

**APPENDIX I**  
**BACKGROUND & QUALIFICATIONS - RESUMES OF**  
**KEY PROJECT PERSONNEL**

The personnel Larkin & Associates proposes for this project are ideally suited to the project's requirements. The project team includes professionals with educational backgrounds in accounting, finance, economics, statistics, business management, taxation, law and computers as well as expertise in addressing regulatory issues for gas, electric, telecommunications, water and sewer utilities.

Members of this team have extensive experience providing consulting to regulatory agencies concerning a wide range of issues affecting public utilities. The professionals proposed for this project have worked as consultants on numerous projects for regulatory commission staffs and intervenors, and have provided litigation assistance on behalf of law firms representing utilities and others. Our team includes expert consultants and CPAs who are thoroughly familiar with the issues in utility regulatory consulting engagements.

Resumes detailing our extensive regulatory and utility industry experience, for the professionals proposed for this project follow:

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## HUGH LARKIN, JR.

Mr. Larkin is a certified public accountant, founder and senior partner of Larkin & Associates. He is thoroughly versed in independent auditing, as well as the design and review of accounting systems and the presentation of data for management and financial reporting. Mr. Larkin is licensed in the states of Michigan and Florida.

For over 29 years, Mr. Larkin has concentrated in the field of public utility regulation. He has served as project leader for numerous financial and compliance audits and regulatory consulting engagements, and has testified as an expert witness on issues dealing with public utility management and regulation in over 300 proceedings. His testimony has been sponsored by public utility/service commission staffs, state attorneys general, groups of municipalities, a district attorney, people's counsel, public counsel, and other such entities. Jurisdictions in which Mr. Larkin has presented expert testimony include: Alabama, Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Vermont, Utah, Washington, Wisconsin, West Virginia, FERC and Canada.

### Relevant Regulatory Experience

Following are examples of electric regulatory cases in which Mr. Larkin has participated.

#### *Electric Cases*

- Project Member in the review of Avista Utilities application for a rate increase. Issues addressed in testimony included: production property adjustment, labor (non-executive), labor (executive), capital additions, asset management, information services, CDA Tribe Settlement costs, Colstrip Mercury O&M, incentive compensation, O&M plant expense, insurance expense, Board of Directors meeting costs, Board of Directors fees, customer deposits, injuries and damages reserve, and interest synchronization.
- Project Member in the review of Tampa Electric Company's request for an increase in rates. Issues addressed in Mr. Larkin's testimony included: transmission base rate adjustment clause, annualization of plant-in-service, plant in service projections, CIS upgrades, dredging O&M amortization, plant held for future use, construction work in progress, working capital, storm damage accrual, uncollectible expense, and capital structure.
- Project Member in the review of Florida Public Utilities Company's review of 2007 electric infrastructure storm hardening plan filed pursuant to Rule 25-6.0342. Issues addressed in Mr. Larkin's testimony included: other property and investments, cash, special deposits-electric, customer accounts receivable, accumulated provision for uncollectibles, prepaid insurance, unbilled revenue, regulatory asset-retirement plan, temporary services, deferred debits-rate case expense, regulatory treatment of over and under recovery of fuel and conservation costs, storm reserve, interest accrued-customer deposits, forfeited discounts, rate case expense, other informational advertising, tree replacement, inspection and testing of substation equipment, economic development expense, postage expense, supervisory training expense, travel for compliance accountant, BDO Seidman increase, uncollectible accounts, revisions to projection factors, staff audit findings, storm hardening expenses, and taxes.
- Project Member in the review of Entergy Gulf States, Inc. ("EGS-La") and Entergy Louisiana, Inc.'s (ELI) d/b/a Entergy Louisiana, LLC (ELL) (collectively referred to as "the Companies") request for interim and permanent recovery in rates of costs related to Hurricanes Katrina and Rita. Larkin & Associates addressed the appropriate methodology for determining the amount to be recovered from customers. Issues addressed in Mr. Larkin's testimony included: incremental cost recovery method, insurance proceeds, Community Block Development Grants, and storm recovery cost cut-off date.

## Resume of Hugh Larkin, Jr., CPA, continued

- Project Member in the review of Florida Power & Light Company's request for recovery of storm restoration costs. Larkin & Associates addressed the appropriate methodology for determining the amount to be recovered from customers. Issues addressed in testimony included: Company's accounting for storm damage costs, the use of variances or estimates of costs included in base, financial statements, Company's method of cost recovery, Company's budget process, lost revenue, other costs which should be excluded from storm cost recovery, storm restoration request, payroll, labor, items covered under warranty, remaining contingencies, joint use poles, plant repair estimates, advertising and communications costs, capital items, proceeds received for loan of personnel and equipment, and cut-off date. Project Member in the review of Gulf Power's petition for cost recovery for storm damages. Issues addressed in Mr. Larkin's testimony included: incremental cost recovery method, voluntary addition to storm reserve, true-up, 2005 storm cost recovery date, servicing and administrative fees, and accounting entries associated with storm-recovery financing.
- Project Member in the review of Appalachian Power Company and Wheeling Power Company's rate request. Issues addressed by Larkin & Associates in testimony included: utility plant held for future use, prior period accumulated depreciation, prepayments, cash working capital, inactive to zero usage material and supplies inventory, self funded reserve accruals, rate base related asset retirement obligation adjustments, pole rental expense, remodeling expense, airplane costs, club initiation fees, written off obsolete inventory, incentive compensation, rate case expense, life insurance premiums, public relations expense, Edison Electric Institute Dues, Other Membership Dues, Three-Year Amortization from Loss on Sale of Bluefield and Wheeling Office Buildings, Amortization of Deferred RTO Formation, Service Company Billings, Institutional Advertising Expense, Interest on Customer Deposits, Expanded Net Energy Cost (ENEC), T&D Management, Consolidated Income Taxes, Interest Synchronization, Depreciation & Amortization Related to Asset Retirement Obligations, Maintenance of Boiler Plant Account 512, Maintenance of Electric Plant Account 513, and Income Tax Expense.
- Project Leader and Expert Witness in a review of Central Hudson Company's request for an increase in electric rates. Issues addressed in testimony filed by Larkin and Associates included pension expense, other post employment benefits expense, site investigation and remediation costs for manufactured plant, right of way maintenance/storm damage expense.
- Project Leader and Expert Witness in a review of New York State Electric & Gas Company's request for an increase in electric rates. Issues addressed in testimony filed by Larkin and Associates included payroll, capital expenditures, pension expense, other post employment benefits expense, supplemental executive retirement plan, hydraulic power generation, legal services, regulatory commission expense, rent expense allocated from USSC, outside services, tree trimming, and stray voltage.
- Project Leader in Civil Action No. C2-05-360 where Larkin & Associates was retained by the U.S. Department of Justice to review American Electric Power Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. 04-34-KSF where Larkin & Associates was retained by the U.S. Department of Justice to review East Kentucky Power Cooperative's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. IP99-1693 C-M/S where Larkin & Associates was retained by the U.S. Department of Justice to review Cinergy Corporation's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. C2-99-1182, C2-99-1250 (consolidated) where Larkin & Associates was retained by the U.S. Department of Justice to review American Electric Power

## Resume of Hugh Larkin, Jr., CPA, continued

Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.

