acquisitions or the capital structures that will be used for the legal entities
17 holding the utility assets of each individual state.

18
19 **Q. Turning to the evaluation of the purchase price, do you believe that the purchase price**
20 **was reasonable?**

21 A. The reasonableness of the purchase price is a very subjective issue. I have reviewed the

1 material provided by the Joint Applicants in support of the purchase price, and I see no
2 reason to believe that the purchase price was not negotiated in good faith. Moreover, it
3 appears that the purchase price was the result of an arm's length negotiation. Therefore, I
4 am not opposed to the acquisition on the basis of the purchase price, as long as the KCC
5 denies the Company's request for recovery of the acquisition premium and other associated
6 costs of the merger, as discussed in more detail below.

7 The purchase price of these assets represents a market price, which can be quite
8 variable and volatile. From a ratemaking perspective, an acquiring utility should not expect
9 to pay more than net book value for an acquisition. Purchasing utility assets at a price that
10 exceeds net book value simply enriches shareholders at the expense of utility ratepayers.
11 The real test of the reasonableness of a purchase price is whether the acquiring entity would
12 have been willing to pay the purchase price if it knew that it could not recover the acquisition
13 premium from ratepayers. As long as the purchaser expects to recover the acquisition
14 premium from ratepayers, the limiting factor is not what the assets are worth, but rather how
15 much of an acquisition premium can a purchaser get approved by the state regulatory
16 commission. There is no incentive for a purchaser to limit the price that he is willing to pay
17 if in fact he believes that the entire purchase price will be recoverable from ratepayers.

18
19 **Q. How did Black Hills evaluate the purchase price for the assets?**

20 A. Black Hills engaged Jefferies & Company to render an opinion regarding the purchase price
21 of the assets. While the details of the Opinion Letter of Jefferies & Company are

1 confidential, their conclusion was that the overall purchase price was fair. Moreover, the
2 purchase price appears to be reasonable, based on my general knowledge of purchase prices
3 in other utility acquisitions.

4
5 **Q. Does the existence of a reasonable purchase price suggest that it is also reasonable to**
6 **recover the acquisition premium from ratepayers?**

7 **A.** No, it does not. One must be careful to differentiate the reasonableness of the purchase
8 price from the issue of the acquisition premium recovery. It may be reasonable for an
9 investor to pay a premium, but it does not follow that the same investor should presume to
10 recover that acquisition premium in regulated rates. Thus, simply because the KCC
11 determines that a purchase price is not unreasonable, it does not follow that any resulting
12 acquisition premium should be included in rates.

13
14 **Q. Are there operational synergies that would justify payment of a premium in excess of**
15 **book value?**

16 **A.** No, there are not. This is not the case of two large utility companies merging all of their
17 operations, resulting in significant synergy savings. Nor is it the case of a small, troubled
18 utility being taken over by a much larger one, which could also result in synergy savings.
19 Operational savings should be minimal in this case, since Black Hills has offered
20 employment to all of the Aquila operational employees that serve the Kansas properties. The
21 savings projected by Black Hills result from Black Hill's assumption that its administrative

1 cost of serving the acquired customers will be less than the costs that would be incurred if
2 Aquila retained ownership. However, as discussed, this assumption is based on speculative
3 projections about what Aquila's costs would be if it continued to provide service to Kansas
4 gas customers.

5

6 **Q. Do you believe that the proposed transaction will have any negative effect on existing**
7 **competition, on the environment, or on state and local economies and the communities**
8 **in the service area.**

9 A. No, I would not expect the proposed merger to have any negative impact on existing
10 competition, on the environment, or on state and local economies and the communities in the
11 service area. I would expect the operational aspects relating to the provision of service in
12 Kansas to remain largely unchanged as a result of the acquisition. In reviewing the totality
13 of the impact of the proposed acquisition on the communities in the service area, I believe
14 that it is reasonable to assume that there will be little or no impact, either positive or
15 negative, as a result of the acquisition, except to the extent that individual ratepayers are
16 affected through their utility rates.

17

18 **Q. Will the proposed acquisition preserve the jurisdiction of the KCC?**

19 A. Yes, I would expect the jurisdiction of the KCC to be preserved. Black Hills has stated that
20 it does not intend the KCC to lose any jurisdiction as a result of the Black Hills holding
21 company structure. Moreover, Black Hills has also stated that it will continue to file the

1 quality of service reports that the KCC required as a result of Docket No. 02-UTCG-701-
2 GIG.

3
4 **Q. Will the proposed transaction have any negative impact on the use of Kansas energy**
5 **resources?**

6 A. I would not expect there to be any negative impact on the use of Kansas energy resources.

7
8 **Q. What impact will the proposed transaction have on economic waste?**

9 A. It is difficult to say. As noted previously, in this case we have a situation where a larger
10 utility is being acquired by a much smaller entity. Therefore, opportunities for economic
11 efficiencies are limited. Moreover, Black Hills has very limited experience with retail gas
12 customers, serving only 33,000 gas customers at the present time. Moreover, the company's
13 existing gas customers were only acquired in January 2005 when Black Hills acquired
14 Cheyenne Light. Thus, the acquisition will require Black Hills to acquire additional
15 expertise in certain areas, to integrate various functions, and to modify its focus. Moreover,
16 while Black Hills plans to retain the existing operational personnel, it will not necessarily
17 retain the administrative infrastructure of Aquila. This will lengthen the learning curve for
18 Black Hills, as new administrative positions are created and Black Hills determines the most
19 efficient overall corporate structure for the provision of administrative services. While Black
20 Hills currently has a Services Company, Black Hills has stated that it may choose to serve
21 the acquired entities directly through BH Utility Holdings, which may result in an additional

1 layer of bureaucracy. Thus, the impact of the transaction on “economic waste” is uncertain.