- Project Leader in Civil Action No. 1:00 CV 1262 where Larkin & Associates was retained by the U.S. Department of Justice to review Duke Power Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. C2-99-1181 where Larkin & Associates was retained by the U.S. Department of Justice to review Ohio Edison Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Manager in a review of the 2004 Cost of Service Application of San Diego Gas and Electric Company as it pertained to the Company's electric operations. Issues addressed in testimony included: miscellaneous revenues, employee level and compensation, pensions, employee benefits, directors and officers liability insurance, workers compensation, injuries and damages, accumulated deferred income taxes, customer advances for construction, capitalization policy changes and allocated corporate center costs.
- Project Director in the review of Florida Power & Light Company's proposed revenue requirement. The case settled prior to filing testimony and the firm actively assisted in settlement discussions.
- Key Project Member in the review of Florida Power & Light Company's earnings, including effects of a proposed acquisition of Florida Power Corporation by Carolina Power & Light. Issues presented in testimony included an overall recommendation and a capital structure-CR3 Adjustment, merger synergies/acquisition adjustment, closed business offices, and operating income adjustments: miscellaneous service revenues, other electric revenues, salaries and wages expense, employee benefits-medical expense, FAS 106, FAS 112, miscellaneous benefits-change in control cash payment, power marketing expense, general advertising expense, nuclear property and liability insurance credits, nuclear materials and supply inventory, rate case expense, nuclear energy institute dues-lobbying, Tiger Bay regulatory asset, nuclear decommissioning expense, property tax expense and effects of Company updates to its filing.
- Project Director in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues addressed in testimony included: incentive compensation, payroll, pensions/post-retirement benefits, working capital, Bridger Coal Company Rate Base, Environmental Settlements, Revenue Normalization Correction, Distribution Expense Correction, Accounting Write-Offs, Assets under construction write-off, Cholla Assets Under Construction Write-Off, Additional Assets Under Construction Written Off, Obsolete Inventory Write-Offs/Reserve, FERC Contingency Write-Off, Blue Sky Program, Stoel Rives Pricing Settlement, Transition Team Costs, Miscellaneous Outside Service Expense, Annualization of Contract Cost Savings, Dave Johnston (Glenrock) mine closure, systems applications and products software (SAP), re-engineering, 1997 computer software write-down, Company's proposed 1999 software write-off, uncollectible expense, and potential updates (pending additional information from the Company).
- Project Director in an investigation of over-earnings by the Connecticut Light & Power Company. Issues presented in testimony included: over-earning standards, cause of over earnings, treatment of over-earnings, impact of over-earnings on conditions of NU/ConEd Merger, and the Company's proposed initiatives.
- Project Director and expert witness in the analysis of the submission of PacifiCorp d/b/a Utah Power & Light Company's semi-annual report for the year ended December 31, 1997. Mr. Larkin recommended a reduction in UP&L's rates, along with a recommended refund of past over-earnings, as the revenues collected during 1997 were set as interim by the Utah legislature. Mr.

## Resume of Hugh Larkin, Jr., CPA, continued

Larkin investigated issues and presented testimony. Larkin & Associates filed testimony on the following issues: refund calculation methodology; out-of-period adjustments for a future mine closure, mine reclamation costs, software write-down, re-engineering program, future dam removal and computer mainframe write-downs; plant held for future use; cash working capital; prepaid interest; employee costs including payroll, incentive compensation, FAS 112 and FAS 106; advertising; solar amortization; environmental settlement handled by an affiliated company; uncollectibles; relocation expense; black lung excise taxes; property taxes; and income taxes.

- Project Director and expert witness in charge of addressing revenue requirement issues presented in the June 1998 filing by Georgia Power Company (GPC). Larkin & Associates' testimony addressed the determination of Staff's adjusted rate base and net operating income for GPC, and the adjustments to GPC's rate base and net operating income being proposed by Staff. Issues addressed in testimony included: accelerated amortization of gain/loss on reacquired debt, accelerated amortization of vacation pay "regulatory asset", accelerated amortization of OPEB "regulatory asset", depreciation expense, revenues based on sales forecast, uncollectibles expense, contract labor, Year 2000 Project expense, non-recurring costs charged to GPC from affiliates, performance divided plan, performance pay plan and performance incentive plan, Commission-ordered adjustments, expiring amortizations, rate case expense normalization, promotional load building program, Rocky Mountain pumped storage plant disallowance, payroll tax expense, cash working capital and interest synchronization.
- Project Director in the review of the revenue requirement aspects of the Application for Approval of Alternative Regulatory Plan presented by Virginia Electric Power Company. Conducted a review of Virginia Power's 1995 and 1996 earnings, with particular focus on the revenue requirement for Virginia Power in each of those years. Mr. Larkin determined that the Company received excess earnings in each of those years. Recommended a refund of past over-earnings and recommended a reduction in the Company's rates. Mr. Larkin also recommended accounting methods to be employed during a proposed three-year rate freeze period. Adjustments which impacted revenue requirement were addressed in the following areas: projected plant-in-service; deferred capacity expense; payroll; incentive compensation; vision 2000 plan cost savings; employee benefits including pensions and OPEB; outside directors' stock accumulation plan; lost margins on wholesale sales; EVANTAGE affiliate allocations; credit support payments from affiliates; lease expense; advertising; storm damage; dues expense; outside consulting fees; depreciation expense; and deferred capacity mechanism. The case was ultimately settled subsequent to the filing of direct testimony. The settlement resulting in a significant rate decrease, substantial refunds and an alternative regulatory plan incorporating rate freeze provisions.
- Project Director in the review of the application and filing made by Nevada Power Company for an increase in its base tariff energy rates to reflect increased fuel and purchased energy costs and for a reduction in its deferred energy accounting adjustment credits for clearance of its deferred energy accounts. Mr. Larkin's testimony addressed fuel and purchased power cost, including coal and gas supply contracts and spot market purchases. Specific issues and recommended adjustments included: over-pricing of supplier "F" gas purchases, diesel costs (current) for Sunrise and Sunpeak gas turbines, unpaid gas cost accrual expense, May 1997 start-up fees and sale of emission allowances.
- Project Director on behalf of the Department of the Navy to provide answers to specific questions raised by the Hawaiian Public Utilities Commission in its pre-hearing order and to respond to the direct testimony of the witnesses of the utilities. The purpose of the case was to address whether or not the Hawaiian public utilities should be permitted to establish a self-insured property damage reserve and, if so, how such reserve should be treated for both financial and regulatory purposes. Main issues addressed included: whether or not a reserve should be established; alternatives to a self-funded reserve; appropriate accounting if a reserve is established; whether or not amounts collected should be funded; treatment of reserve for tax purposes; and appropriate qualifications on use of the reserves.