2
3 **Q. Based on your review, have the Applicants demonstrated that the proposed acquisition**
4 **is in the public interest with regard to the impact on customer rates?**

5 A. No, the Applicants have not demonstrated that the proposed acquisition, as currently
6 structured, is in the public interest. There is no net benefit to the ratepayers of Kansas from
7 the proposed transaction. The majority of “benefits” outlined by the Joint Applicants are not
8 really benefits at all, but rather are factors that support a finding that customers will be no
9 worse off in many respects if the proposed acquisition is approved. This is very different
10 from a finding that customers will experience a positive net benefit from the acquisition.

11 Moreover, there are financial detriments to be considered if the Applicants’ proposals
12 are adopted as filed. Kansas ratepayers will be faced with funding acquisition costs of over
13 \$24 million over the next 25 years without any assurance that ratepayers will receive any
14 benefit relative to what their costs would have been in the absence of the acquisition.

15
16 **Q. Are there changes that the KCC could make to the Applicants’ proposals that would**
17 **mitigate the negative aspects of this transaction?**

18 A. Yes, there are. From an operational perspective, it appears that Black Hills is capable of
19 operating the Kansas properties in a safe and adequate manner. While the acquisition of
20 such a large customer base will undoubtedly result in challenges for Black Hills, integration
21 difficulties will be somewhat mitigated by the fact that the operational employees will be

1 retained. Therefore, I do not believe that there are operational difficulties that would
2 prevent the KCC from approving the proposed Black Hills/Aquila transaction.

3 However, there is an important financial issue identified above that will have a direct,
4 negative impact on utility customers unless additional steps are taken by the KCC.
5 Therefore, if the proposed transaction is approved, the KCC should prohibit the Company
6 from collecting any acquisition premium, transaction costs, or transition costs from
7 ratepayers. Therefore, I would not be opposed to the proposed acquisition if the KCC
8 denies Black Hills' request to recover 50% of the acquisition premium and other acquisition
9 costs from ratepayers.

10
11 **Q. Please describe your understanding of Black Hills' current request for recovery of**
12 **an acquisition premium.**

13 A. As previously noted, the purchase price being paid by Black Hills is significantly higher
14 than the net book value of the assets being acquired. Therefore, the transaction will result
15 in an acquisition premium, transition, and transaction costs of approximately \$48.5
16 million being allocated to the Kansas jurisdiction. The Company has requested KCC
17 authorization to recover 50% of these costs from ratepayers over a 25-year period.

18
19 **Q. Is the Company proposing to begin the amortization of the acquisition premium and**
20 **associated transaction costs immediately upon closing of the acquisition?**

21 A. No, it is proposing to begin the amortization on January 1, 2010. Black Hills claims that

1 shareholders will absorb all amortization expense from January 1, 2010 until new base
2 rates are subsequently established. However, given that the Company's proposal does
3 not contain a rate freeze period, I would expect Black Hills to file a base rate case with an
4 effective date for new rates on or shortly after January 1, 2010. In response to KCC-18 in
5 the Black Hills proceeding, Black Hills indicated that it expects the current Aquila rates
6 in Kansas to remain in effect at least through the end of 2009. They also indicated that
7 "[f]iling a rate case is one of the methods Black Hills is considering for implementing
8 recovery of its acquisition premium."

9
10 **Q. Do you support the Company's claim for recovery of an acquisition premium?**

11 A. No, I do not. I recommend that the Company's request for recovery of the acquisition
12 premium be denied. The acquisition premium is a negotiated amount that is not related
13 to the Company's actual costs of providing utility service. Inclusion of the acquisition
14 premium in rates will result in higher utility rates to gas ratepayers with no resulting
15 benefit. While I am not opposed to the management of Black Hills paying a premium for
16 the acquired properties, these costs should not be passed along to the company's
17 ratepayers.

18
19 **Q. Has the KCC permitted recovery of acquisition premiums in some cases?**

20 A. The KCC has permitted recovery of acquisition premiums in some prior cases. However,
21 the KCC has generally required a showing that the acquisition resulted in real and

1 measurable benefits to ratepayers that are linked to the acquisition. While I am
2 consistently opposed to the recovery of acquisition premiums on theoretical grounds, I
3 recognize that the KCC has indicated in some past cases that recovery of an acquisition
4 premium may be permitted if there are real, measurable benefits to ratepayers that are
5 quantified and proven by the utility. Even if this test is employed, this transaction clearly
6 does not meet this test.

7
8 **Q. Before discussing the reasons why you believe that the Black Hills' filing fails to meet**
9 **the KCC's test for recovery of acquisition premiums, why do you generally oppose**
10 **acquisition premiums from a conceptual viewpoint?**

11 A. In the case of utility mergers that have resulted in the recording of an acquisition premium, I
12 have recommended that no premium be recovered from utility ratepayers. Acquisition
13 premiums represent the amount over and above net book value that one entity is willing to
14 pay for another. In this case, it represents the amount over net book value that Black Hills is
15 willing to pay for certain assets of Aquila. This was a negotiated amount by the two
16 companies. Ratepayers had no part in the determination of this premium and they should
17 have no responsibility for its recovery.

18
19 **Q. Is either the level of merger savings or the impact of the merger on ratepayers**
20 **dependent upon the level of the acquisition premium?**

21 A. No. Neither the level of merger savings nor any component of a utility's cost of service is

1 impacted by the size of a merger premium. Any savings that will result from this merger
2 would have occurred regardless of the size of the acquisition premium that was negotiated.
3

4 **Q. Do you believe that it is reasonable to recover an acquisition premium from**
5 **ratepayers?**

6 A. No, I do not. Utilities are granted a monopoly franchise area in return for the obligation to
7 provide regulated utility service at the lowest reasonable rates. As a result, the utilities have
8 an obligation to provide service at the lowest reasonable cost. Moreover, as stated above,
9 the actual utility cost of service is completely independent of the level of acquisition
10 premium the utility has agreed to pay for the acquisition, and independent of whether the
11 utility has paid any acquisition premium at all.
12

13 **Q. Should Black Hills expect to receive an acquisition premium for purchasing certain**
14 **operations of Aquila?**

15 A. No, it should not. Under a rate base/rate of return approach, investors are entitled to the
16 opportunity to recover a reasonable return on their investment, nothing more. Moreover,
17 investment in that context is generally defined as the original cost at the time that the rate
18 base component first entered regulated utility service. This principle was established to
19 prohibit spiraling rate bases, and spiraling rates, resulting from the constant sale of utility
20 assets. Accordingly, to the extent that the management of Black Hills decided to pay an
21 acquisition premium for certain assets of Aquila, they should not have expected to recover

1 these amounts from regulated ratepayers. As previously discussed, if the purchase price is
2 reasonable, then Black Hills should be willing to enter into the transaction even if the KCC
3 denies the company's request for recovery of the acquisition premium. Moreover, there is no
4 incentive for the purchaser to minimize the purchase price if he believes that the regulatory
5 commission will grant recovery of any acquisition premium from ratepayers. If the
6 purchaser is assured recovery of the acquisition premium, the dynamics of the negotiation
7 process, whereby each party should have an incentive to get the best possible deal, are
8 disrupted.

9
10 **Q. Please comment on the recommendations by some parties that the acquisition**
11 **premiums should be recovered to the extent that there are cost savings for ratepayers.**

12 A. While this argument has some intuitive appeal, it is conceptually flawed and particularly
13 flawed in this case. One of the most serious errors made by proponents of this position is
14 their assumption that it is possible to accurately measure cost savings. While some
15 companies or parties have developed complex formulas that purport to measure cost savings,
16 the fact is that there is no reliable way to accurately measure future cost savings.

17 Moreover, in my experience utilities are often not held accountable for the cost
18 savings forecasts that are submitted to regulatory agencies and on which recovery of the
19 acquisition premium is based. Therefore, the utility has every incentive to inflate the
20 projections of cost savings.

21 Another flaw with these types of proposals is that they guarantee collection of the

1 acquisition premium, based on an estimate of future cost savings, but do not guarantee
2 ratepayers their share of these future savings. Hence, plans that use projected cost savings to
3 justify recovery of an acquisition premium are a “heads I win, tails you lose” approach.

4 Another concern I have is that it is very difficult to accurately measure merger
5 savings and that this exercise becomes even more difficult as we go out into the future.
6 While the parties can develop formulas that attempt to compare rates in the future with what
7 rates would have been in the absence of a merger, the fact is that no one can accurately
8 predict what would have happened to rates under the status quo.

9
10 **Q. Did the Company attempt to justify the acquisition on the basis of cost savings?**

11 A. It appears that Black Hills is attempting to justify recovery of its acquisition premium and
12 other acquisition costs on the basis of cost savings. The Company had originally
13 requested 100% recovery of these costs. In his Updated Supplemental Testimony, Mr.
14 Theis revised his request to reflect recovery of only 50% of these costs, stating that the
15 revised request was the result of increases in the acquisition cost projections and
16 decreases in the cost savings projections.

17 I contend that both the acquisition cost projections and the projections of
18 acquisition savings are still too speculative to justify recovery of an acquisition premium.
19 The estimate of acquisition costs to be allocated to Kansas increased by over 26% from
20 July 2007 to December 2007, while the cost savings from 2009-2012 decreased by almost
21 25%. Moreover, the fact remains that the cost savings projected by Black Hills are

1 based on Black Hills' 2008 budget estimates relative to 2008-2012 projected costs that
2 Aquila provided to Black Hills in November 2008. As noted, the Aquila costs may or
3 may be an accurate representation of what ratepayers would have paid in the absence of
4 the acquisition. However, even if one assumes that the Aquila forecast accurately reflects
5 Aquila's 2008 costs to provide service, the Black Hills estimates cannot be relied upon
6 for purposes of justifying an acquisition premium. According to an October 18, 2007
7 Press Release, Black Hills plans to add up to 250 new jobs as a result of the acquisition.
8 However, it has still not finalized which services will be offered by the existing Service
9 Company and which will be provided by BH Utility Holdings. Nor has Black Hills
10 finalized its permanent financing for the acquisition. Therefore, there are important
11 issues that remain to be resolved that could have a significant impact on Black Hills'
12 revised cost savings projections.

13
14 **Q. What has been your experience in other states where mergers have been approved?**

15 A. My experience has been that acquisition premiums are generally not recovered in rates.
16 For example, in the recent merger of Potomac Electric Power Company and Conectiv,
17 Inc., the Applicants agreed not to seek recovery of the acquisition premium in each state
18 in which the merger was approved. This included New Jersey, Maryland, Delaware and
19 the District of Columbia. No acquisition premiums were sought in New Mexico in
20 acquisitions involving Southwestern Public Service Company or Texas New-Mexico
21 Power Company. No acquisition premiums were sought in Connecticut in the acquisition

1 involving Yankee Gas and Northeast Utilities. In the merger involving Northeast
2 Utilities and Consolidated Edison, the Connecticut Department of Public Utility Control
3 (“DPUC”) prohibited the acquisition premium from being recovered from ratepayers. In
4 the merger of Gulf States Utilities Company and Entergy Corporation, acquisition
5 premiums were not recovered in Arkansas, Mississippi or New Orleans⁶. Moreover, the
6 Federal Energy Regulatory Commission (“FERC”) has a policy of disallowing
7 acquisition premiums unless there are extraordinary benefits conveyed by the
8 acquisition.⁷ FERC has rarely permitted such premiums to be reflected in rates.