## Resume of Hugh Larkin, Jr., CPA, continued

- Project Director in the review of specific issues pertinent to Entergy Gulf States' filing for an increase in base rates. Specifically, Larkin & Associates was retained to review costs directly charged and allocated by Entergy Services, Inc. (ESI) and Entergy Operations, Inc. (EOI) to Entergy Gulf States. ESI and EOI are nonregulated affiliates of Entergy Gulf States. In addition, Larkin & Associates was retained to review the weather normalization adjustment calculated by Entergy Gulf States.
- Project Director retained by the New Jersey Division of Ratepayers Advocate to participate in the examination of issues related to the recovery of capacity costs in base rates and in the Levelized Energy Adjustment Clause.
- Project Director in the review of the rate increase request by the Monongahela Power Company. Mr. Larkin investigated issues including revenue requirement, rate base, scrubber O&M expenses, Clean Air Act Amendment compliance and costs, storm damage expense, cash working capital, salary expenses, savings plan expenses, right of way maintenance, medical expense, pension (FAS 87) expense and meter socket expense.
- Project Director on behalf of Energy Consumers for Choice in Mississippi in a generic docket before the Mississippi Public Service Commission to consider competition in the provision of retail electric service. Mr. Larkin performed analytical work on this project, prepared written testimony and testified at hearings. His testimony addressed criteria that should be in place upon implementation of competition and the position that competition can be beneficial to all ratepayers and the Company if it is structured and implemented appropriately. Mr. Larkin also took the position that stranded costs should not automatically be flowed 100% to ratepayers, rather, a sharing between ratepayers and shareholders should be considered. Mr. Larkin has filed numerous comments to the Commission regarding specific electric industry restructuring issues.
- Project Director in the review of the rate increase request by the Potomac Edison Company. Mr. Larkin analyzed issues including revenue requirement, rate base, scrubber O&M expenses, Clean Air Act Amendment compliance and costs, customer deposits, salary expenses, right of way maintenance, medical expense, payroll incentive awards and pension expense.
- Project Director in the review of the administrative and general expenses encompassed within Southern California Edison Company's general rate case. His testimony addressed the following issues: severance payments, environmental litigation expense, regulatory commission expense, medical malpractice insurance, blanket crime insurance, directors' retirement plan, miscellaneous Board of Directors expense, employee volunteer program, High Five Service Program, employee meetings expense, EEI dues, and franchise fees.
- Project Director retained by the Mississippi Public Service Commission to review the rate increase filing made by Mississippi Power and Light Company. He reviewed rate base, revenues and expenses. Mr. Larkin's participation in the settlement discussions led to the resolution of this case.
- Project Director retained by the Connecticut Office of Consumer Counsel to review the rate increase request by the Connecticut Light and Power Company. Issues addressed in his testimony included: nuclear plant phase-ins, nuclear performance enhancement program costs, cash working capital, KWH sales, transmission revenues, fossil/hydro outage costs, merger costs, salaries and wages including benefits, CIAC deferral, capacity costs, and depreciation.
- Project Director hired by the Florida Office of Public Counsel to review the Tampa Electric Company's request for an increase in rates. Areas he analyzed were: CWIP, plant in service, accumulated depreciation, plant held for future use, working capital, tree trimming expense, advertising expense, rate case expense, payroll, fringe benefits, supplemental executive retirement program, depreciation expense, FAS 106, and interest synchronization.

## Resume of Hugh Larkin, Jr., CPA, continued

- Project Director in the review of the rate increase request by the United Illuminating Company. Issues reviewed by Mr. Larkin included: working capital, accrued vacations, sales, late payment charges, transmission revenues, operating rents, electric property, transmission charges, generating expense, Steel Point Decommissioning, Seabrook Unit 1 - expenses, Connecticut Yankee expense, Millstone Unit 3 expense, payroll, 401(K), group health and life insurance expenses, post retirement benefits, pension expense, rate case expense, lease expense, inflation adjustment, and property taxes.
- Project Director in the review of the rate increase request filed by Florida Power Company. Major issues discussed in his testimony included: CWIP, flight equipment, revenues, tree trimming expense, advertising expense, payroll, fringe benefit expense, and Performance Reward.
- Project Director in the comprehensive review of the Hawaiian Electric Company's application for an increase in revenues. Subjects addressed in testimony included: projected work force growth, employee benefits, integrated resource planning expense, rate case expense, affiliated charges, plant additions, property held for future use, fuel oil inventory, accounts payable related to electric materials and supplies.
- Lead Consultant retained by the Florida Office of Public Counsel to review the issue related to Florida Power Corporation's inclusion of a hypothetical income tax cost in the cost-plus fuel charges which Florida Power Corporation pays to an affiliate, Electric Fuels Corporation.
- Project Director in the review of System Energy Resources, Inc., tax accounting and allocation methods used and the resulting impacts of such methods on rates.
- Lead Consultant retained by the Illinois Office of Public Counsel to evaluate and make recommendations on Central Illinois Lighting Company's ratemaking treatment of costs associated with coal tar clean-up.
- Key project team member in the evaluation of Central Vermont Public Service Corporation's request for an increase in rates. Mr. Larkin analyzed capital structure, cost of capital - short term debt, common equity component of capital structure, capital stock expense, Allied Power and Light Company adjustment, non-utility investment, rate base - accumulated deferred income tax, accumulated depreciation, Poultney 3-bay Garage, CWIP, working capital allowance, operating expense - transmission station expenditures, salaries and wages, 401(K) match, management incentive plan, pensions, EEI committee meetings, property taxes, outside services, depreciation expense, conservation and load management, utility incentives, income taxes, gross revenues and fuel gross receipts tax.
- Project Director in the review of the rate increase filing of the Southern California Edison Company. Post retirement benefits other than pensions and property taxes were the primary issues in this case.
- Project Director in the comprehensive review of costs allocated by Systems Energy Resources, Inc. to its utility ratepayers located in the states of Mississippi, Louisiana, and Arkansas. The review focused on the appropriate funding period over which to allocate decommissioning expenses, the propriety of transferring inventory costs from Grand Gulf Unit 2, an abandoned nuclear plant, to Grand Gulf Unit 1, and the appropriate method to compute rent expense charged to ratepayers.
- Key project team member in the review of cost of service and rate base analysis of Green Mountain Power Corporation. Specific issues addressed included: budget variances, post-retirement benefits, power costs, advertising, plant additions, CWIP in rate base, investments in affiliates, the appropriateness of the amortization and rate base treatment of various projects and demand side management programs.