9 Several other regulatory jurisdictions have strict standards for recovery of
10 acquisition premiums. For example, the Indiana Commission has stated that “[a]ny
11 above the line adjustment will be consistent only if the acquired utility is small, troubled
12 or if there are other special circumstances, all of which will lead to quantifiable benefits
13 to the utility systems’ customers due to the acquisition.”⁸ Arizona provides for recovery
14 of an acquisition premium if the acquisition involves a small water utility with less than
15 \$250,000 in revenues and if the acquisition improves water quality or service for
16 customers.⁹ New Hampshire has a statute relating to Public Service Company of New
17 Hampshire which states that “[n]o acquisition premium paid by an acquiring company for
18 the assets or securities of any acquired company, resulting from such merger, acquisition

6 Rates in New Orleans are regulated by City Council.

7 *Arkla Energy Resources*, ¶ 61 FERC ¶ 61,004 at 61,037 (1992); *Northern Natural Gas Company*, 33 FERC ¶ 61,030 (1985), *reh’g denied*, 35 FERC ¶ 61,114 (1986).

8 Order in Cause No. 40103, page 15.

9 Arizona Working Group Report.

1 or sale, may in any way increase rates at any time from what they would have been
2 without the acquisition premium.”¹⁰ The Florida Public Service Commission has a policy
3 that “absent extraordinary circumstances, the purchase of a utility system at a premium or
4 discount shall not affect rate base.”¹¹ The Pennsylvania Public Utility Commission
5 limits recovery of acquisition premiums to small water companies with less than 3,300
6 customers.¹²

7 Some regulatory commissions have provided an opportunity for some or all of an
8 acquisition premium to be recovered, but such recovery is almost always tied to a
9 regulatory plan that provides quantifiable benefits for ratepayers. For example, in the
10 merger between Louisville Gas & Electric Company and KU Energy Corp., ratepayers
11 received rate reductions of \$118 million over five years, during which time the utilities
12 could not file a base rate case. When PSI Energy merged with Cincinnati Gas and
13 Electric, ratepayers received a four-year rate freeze in Ohio. In Indiana, ratepayers
14 received a rate reduction of approximately \$9 million. When Boston Edison merged with
15 Commonwealth Energy, ratepayers received a four-year rate freeze. When Pacific Power
16 and Light and Utah Power and Light merged, ratepayers received a four-year rate freeze
17 and significant rate reductions. These are just a few examples where rate plans were
18 established as a condition of the merger. In many cases, these rate plans provided an
19 implicit method for allowing the acquiring utility to recover all or a part of its acquisition

10 Title XXXIV, Chapter 369-B.

11 Final Order No. 25729.

12 052 Pa. Code § 69.711.

1 premium during the rate freeze period. But the rate plan also provided real, tangible, and
2 immediate benefits to ratepayers. Moreover, it is my understanding that in neighboring
3 Missouri, the Public Service Commission has never granted recovery of an acquisition
4 premium in utility rates.

5
6 **Q. What do you recommend?**

7 A. I recommend that the KCC deny the Applicants request to recover the acquisition
8 premium, and other associated transition and transaction costs, in rates. The Applicants
9 have not provided any documentation to demonstrate that the benefits from this
10 acquisition will justify recovery of over \$24.0 million from ratepayers for an acquisition
11 premium. Nor have the Applicants proposed any rate reductions or rate freezes that
12 would provide some relief to Black Hills' customers. It is unreasonable to suggest that
13 ratepayers should be held financially accountable for Black Hills' management's decision
14 to pursue this acquisition. If Black Hills wants to consummate this acquisition, it should
15 be permitted to do so. However, it should not be permitted to place the risk of the
16 acquisition on its ratepayers by requiring them to finance the acquisition over the next 25
17 years.

18
19 **Q. Will Black Hills proceed with the acquisition if its request for recovery of**
20 **acquisition costs is denied?**

21 A. I presume so. In response to KCC-48, Black Hills stated “[a]s an investment grade,

1 diversified energy company, Black Hills would not expect its financial stability to be
2 materially impacted if recovery of the acquisition premium is not granted by the Kansas
3 Corporation Commission.” Moreover, that response was provide to CURB prior to the
4 time that the Company modified its recovery request. Thus, I would expect Black Hills
5 to proceed with the acquisition even if the company’s request for recovery of 50% of its
6 acquisition costs is denied.

7

8 **VI. DISCUSSION OF THE GPE/AQUILA TRANSACTION**

9 **Q. How is the GPE/Aquila merger transaction structured?**

10 **A.** The GPE/Aquila merger is structured so that Gregory Acquisition Corp., a wholly-owned
11 subsidiary of GPE, will be merged into Aquila, with Aquila the surviving company. Each
12 Aquila stockholder will receive .0856 share of GPE’s common stock, plus \$1.80, for each
13 Aquila share. The value of that transaction is approximately \$1.7 billion, or \$4.54 per share
14 based on GPE’s closing stock price as of February 6, 2007. Since that time, the GPE stock
15 price has declined somewhat. The ultimate value of the transactions will depend upon the
16 GPE stock price at closing. In addition to the stock and cash payments, GPE will assume
17 approximately \$1 billion of Aquila’s net debt. The proceeds from the asset sale to Black
18 Hills will be used to fund the cash portion of the consideration paid to Aquila shareholders
19 and to reduce existing Aquila debt. The cash element is about \$677 million. Upon
20 consummation of the merger, the shareholders of Aquila and GPE will own approximately
21 27% and 73% respectively of the outstanding common stock of GPE.

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Q. What direct impact will the Aquila/GPE transaction have on the provision of service in Kansas?

A. That transaction will have no direct impact on the provision of service in Kansas. GPE will be acquiring Aquila’s current Missouri electric operations, Aquila Networks-MPS and Aquila Networks-L&P; Aquila’s St. Joseph Industrial Steam operations; and Aquila’s merchant plant operation. The merger will increase GPE’s customer base from the 500,000 currently served through KCPL to approximately 800,000.

According to the testimony of Mr. Bassham, the majority of employees working in Aquila’s Missouri operations will be retained. Aquila’s employees will become KCPL employees. Services will be provided to Aquila from KCPL, Great Plains Energy Services Incorporated and Great Plains Energy. GPE does plan to eliminate any overlapping or duplication of administrative employees.

Q. Since the transaction will have no direct impact on the provision of service in Kansas, why should the KCC be concerned about the proposed transaction?

A. The KCC should be concerned for several reasons. First, it is my understanding that the employees of Aquila that are retained by GPE will become employees of KCPL, GPE’s wholly-owned subsidiary that provides service to customers in both Missouri and Kansas. Thus, the bucket of costs that is allocated among various utility entities will become larger if the proposed acquisition is approved, although the resulting percentage allocated to Kansas

1 should decline. However, the proposed transaction does raise allocation issues that could
2 impact on rates in Kansas.

3 Second, Aquila is not as financially strong an entity as GPE or KCPL. Several years
4 ago, Aquila began to experience significant financial problems, which were not caused by
5 Aquila's regulated activities but rather by its unregulated operations and other ventures.
6 The company had taken on far too much debt, vendors were requiring prepayments in order
7 to deliver gas, and the company's debt was downgraded by the credit rating agencies. These
8 difficulties resulted in the KCC initiating a proceeding (Docket No. 02-UTCG-701-GIG) to
9 examine Aquila's financial difficulties. At that time the KCC implemented financial
10 monitoring procedures as well as a quality of service reporting requirement for Aquila. Over
11 the past few years, Aquila has sold some of its utility operations and has significantly
12 reduced its debt and improved its performance. As a result of these actions, Aquila's credit
13 rating has improved, although the company still does not have an investment grade rating.

14 GPE has stated that it intends to refinance most of the Aquila debt. GPE has also
15 stated that it may take some time for Aquila to achieve an investment grade rating. This
16 should be of concern to regulators, since credit rating agencies consider the potential impact
17 of consolidated corporate operations when developing credit ratings for a particular entity.
18 Therefore, the Aquila debt that is not refinanced, and even the refinanced debt, can all impact
19 the credit parameters of GPE and KCPL. The KCC must ensure that GPE's acquisition of
20 Aquila does not expose ratepayers to consequences that may result if the credit worthiness of
21 either GPE or KCPL suffers as a result of the acquisition.

1 Third, KCPL is in the middle of a five-year regulatory plan. In 2005, the KCC (and
2 the Missouri PSC) approved five-year plans for KCPL, recognizing that the company was
3 about to embark on an aggressive construction program. KCC accepted arguments by GPE
4 and KCPL that a regulatory plan was needed in order to provide comfort to the investment
5 community that the regulatory agencies supported the regulatory plan and would provide the
6 necessary financial support, through utility rates. Therefore, the KCC should ensure that the
7 merger has no negative impact on utility rates under that regulatory plan.

8
9 **Q. Before addressing the specific parameters of the GPE/Aquila plan, do you have any**
10 **general comments about the transaction?**

11 A. Yes, I do. In the last few days, serious questions have arisen about the integrity of the
12 regulatory process, especially in Missouri. Hearings before the Missouri Public Service
13 Commission were recently suspended. According to published reports, GPE and Aquila
14 plan to draw up a new proposal to present to the Missouri PSC in January. Therefore, at this
15 time, we do not know if the final acquisition plan will be materially different from the plan
16 being reviewed by the KCC. It would be premature for the KCC to make any ruling on the
17 GPE/Aquila transaction until the companies submit their revised plans in January. At that
18 time, the KCC should permit the parties to file Supplemental Testimony to address the
19 provisions of the revised plan.

20
21 **Q. What are the costs to GPE to achieve the proposed transaction?**

1 A. According to the response to CURB-28, the acquisition premium associated with the
2 GPE/Aquila merger is \$110.3 million. This acquisition premium will be retained at the GPE
3 level and will not be pushed down to KCPL. GPE is also estimating transaction costs of \$95
4 million and transition costs of \$45 million. It should be noted that as used by GPE,
5 transaction costs are costs that are necessary to close the transaction while transition costs are
6 costs to integrate the Aquila operations into the existing operations of GPE and KCPL.
7 Thus, transition and transaction costs are not necessarily defined by GPE and KCPL in
8 exactly the same way as they are defined by Black Hills.

9
10 **Q. What level of savings is GPE estimating?**

11 A. According to the Supplemental Direct Testimony of Terry Bassham at page 2, the company
12 is now estimating total savings of \$305 million over the next five years.