## Resume of Hugh Larkin, Jr., CPA, continued

- Project Director in the review of the rate case of Wheeling Power Company. Specific issues examined included: other operating revenue, including rent from electric property, forfeited discounts, storm damage expense, injuries and damages expense, postage expense, uncollectible expense, rate case expense, inflation adjustment, EEI-Media Communication Fund, advertising expense and income taxes.
- Project Director in the review of the Hawaiian Electric Company's rate filing package. Issues addressed included: Operating income: Advertising Expense; Uncollectibles; Employee Benefits; Employee Discounts on Electric Service; Performance or Incentive Bonuses; Depreciation Expense; Wage Rollback; Projected Work Force Growth; Integrated Resources Plan; Customer Deposit Interest. Rate Base: Plant in Service; Joint Pole Contributions; Depreciation; PHFFU; Materials and Supplies; CIAC; Customer Advances; Customer Deposits; ADIT; Unamortized Investment Tax Credit; Accounts Payable Related to Electric Materials and Supplies; Accounts Payable Related to Construction Work in Progress; Gain on Sale of Utility Property; Cash Working Capital.
- Project Director in the review of Jersey Central Power & Light Company's rate filing. Issues included: normalized revenues, revenue-based taxes and assessments, expenses for customer growth, non-pension post retirement benefits, depreciation expense, decommissioning expense, nuclear O&M expense, depreciation expense, amortization of deferred capacity cost, TMI fault settlement cost annuity, design basis documentation cost, loan management programs, gain on disposition of rate base property, association dues, affiliate allocations, storm damage expense, rate case expense, donations, T&D information management system, income tax expense, plant in service, accumulated deferred income taxes, accumulated depreciation and working capital.
- Project Director in the analysis of Gulf Power Company's filing in regard to a proper revenue requirement. Issues addressed in the direct testimony of Mr. Larkin include: plant in service, depreciation, JDITC balance, non-electric plant, PHFFU, acquisition adjustment, unit power and retail sales and interest synchronization.
- Project Director in the examination of the petition of the Philadelphia Electric Company for a rate increase. Issues addressed included: Measure of Value: Limerick 1 Early Window Cost in Measure of Value; Fuel Inventory; Materials and Supplies; Cash Working Capital Requirement; Accumulated Deferred Income Taxes. Operating Income: Revenue Annualization; Building Rental Income; Limerick 1 Early Window Amortization; Amortization of Damaged Fuel; EEI Media Communications Advertising; Industry Association Dues; Pension Expense; Uncollectibles; Payroll; Stockholders Meeting Expense; Management Audit Cost Amortization; Loss on Retired Computer Facilities; Decommissioning Cost; Pennsylvania Job Creation Tax Credit; Research & Development Expense; Rent Expense; Electric T&D Expenses; Financial Department O&M Overbudgeting; Interest Synchronization; Unprotected Deferred Income Taxes.
- Project Director in the analysis of the settlement agreement between United Illuminating Company and Consumer parties. Issues involved: cash working capital, FCA credits overstated, nuclear fuel expense, overstatement of fuel costs, capacity sales, transmission charges, payroll overstatement, pension expense, overhaul expense, rate case expense, professional fees, advertising expense, inflation adjustment, EPRI dues, conservation costs, storm damage expense, DFIS computer system, personal use of company automobiles, depreciation expense, property tax and tax expense.
- Project Director in the examination of the rate case filing of Central Maine Power Company. Issues included: Net Operating Income: Customer Service System; Pension Expense; Storm Cost Normalization; Energy Management Program Expenses; Wages and Salaries; Union Actual vs. Contract Increases; Incentive Bonus Plan; Payroll Taxes; Employee Benefits; EPRI; Gains on Property that Had Been in Rate Base; Excess Deferred Income Taxes. Rate Base: Customer Service System; Employee Residences; PHFFU; Cash Working Capital; Unamortized Balances.

## Resume of Hugh Larkin, Jr., CPA, continued

- Lead Consultant in the examination of the filing by the Puget Sound Power & Light Company to increase rates. Issues specifically addressed include: property sales, late payment charges, lease income, conservation program additions, retirement plan, investment in nuclear project, and tax benefits.
- Project Director in the analysis of Jersey Central Power & Light Company. Included in the analysis were the following: fuel clause filing, capacity adjustment clause and (1) whether three purchased power contracts were in the public interest and reasonably necessary to provide adequate and proper service to JCP&L's customers, (2) whether the costs associated with the purchases under the three contracts are reasonable and prudently incurred, and (3) whether the PJM/GPU reserve capacity charges and the capacity costs associated with the three contracts should receive deferred accounting treatment with subsequent recovery of deferred costs in a rate case. Mr. Larkin also presented testimony on ratemaking principles for capacity additions.
- Project Director in the review of Gulf States Utilities Company filing to increase rates. Issues included: River Bend costs, electric sales, calculation of revenues, electric sales to other utilities, fuel over/under recovery, nuclear fuel cost included in 1987 projections, and O&M expenses, excluding payroll and employee benefits.
- Project Director in the detailed review of Georgia Power Company's rate case filing. Our task involved performing a detailed review of Georgia Power Company's operating budget for fiscal year 1987 and for the budgetary test year used in conjunction with the Company's rate case. The scope of our task involved focusing not only upon the process used for resource planning and budgeting at Georgia Power Company, but also examining the costs contained in the operating budget. With respect to costs included in the budget, we attempted to ascertain what support existed for the inclusion of such costs in the budget, to obtain an understanding of why the Company had included specified costs in its budget, and, to the extent possible from the information provided by the Company, to evaluate such costs for reasonableness and for the effective use of personnel, materials, and other inputs in order to produce, transmit and distribute electricity to the retail consumer at the lowest price consistent with reliable service.
- Project Director in the examination of Long Island Lighting Company for a basis for rate relief. Areas examined included: austerity program, LILCO's cash flow projections, adjusted cash flow projections, cash available at beginning of rate year, understatement of cash balance, omission of dividends, New York gross earnings - dividend tax, increase in sales, interest savings during rate year, prepayment of bank debt, increase in interest payments, additional self-help measures, research and development programs, wage and salary freeze, NEIL insurance, "Golden Parachute Program", officers' salaries, cost of center for stress and pain, directors and officers liability insurance, Federal income taxes, possibility of an imminent LILCO bankruptcy, late payment charge, storm damage reserve, refinancing and rate relief recommendation.
- Project Director in the review of Carolina Power & Light Company's request for an increase in rates. Major issues addressed included: application of the terms of FASB Statement No. 92 to the Utility's Harris Nuclear Plant capacity buy-back levelization plan, appropriate value of pre-commercial test energy produced, proper coal inventory level, pension expense recoverable under FASB Statement No. 87 and reduction to test year payroll costs resulting from work force reductions and abnormal overtime.
- Project Director in the examination of El Paso Electric Company's request for a rate increase. Issues addressed in Mr. Larkin's testimony were as follows: revenue surplus, capital structure, reallocation of common facilities, assignment of PV Unit 2 Texas AFUDC credits as an offset to plant in service, removal of penalties from plant in service, accumulated depreciation, nuclear fuel in process and CWIP, deferred carrying costs and adjustment to deferred income tax liability, unbilled revenues, O&M expense, purchased power expense, salaries and wages, pension expense, employee benefits, nonrecurring expense, account 567, advertising expense, outside service, insurance expense, directors and officers liability and excess liability insurance, regulatory commission expense, city rate case expense, ANPP prudency audit costs, prudency