13
14 **Q. How is GPE proposing to recover the costs of the transaction?**

15 A. GPE is proposing that its projected cost savings of \$305 million, net of transition-related
16 costs of \$45 million, be shared equally between shareholders and ratepayers for a period of
17 five years. This would result in shareholders retaining \$130 million over the next five years.
18 In addition, it is proposing that transaction costs of \$95 million be recovered from ratepayers
19 through a five-year amortization. GPE is not explicitly requesting recovery of the
20 acquisition premium. However, assuming its proposal is approved, and assuming its cost
21 projections are accurate, the net effect will be that the acquisition premium will be recovered

1 from ratepayers through higher than necessary electric rates. In fact, ratepayers will pay
2 \$225 million more as a result of this transaction.
3

4 **Q. Is GPE proposing to true-up its rates to reflect actual cost savings over this five-year**
5 **period?**

6 A. No, it is not. In addition to recovering its actual cost of service, GPE is requesting
7 authorization to charge KCPL ratepayers an additional \$130 million (total company) over the
8 next five years. This \$130 million is over and above the actual cost-based revenue
9 requirement of providing service to these customers. Under GPE's proposal, its projected
10 cost savings will not be subject to any true-up mechanism. Essentially, GPE is seeking
11 guaranteed recovery of \$130 million up front, regardless of actual financial results. The
12 effect of GPE's proposal is that shareholders are effectively guaranteed the \$130 million. In
13 addition, shareholders are guaranteed recovery of the transaction costs of \$95 million.
14 However, ratepayers receive no guarantee whatsoever that their cost of service will decline,
15 or will be lower than it otherwise would have been in the absence of the merger.
16

17 **Q. Doesn't the proposed transaction provide some real benefits to Kansas customers by**
18 **having administrative and general costs spread over a larger customer base?**

19 A. Perhaps. But this situation is no different than if GPE went out and bought an unregulated
20 company, XYZ Company, that was the recipient of certain centralized management services.
21 Since no customers of Kansas will be acquired by GPE as a result of this transaction, there is

1 no reason to increase rates to Kansas ratepayers through higher allocations to KCPL simply
2 because the Aquila corporate entity is being sold to GPE. GPE, not KCPL, is the entity that
3 is purchasing Aquila and GPE should be responsible for direct costs of the transaction,
4 including the acquisition premium and transaction costs.

5 While common support functions are allocated among the GPE companies based on a
6 Cost Accounting Manual (“CAM”) that delineates the allocation factors to be used, those
7 factors are intended to allocate joint and common costs of providing service, not inflated
8 acquisition costs. If GPE adds customers, either through the acquisition of Aquila or some
9 other acquisition, the allocation factors calculated pursuant to the CAM will change, just as
10 they change each year as each existing entity loses or acquires additional customers.
11 However, Kansas ratepayers should not be burdened with higher rates because KCPL’s
12 parent company decides to acquire a new entity. It is GPE, and not KCPL, that is actually
13 acquiring Aquila. KCPL should be protected from adverse consequences of expansion
14 initiatives undertaken by GPE.

15
16 **Q. Do you have any concerns about the specific level of cost savings identified by**
17 **GPE/KCPL?**

18 **A.** Yes, I do. Many of the cost savings discussed in the testimonies of GPE/KCPL witnesses are
19 enabled cost savings, rather than created synergies. As discussed in the testimony of
20 William J. Kemp at page 7, enabled savings are “those cost savings or revenue enhancements
21 that are facilitated or unlocked by the merger. The transaction makes them much more

1 accessible and achievable, but the tie to the merger is not definitive.” (emphasis added)
2 Examples of enabled savings would include many of the cost savings resulting from “best
3 practices” as discussed in the testimony of various GPE/KCPL witnesses.

4 Mr. Kemp also notes that the estimated GPE/KCPL savings are above the median
5 level of savings estimated by utilities in 26 other energy utility transactions that he
6 investigated, and well above the actual savings achieved in these other merger transactions.
7 While Mr. Kemp also states that “KCPL’s estimated synergies are at the upper end of the
8 range that we have advised utility clients, based on our experience, is reasonable to expect in
9 merger transactions (10% vs. 7-10%).” He goes on to note that KCPL’s estimates “tend to
10 exceed the industry averages because KCPL and Aquila are neighboring utilities who can
11 access an unusually broad range of synergies.”

12 While it may be possible for GPE/KCPL to achieve the level of savings that are
13 projected, it should be noted that utilities’ forecasts of merger savings are generally
14 overstated. As noted by Mr. Kemp on page 22 of his testimony, in other mergers that he
15 reviewed, the median non-fuel O&M percentage of projected savings was 9%, while the
16 actual savings realized was only 2%. This is especially troubling since GPE/KCPL is
17 proposing to charge ratepayers for the shareholders’ portion of projected savings without
18 any method to ensure that such savings materialize. If the company’s proposal is
19 adopted, shareholders will receive a premium of \$130 million from ratepayers, while
20 ratepayers will be at risk for any savings that don’t materialize. In addition, ratepayers,
21 not shareholders, will bear all transaction costs under the company’s proposal.

1 GPE/KCPL's proposal is a bad deal for ratepayers and should be rejected by the KCC.

2 In addition, the transaction and transition costs include costs that would be
3 inappropriate for ratepayers to bear in any case. As shown on RTZ-10, executive severance
4 and executive change of control costs account for \$22.5 million of transaction costs, while
5 transition costs include \$3.0 million of retention payments. Thus, ratepayers are being asked
6 to pay costs associated with both keeping employees and terminating employees. Moreover,
7 the executive severance and executive change of control costs are golden parachutes that
8 clearly should not be borne by ratepayers.

9
10 **Q. In addition to the higher revenue requirement resulting from sharing of speculative**
11 **cost savings, are there other potential negative consequences to Kansas ratepayers as a**
12 **result of this acquisition?**

13 A. Yes, there are. KCPL is approximately mid-way through a five-year Regulatory Plan that
14 was approved by the KCC in Docket No. 04-KCPE-1025-GIE. Pursuant to that plan, the
15 KCC approved a mechanism that is designed to provide sufficient cash-flow to enable KCPL
16 to maintain its investment grade bond rating. As discussed earlier, Aquila is a somewhat
17 risky company that was in serious financial difficulty just a few years ago. GPE has an
18 investment grade rating of BBB- from Standard and Poor's and KCPL has a rating of BBB.
19 Aquila's debt is currently rated B. Aquila also has some very high cost debt, all of which
20 will be assumed by GPE after the merger. GPE plans to refinance or retire all of Aquila's
21 debt except for two issuances that contain make whole provisions that would not permit the

1 debt to be refinanced economically.

2 If the proposed transaction is approved, the KCC should ensure that Kansas
3 ratepayers are not charged higher utility rates as a result of high debt costs resulting from the
4 acquisition. Since Docket No. 02-UTCG-701-GIG, the KCC has had a policy of ensuring
5 that Aquila's high debt costs, which resulted from failed non-regulated operations, were not
6 passed through to Kansas ratepayers. Therefore, in establishing regulated rates for Aquila
7 customers over the past several years, the KCC has imputed a cost of debt that more closely
8 reflects the relatively less risky utility operations. During the remainder of the Regulatory
9 Plan, the KCC should continue its policy of ensuring that Kansas ratepayers are not impacted
10 by the high debt costs and poor credit ratings that plagued Aquila as a result of failed
11 expansion projects. Moreover, after the term of the Regulatory Plan, the KCC should
12 continue to ensure that the debt costs used in future KCPL filings are not impacted by the
13 risky investments made by Aquila in the past.

14
15 **Q. How can the KCC ensure that ratepayers are not penalized as a result of the**
16 **acquisition?**

17 A. If the proposed acquisition is approved, the KCC should modify the provisions of the
18 Regulatory Plan to delete those provisions relating to Contributions in Aid of Construction
19 ("CIAC") to Maintain Financial Ratios. This mechanism was adopted by the KCC in order
20 to provide KCPL with sufficient cash-flow to maintain an investment grade rating during a
21 period of intensive construction. However, the CIAC mechanism was not intended to protect

1 KCPL or GPE from their own actions that might jeopardize the investment grade ratings,
2 including costly acquisitions that will increase financing requirements during the capital-
3 intensive Regulatory Plan period. Suspending the CIAC mechanism would put the
4 Regulatory Plan back on a traditional rate base/rate of return methodology. More
5 importantly, it would ensure that none of Aquila's debt, or the new debt used to refinance the
6 Aquila debt, has an impact on the calculation of Kansas utility rates pursuant to the
7 Regulatory Plan.

8 The KCC may want to go even further and rescind the Regulatory Plan as a result of
9 this transaction. The Regulatory Plan was an extraordinary step taken by the regulators in
10 order to preserve the financial integrity of KCPL and GPE during a period of major
11 construction. Given the company's construction of a new coal-fired generating plant,
12 additions to transmission and distribution assets, and required investment in environmental
13 upgrades, the utility argued that a long-term Regulatory Plan was needed in order to ensure
14 rating agencies that the cash flow necessary to support this investment would be available.
15 Now GPE is seeking KCC approval for an acquisition that is projected to cost the Company
16 \$1.7 billion, and to require the assumption of another \$1.0 billion in Aquila debt. The parties
17 to the Regulatory Plan envisioned that the plan period would be a difficult one financially for
18 the company. Instead of focusing its efforts on construction during the Regulatory Plan,
19 GPE has initiated an expensive and potentially risky acquisition, one that will require
20 considerable capital and other resources. In my view, a good argument can be made that
21 this acquisition is well outside of the parameters of the Regulatory Plan. Therefore, if the

1 KCC approves the merger, in my opinion the KCC has a solid basis for terminating the
2 Regulatory Plan or for ordering modifications that reflect the changes in circumstances that
3 have occurred since the Regulatory Plan was first approved.

4 In any event, it was clearly the decision of the management of GPE to pursue the
5 proposed transaction. While the KCC implemented a mechanism that would help the
6 companies to maintain investment grade ratings during this construction period, that
7 mechanism was never intended to protect GPE or KCPL from the financial consequences
8 resulting from acquisitions or other expansion plans undertaken during the Regulatory Plan
9 period. The KCC and ratepayers have upheld their portions of the regulatory compact
10 envisioned under when the Regulatory Plan was adopted, and the KCC should ensure that
11 KCPL and GPE uphold their commitments under the plan. Therefore, at a minimum, I
12 recommend that the KCC suspend the CIAC provisions of the Regulatory Plan. The
13 management of GPE must be willing to live with the consequences of its decision to pursue
14 this acquisition.

15
16 **Q. What do you recommend?**

17 A. I recommend that the KCC deny the request by GPE to recover \$130 million in shareholder
18 savings from regulated ratepayers. I also recommend that the KCC deny the request by GPE
19 to recover 100%, or \$95 million, of its transaction costs from ratepayers. The company's
20 proposal guarantees premiums to shareholders without any such guarantees for ratepayers.
21 In addition, if the KCC approves the proposed merger, then the KCC should suspend the

1 provisions of the Regulatory Plan regarding CIAC and cash-flow requirements. As an
2 alternative, the KCC may choose to suspend the entire Regulatory Plan. I am not opposed to
3 the proposed merger, as long as the KCC imposes adequate protections for ratepayers, so that
4 ratepayers are not forced to pay for GPE expansion plans.