## Resume of Hugh Larkin, Jr., CPA, continued

hearing expenses, general advertising expense, line of credit fees, employees transferred to Pasotex Corporation, other O&M expense, miscellaneous expense, deferred O&M expense, deferred Palo Verde Unit 2 lease payments and sale leaseback transaction costs, depreciation expenses, amortization of deferred carrying costs, interest of customer deposits, property taxes, deferred Palo Verde taxes, NRC reactor fee, Texas franchise tax, FICA taxes, Federal income tax expense, Federal income tax expense, sale and leaseback of Palo Verde Unit 2, accounting adjustments to incorporate recommendations of MHB Technical Associates and Ben Johnson Associates, Inc. and revenue surplus with a 50% disallowance of Palo Verde costs.

- Lead Consultant retained by the Illinois Office of Public Counsel to present schedules showing the fixed charge revenue requirement of Byron 1 under two different scenarios: (1) fixed charge revenue requirements based on as-built scenario with an in-service data of October 31, 1985, and (2) a rate base adjustment reflecting the AFUDC method with an in-service date of June 30, 1984 for the Commonwealth Edison Company.
- Project Director in the review and analysis of the filing of Gulf Power Company for a rate increase. The following issues were addressed in testimony by Mr. Larkin: plant in service, depreciation, non-electric plant, unit power sales, CWIP, retail sales, budgeting process, labor costs, plant expenses, transmission line rental, uncollectibles, renovations, and obsolete materials.

### Previous Positions

- Employed by the international certified public accounting firm Peat, Marwick, Mitchell and Company from 1963 through 1969. Supervised major audits of the Detroit office.
- Partner in the public accounting firm of Tischler & Lipson, 1969-1970.
- Formed the certified public accounting firm of Larkin, Chapski and Company in 1970 (reorganized in 1982 as Larkin & Associates).

### Education

- Bachelor of Science, Accounting, Michigan State University, East Lansing, Michigan, 1960.
- Certified Public Accountant, 1966.
- Continuing professional education necessary to maintain CPA license.

### Professional Affiliations

- Michigan Association of Certified Public Accountants.
- American Institute of Certified Public Accountants.

### References

- Charles Beck  
Office of the Public Counsel  
111 W. Madison St. - 801  
Tallahassee, Florida 32339-1400  
(850) 488-9330
- Irwin Popowsky  
Office of Attorney General  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048

## Resume of Hugh Larkin, Jr., CPA, continued

- George Fleming, Esq.  
Mississippi Public Service Commission  
Walter Sillers State Office Building  
P.O. Box 1174  
Jackson, Mississippi 39215-1174  
(604) 961-5400

## RALPH C. SMITH

Mr. Smith's professional credentials include being a certified financial planner™ professional, a licensed certified public accountant and an attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving gas, telephone, electric, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

### Relevant Regulatory Experience

Following are examples of electric regulatory cases in which Mr. Smith has participated.

- Project Manager in a research project for the Arkansas Public Service Commission Staff regarding innovative approaches to rate base, rate of return ratemaking. Larkin & Associates analysis focused on annual earnings reviews, formula rates, recovery of extraordinary storm damage expenses, plant acquisitions and construction costs of new facilities.
- Project Manager and Expert Witness in the review of Puget Sound Energy's application for an increase in rates. Issues addressed in Mr. Smith's testimony were: Wild Horse Expansion Project, ADIT associated with 2009 Bonus Tax Depreciation associated with the Wild Horse Expansion Project, Tax Benefits of American Recovery and Reinvestment Act ("ARRA"), significant change in tax accounting, pension expense and supplemental executive retirement plan expense.
- Project Manager and Expert Witness in the an investigation of issues presented in Entergy Arkansas, Inc.'s (EAI or Company) proposed Annual Earnings Review Procedure Tariff (Rider AER). Issues discussed in Mr. Smith's testimony included: No Separate Capacity Acquisition Rider, Annual filing and review process, Nature of the Rate Adjustment, Determination of the AER Rate, Reevaluations for the cost rate for common equity, Provisions for Other Rate Changes, Term of Rider AER, Calculation of the Revenue Deficiency or Excess, Rate of Return and other differences.
- Project Manager and Expert Witness in the Investigation of Entergy Arkansas Inc.'s March 2006 Entergy Cost Recovery Rider Annual Update. Mr. Smith provided additional information concerning EAI's dispute with one of the railroads concerning delivery of coal from the Powder River Basin (PRB) in Wyoming to EM'S Arkansas generating plants and comment on other issues raised by the Arkansas Attorney General ("AG") and the Arkansas Electric Energy Consumers, Inc. ("AEEC"). Mr. Smith also addressed the continuation of EAI's Energy Cost Recovery Rider ("ECR") in his testimony.
- Project Manager and Expert Witness in the investigation of issues presented in Entergy Arkansas, Inc.'s (EAI or Company) request for approval of the acquisition of new capacity to serve its retail customers. Mr. Smith's testimony addressed the following issues relevant to this phase of the Docket: Recovery of Capacity Costs and EAI'S proposal for a Capacity Acquisition Rider (Rider CA), EAI'S proposed modification of Rider ECR to include costs for a Long-Term

## Resume of Ralph C. Smith, CPA continued

Service Agreement (LTSA).