5

6 **Q. Does this conclude your testimony?**

7 **A. Yes, it does.**


VERIFICATION

STATE OF CONNECTICUT)
COUNTY OF FAIRFIELD) ss:

Andrea C. Crane, being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing testimony, and that the statements made herein are true to the best of her knowledge, information and belief.


Andrea C. Crane

Subscribed and sworn before me this 12th day of DECEMBER 2007.

Notary Public 

My Commission Expires: DECEMBER 31, 2008

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Chesapeake Utilities Corporation	G	Delaware	07-186	12/07	Cost of Capital Regulatory Policy	Division of the Public Advocate
Westar Energy, Inc.	E	Kansas	08-WSEE-309-PRE	11/07	Predetermination of Wind Generation	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Company	E/G	New Jersey	ER07050303 GR07050304	11/07	Societal Benefits Charge	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	07-00077-UT	10/07	Revenue Requirements Cost of Capital	New Mexico Office of Attorney General
Public Service Electric and Gas Company	E	New Jersey	EO07040278	9/07	Solar Cost Recovery	Division of Rate Counsel
Comcast Cable	C	New Jersey	CR07030147	8/07	Form 1205	Division of Rate Counsel
Kansas City Power & Light Company	E	Kansas	07-KCPE-905-RTS	8/07	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Cablevision Systems Corporation	C	New Jersey	CR06110781, et al.	5/07	Cable Rates - Forms 1205 and 1240	Division of Rate Counsel
Westar Energy, Inc.	E	Kansas	05-WSEE-981-RTS	4/07	Revenue Requirements Issues on Remand	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	06-285F	4/07	Gas Cost Rates	Division of the Public Advocate
Comcast of Jersey City, et al.	C	New Jersey	CR06070558	4/07	Cable Rates	Division of Rate Counsel
Westar Energy	E	Kansas	07-WSEE-616-PRE	3/07	Pre-Approval of Generation Facilities	Citizens' Utility Ratepayer Board
Woonsocket Water Division	W	Rhode Island	3800	3/07	Revenue Requirements	Division of Public Utilities and Carriers
Aquila - KGO	G	Kansas	07-AQLE-431-RTS	3/07	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	06-287F	3/07	Gas Service Rates	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	06-284	1/07	Revenue Requirements Cost of Capital	Division of the Public Advocate
El Paso Electric Company	E	New Mexico	06-00258 UT	11/06	Revenue Requirements	New Mexico Office of Attorney General

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Aquila, Inc. / Mid-Kansas Electric Co.	E	Kansas	06-MKEE-524-ACQ	11/06	Proposed Acquisition	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	G	New Mexico	06-00210-UT	11/06	Revenue Requirements	New Mexico Office of Attorney General
Atlantic City Electric Company	E	New Jersey	EM06090638	11/06	Sale of B.L. England	Division of Rate Counsel
United Water Delaware, Inc.	W	Delaware	06-174	10/06	Revenue Requirements Cost of Capital	Division of the Public Advocate
Public Service Electric and Gas Company	G	New Jersey	GR05080686	10/06	Societal Benefits Charge	Division of Rate Counsel
Comcast (Avalon, Maple Shade, Gloucester)	C	New Jersey	CR06030136-139	10/06	Form 1205 and 1240 Cable Rates	Division of Rate Counsel
Kansas Gas Service	G	Kansas	06-KGSG-1209-RTS	9/06	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
New Jersey American Water Co. Elizabethtown Water Company Mount Holly Water Company	W	New Jersey	WR06030257	9/06	Regulatory Policy Taxes Cash Working Capital	Division of Rate Counsel
Tidewater Utilities, Inc.	W	Delaware	06-145	9/06	Revenue Requirements Cost of Capital	Division of the Public Advocate
Artesian Water Company	W	Delaware	06-158	9/06	Revenue Requirements Cost of Capital	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	06-KCPE-828-RTS	8/06	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Midwest Energy, Inc.	G	Kansas	06-MDWG-1027-RTS	7/06	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
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
Artesian Water Company	W	Delaware	04-42	10/05	Revenue Requirements Cost of Capital (Remand)	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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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	04-334F	3/05	Gas Service Rates	Division of the Public Advocate
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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 Inter- vention 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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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)
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	Division of the Ratepayer Advocate

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
					Rate Design	
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
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Jones Intercable, Inc.	C	Maryland	CAL98-00283	10/99	Cable Rates (Affidavit)	Public Advocate 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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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
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	C	New Jersey	CR97070479 et al	3/99	Cable Rates	Division of the

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
d/b/a Suburban Cable						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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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
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

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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
						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
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
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

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Mercer County Improvement Authority	SW	New Jersey	SR9004-0264J PUC 3389-90	10/90	Revenue Requirements	Rate Counsel
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

CERTIFICATE OF SERVICE

07-BHCG-1063-ACQ & 07-KCPE-1064-ACQ

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was placed in the United States mail, postage prepaid, or hand-delivered this 18th day of December, 2007, to the following:

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CERTIFICATE OF SERVICE

07-BHCG-1063-ACQ & 07-KCPE-1064-ACQ

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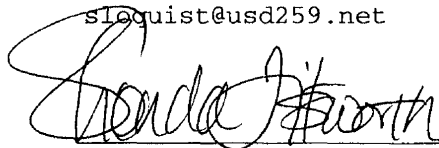
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