- Project Manager and Expert Witness in the investigation of selected issues presented in Entergy Arkansas, Inc.'s (EM) rate case application. Mr. Smith's testimony addressed the following issues: Recovery of Capacity Costs and EAI's proposal for a Capacity Management Rider, EAI's Energy Cost Recovery Rider, and Affiliate Charges to EM from Entergy Services, Inc.
- Project Manager and Expert Witness in the review of energy policy issues pertaining to EAI. One of the projects involved a review of EAI's fuel procurement, including the supply of coal to EAI's White Bluff and Independence Steam Electric Station generating units. The Commission established this docket to investigate the Interim Revision to the Energy Cost Recovery Rider filed by Entergy previously in Docket 96-360-U.
- Project Manager in an engagement to address energy policy issues. Larkin & Associates assisted with the preparation of comments before the Commission which included a general discussion of the major issues and some specific recommendations on the Commission's Proposed Resource Planning Guidelines (Guidelines) in the form of a mark-up to those Guidelines.
- Project Manager in the review of Southwest Power Pool's (SPP) Application for a Certificate of Public Convenience and Necessity (CCN) and waiver of certain Arkansas statutes and other issues relating to the operation of SPP as an RTO, including the Cost-Benefit Analysis that SPP submitted in this proceeding. In addition, the project team reviewed the filings of Oklahoma Gas and Electric Company (OG&E), Southwestern Electric Power Company (SWEPCO), and The Empire District Electric Company (Empire) in Docket Nos. 04-111-U, 04-143-U, and 05-132-U, respectively, i.e., to participate in the SPP RTO and transfer functional control of certain transmission assets to SPP which were consolidated with this docket. Testimony filed by Larkin & Associates addressed SPP's request for a CCN and waiver of certain Arkansas Statutes and a discussion of the Cost-Benefit Analysis that SPP submitted and various nonquantitative Factors related to SPP's functioning as an RTO and transfer of functional control of certain transmission assets to SPP.
- Project Manager in an engagement to assist the Arkansas General Staff with developing comprehensive resource planning guidelines for electric utilities. Larkin & Associates reviewed comments filed by the other parties before the Federal Energy Regulatory Commission and participated in collaborative meetings with the Public Service Commission Staff
- Project Manager and Expert Witness in Appalachian Power Company's application for an increase in rates. Issues addressed in Mr. Smith's testimony included: self-funded reserve accruals, rate base update, materials and supplies, customers deposits, deferred fuel balance, ADIT, prepaid pension asset, fuel stock inventory, plant held for future use, accounts receivable factoring, mountaineer carbon capture demonstration project, blanket funded capital projects, third-party transmission service revenue, capacity equalization expense, environmental consumables, transmission equalization expense credit, transmission reliability expense, distribution reliability expense, PJM administrative and ancillary fees, emission allowances, Edison Electric Institute dues, obsolete inventory, interest synchronization, New Source Review Settlement, pension expense, interest on customer deposits, depreciation expense, property tax expense, legal expense related to AEP subsidiaries, charitable contributions, stock awards, non-fuel production O&M expense and income tax expense.
- Project Manager and Expert Witness in the review of Hawaiian Electric Company Inc.'s rate filing package. Issues addressed in testimony included: customer information system, cash working capital, accumulated deferred income taxes, general inflation, Ward Base Yard capitalization, vehicle fuel cost, expiring amortization, community service activities expense, income taxes, depreciation and amortization, average test year employees, pension and OPEB cost, normalize research and development expenses, research and development tax credit, FUTA tax reduction, international financial reporting standards, rent expense and emission fees.

## Resume of Ralph C. Smith, CPA continued

- Project Manager and Expert Witness in the review of Arizona Public Service Company's Application for an Interim Increase in rates. Issues addressed in Mr. Smith's testimony in the interim rate relief requested by APS were: criteria for interim rate relief, ordinary regulatory lag does not justify APS' requested interim rate relief, alleged emergency circumstances, whether APS requires an interim rate increase during the processing of its general rate case, an alternative basis for determining an amount of interim rate increase for APS should the Commission be inclined to grant an increase, and rate design
- Project Manager and Expert Witness in the review of Tucson Electric Power Company's General Rate Application. Issues addressed in testimony included: Depreciation Rates, Plant Held for Future Use, Luna Plant Facility, Luna Plant Facility Accumulated Deferred Income Taxes, "Implementation Cost Regulatory Asset", Working Capital, Fuel Inventory, Accumulated Depreciation and ADIT Related to Cost of Removal, Accumulated Depreciation Related to Unauthorized Depreciation Rate Changes, Miscellaneous Accumulated Deferred Income Tax, Account 190, Other Deferred Credits, Customer Care & Billing System, Springerville Unit 1, Luna Facility Depreciation and Property Tax Expense, San Juan Coal Contract, Bad Debt Expense, Edison Electric Institute Dues, Incentive Compensation, Supplemental Executive Retirement Program Expense, Workers' Compensation Expense, Short-Term Sales, Wholesale Trading Activity, Gain on Sale of SO2 Emission Allowances, Property Tax Expense Interest Synchronization, Depreciation Rates Adjustment, Customer Care & Billing System, Markup Above Cost for Charges from Affiliate, Southwest Energy Services, PPFAC Adjustment, Postage Expense, Miscellaneous Service Revenue, Cash Working Capital, Normalize Affiliate Charges to TEP, Legal Expense Related to Motion to Amend Decision No. 62103, Legal Expense Related to California Proceedings, West Connect Charges Related to Regulatory Asset, Other TEP Changes to Operating Income and Rate Base, Purchased Power and Fuel Adjustment Clause, TEP's Historical Misuse of Previous Fuel Adjustment Mechanism, Staffs Proposed PPFAC, TEP's Proposed PPFAC, Costs to Be Included in the PPFAC, Credits to PPFAC Costs Effective Date for PPFAC, PPFAC Forward-Looking and True-Up Components, Carrying Costs on PPFAC bank balance, Filing and Reporting Requirements, Whether Sharing and Cap Provisions Should be Imposed, Requirement for Commission approval of PPFAC, and rate changes.
- Project Manager and Expert Witness in the review of revenue requirement and selected other issues, including new depreciation rates, and rules and regulation changes proposed by UNS Electric. Issues discussed in Mr. Smith's testimony included construction work-in-process, plant in service addition subject to reimbursement, cash working capital, accumulated deferred income tax, revenue adjustment for CARES discount, depreciation and property taxes for CWIP, depreciation and property taxes for CWIP found to be in service in the test year, fleet fuel expense, postage expense, normalize injuries and damages, incentive compensation, supplemental executive retirement program expense, stock based compensation, property tax expense, rate case expense, Edison Electric Institute Dues, other membership and industry association dues, interest synchronization, depreciation rates correction, emergency bill assistance expense, markup above cost for charges from affiliate, Southwest Energy Services, depreciation rates, changes to purchased power and fuel adjustment clause, and the Company's proposed ratemaking treatment for a new peaking unit, Black Mountain Generating Station.
- Project Manager and Expert Witness in the review of Puget Sound Energy application for an increase in rates. Issues addressed in Mr. Smith's testimony included: storm damage cost recovery and wire zone vegetation management expense.
- Project Manager and Expert Witness in the Hawaiian Electric Company Inc.'s rate filing package. Issues addressed in testimony included: pension asset, cash working capital, accumulated deferred income taxes for AFUDC in CWIP, June 2007 updates, known and measurable rate changes, amortization of pension asset, Edison Electric Institute dues, security services expense, Community Process expense, Income Taxes – Interest Synchronization, Research, Development and Demonstration Expenses in Miscellaneous O&M, Average Test Year Employees, HECO's Proposed Pension Tracking Mechanism and HECO's Proposed OPEB Tracking Mechanism.

## Resume of Ralph C. Smith, CPA continued

- Project Manager and Expert Witness in Appalachian Power Company's application for an increase in rates. Issues addressed in Mr. Smith's testimony included: self-funded reserve accruals, prepayments, rate base update, prepaid pension asset, inactive or zero usage materials & supplies inventory, accumulated deferred income taxes, deferred fuel balance, off-system sales margin, customer revenues for growth through June 2006, interest on customer deposits, donations, written off obsolete inventory, rate case expense, environmental consumable and allowances, depreciation expense, public relations expense, Edison Electric Institute Dues, other membership dues, service company billings, interest synchronization, adjustment to tax expense for parent company debt, vegetation management program expense, vehicle fuel expense, normalize remodeling expense, estimated property tax increases, and income tax expense.
- Project Manager and Expert Witness in Hawaiian Electric Company Inc.'s rate filing package. Issues addressed in testimony included net plant in service update, rate base updates, property held for future use, pension asset, unamortized HRS system development costs, cash working capital, fuel inventory placeholder, other operating revenue, removal of DSM costs, standard labor rates and test year overtime, average test year employees, fuel related expense, production operations and maintenance expense, customer service expense-reorganization, depreciation and amortization expense, administrative and general expense, other taxes-SUTA, income taxes-interest synchronization, electric sales revenue and fuel update placeholder, King Street lease.
- Project Manager and Expert Witness in Consumers Energy Company's application for authority to increase rates for the generation and distribution of electricity. Testimony presented by Mr. Smith included amortization of pension funding contribution/request for a regulatory asset, property insurance expense, customer operations: low income energy efficiency fund (LIEEF), active and retired employees insurance, electric property taxes, electric system operations expense: forestry, incentive compensation, and other adjustments. Other issues addressed included CECO's proposal for single-issue ratemaking for pension expense variations, other post employment benefits expense variations, and financing cost recommendation if either pension or OPEB deferral plan is adopted.
- Project Manager and Expert Witness in the review of Appalachian Power Company and Wheeling Power Company's rate request. Issues addressed by Larkin & Associates in testimony included: utility plant held for future use, prior period accumulated depreciation, prepayments, cash working capital, inactive to zero usage material and supplies inventory, self funded reserve accruals, rate base related asset retirement obligation adjustments, pole rental expense, remodeling expense, airplane costs, club initiation fees, written off obsolete inventory, incentive compensation, rate case expense, life insurance premiums, public relations expense, Edison Electric Institute Dues, Other Membership Dues, Three-Year Amortization from Loss on Sale of Bluefield and Wheeling Office Buildings, Amortization of Deferred RTO Formation, Service Company Billings, Institutional Advertising Expense, Interest on Customer Deposits, Expanded Net Energy Cost (ENEC), T&D Management, Consolidated Income Taxes, Interest Synchronization, Depreciation & Amortization Related to Asset Retirement Obligations, Maintenance of Boiler Plant Account 512, Maintenance of Electric Plant Account 513, and Income Tax Expense.
- Project Manager and Expert Witness in Delmarva Power and Light Company's Application for Approval of a Change in Electric Distribution Base Rates and Miscellaneous Tariff Changes. Mr. Smith's testimony focuses on Delmarva's proposed depreciation rates for Distribution Plant. Issues addressed in testimony included: objective of depreciation expense, book depreciation expense, depreciable utility plant, accumulated depreciation, impact on the company's revenue requirement, negative net salvage, FAS 143 regulatory liability, remaining life depreciation, whole life depreciation rate, excessive depreciation rate, asset retirement obligations (AROs), FERC Order 631, cost of removal, plant in service, five-year average net salvage allowance approach, and five year rolling average.
- Project Manager and Expert Witness in a review of Arizona Public Service Company's (APS) application for an emergency interim rate increase. Issues addressed in Mr. Smith's testimony

## Resume of Ralph C. Smith, CPA continued

included: the \$776.2 million cap on recovery of fuel and purchased power expenses, the emergency relief requested by APS and whether APS is experiencing a “financial emergency”, and whether requirements should be placed on the Company as conditions for approval of all or part of its emergency request, operation of the PSA as it relates to APS’ request for an emergency rate increase.

- Project Manager for Larkin & Associates, acting as a subcontractor to Energy Ventures Analysis, Inc. on the Financial and Management/Performance Audit of the Fuel and Purchased Power Rider of the Cincinnati Gas & Electric Company (CG&E). Larkin & Associates performed the Financial Audit portion of the project covering CG&E’s quarterly FPP filings for January through June 2005, in a joint report dated October 7, 2005, and Mr. Smith sponsored Chapter 5 of the report in expert testimony at hearings before the Public Utilities Commission of Ohio on November 1, 2005.
- Project Manager of a multi-firm and multi-disciplinary team investigating fuel procurement of Entergy Arkansas, Inc. on behalf of the Arkansas Public Service Commission Staff. Primary focus of the investigation is on coal procurement of EAI’s White Bluff and Independence Steam Electric Stations.
- Project Manager of a multi-firm and multi-disciplinary team investigating issues involving the proposed transfer of operational control of transmission facilities by the Arkansas PSC jurisdictional utilities to the Southwest Power Pool (SPP) Regional Transmission Organization (RTO) including evaluation of the SPP’s cost-benefit study and individual utility information.
- Project Manager in the review of a series of Fuel Cost Recovery (FCR) Allowance filings by Georgia Power Company (GPC). Issues addressed by Mr. Smith in his testimony included: Projected Fuel Costs, Projected Recovery of Fuel Costs from Wholesale Customers, Opportunity Energy Sales Profits, Financing Costs, Projected Retail Sales for the Test Period, Derivation of the New FCR Rate, Significant Unplanned Outages and Cost of Replacement Power, GPC’s Gas and Oil Hedging Program, the Amount of Fuel and Purchase Power Cost GPC Is Requesting, and the Projection Period Used By GPC.
- Project Manager in the review of a series of Fuel Cost Recovery (FCR) Allowance filings by Savannah Electric & Power Company (SEPCO). Issues addressed in Mr. Smith’s testimony included: the Company’s Proposed FCR Allowance, Financing Charges, Deferred Fuel Balance and Amortization Period, Fuel Transloader, SEPCO’s Gas Hedging Program, the Amount of Fuel and Purchase Power Cost SEPCO Is Requesting, Other Non-Fuel Costs, Coal Cost Increases, The Projection Period Used By SEPCO, SEPCO’s Request for Clarification of NOX Allowances, and SEPCO’s Residential Rate Differential Proposal.
- Project Manager the review of the rate case reopener for Connecticut Light & Power Company. Issues addressed in Mr. Smith’s brief included: CL&P’s claim for unrecognized pension gain, Incentive Compensation, and Affiliate Rent Expense.
- Project member in a project where Larkin & Associates was retained by the New Jersey Department of Law and Public Safety to assist in submitting comments to the Environmental Protection Agency regarding the EPA’s proposed rule published on December 31, 2002 at 67 Federal Register 80290 entitled, “Prevention of Significant Deterioration (PSD) and Non-attainment New Source Review (NSR): Routine Maintenance, Repair and Replacement.” L&A assisted the NJ Department of Law with research and drafting of the comments submitted to the EPA.
- Project Manager the Traditional Standard Offer reopener case for Connecticut Light & Power Company. Issues addressed in Mr. Smith’s brief included: Specific Corrections to CL&P’s Filing and Mitigation Measures Recommended by OCC, Financing Costs Should Be Calculated on Net-of-Tax Balances, the Cost Rate CL&P Uses To Compute Financing Charges Is Too High, the Devon 7 and 8 RMR Costs Included By CL&P for 2005 Were for a Contract that Terminated on

## Resume of Ralph C. Smith, CPA continued

September 30, 2004, and Should Be Removed, CL&P's Current 2005 Sales Forecast Should Be Used to Develop 2005 Rates, the CTA Rate Should Be Temporarily Reduced To the Level Needed To Finance Rate Reduction Bonds, the 2004 CTA and SBC Over-Recoveries Should Be Used to Mitigate the Rate Increase, the Distribution Over-Earnings for 2004 Should Be Used to Mitigate the Rate Increase Scheduled for May 1, 2005 When An Existing CTA Credit Expires, CL&P's Deferred 2003 FMCC Costs and Under-Collected Nonbypassable 2004, FMCC Costs Should Not Be Allowed Into Rates Until Such Costs Are Audited, CL&P Has Access to Financing Necessary to Finance OCC's Recommended Mitigation Measures, the Increase in FMCCs Should Be Subject To A Detailed Review, CL&P's Rates Should Not Be Increased At This Time For Additional RMR Contracts Filed at FERC That Have Not Yet Been Approved, the Proper Use of the EAC Requires Distinct Procedural and Substantive Requirements which the Department Has Not Met, the DPUC Should Examine CL&P's TSO Energy Procurement Process More Closely, and CL&P's Latest Request for a Transmission Rate "Tracker" Should Be Rejected.

- Project Manager in the review of South Carolina Electric & Gas Company's Application for an Increase in its Electric Rates and Charges. A brief submitted by Mr. Smith on behalf of the Department of the Navy addressed the following issues: the Company's request for retail rate recovery of GridSouth costs, fossil fuel inventory, long-term disability (FAS 112) amortization, annualize account 924, A&G expense-property insurance, new internal positions for compliance with new NERC standards, and levelized allowance for other major maintenance expense.
- Project Manager in an engagement where Larkin & Associates assisted the Arkansas Public Service Commission Staff with developing comprehensive resource planning guidelines for electric utilities. Larkin & Associates reviewed comments filed by the other parties before the Federal Energy Regulatory Commission and participated in collaborative meetings with the Public Service Commission Staff.
- Project Manager in the proceeding involving Southern California Edison Company's (E-3338-E) Application for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze tariffs, Docket No. 00-11-038, Pacific Gas and Electric Company's Emergency Application to Adopt a Rate Stabilization Plan, Docket No. 00-11-056, and The Utility Reform Network's Petition for Modification of Resolution E-3527, Docket No. 00-10-028. Testimony submitted by Mr. Smith addressed whether it was reasonable to provide the utilities further interim rate relief based on the outcome of the auditors' (KPMG and Barrington-Wellesley Group) reports and the reasonableness of using net generation revenues to offset the procurement cost and appropriate tracking of transition cost through the TCBA and TRA.
- Project Member in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues specifically addressed in testimony included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project Manager in the review of Chesapeake Electric Corporation's application for approval of a cost accounting manual and code of conduct. Mr. Smith submitted testimony summarizing his conclusions regarding the Company's code of conduct and cost accounting manual as well as a recommended code of conduct and a suggested corporate organizational structure for study and evaluation by the Company.
- Project Manager in United Illuminating Company's rate case. Larkin & Associates was retained by the Connecticut Office of Consumer Counsel to address the calculation of the revenue

## Resume of Ralph C. Smith, CPA continued

requirement and adjustments to the calculations of rate base and net operating income presented in UI's filing. Larkin & Associates also addressed the sharing proportions that should be applied if the Department adopts a multi-year rate plan for UI in this proceeding. Issues discussed in testimony included rate plan, over-earnings sharing proportions, subsidiary income tax expense, starting point for 2002 rate year rate base, customer deposits, materials and supplies, rate-a-meter timers, injuries and damages reserve, severance expense, rate case expense, other O&M expense increase, ADIT on pension liability and Bad Debt reserve, accrued vacation and related ADIT, Steel Point remediation, depreciation expense, income tax expense correction, interest synchronization, property tax expense, accelerated amortization.

- Project Manager in the review of Georgia Power Company's application to increase the fuel cost recovery allowance. Mr. Smith analyzed financing charges, recovery of deferred fuel balance, amortization period, major factors which contributed to an increase in the deferred balance, adjustments to the deferred balance to be amortized, GPC fuel and purchased power cost projection, cost of summer energy strips, coal and gas cost increases, change in intercompany interchange contract and other changes in GPC's filing.
- Project Manager in the review of Savannah Electric & Power Company's application to increase the fuel cost recovery allowance. Mr. Smith investigated financing charges, recovery of deferred fuel balance, amortization period, major factors which contributed to an increase in the deferred balance, adjustments to the deferred balance to be amortized, SEPC fuel and purchased power cost projection, cost of summer energy strips, gas cost increases, gas cost volatility, change in intercompany interchange contract and other changes in SEPC's filing.
- Project Manager in the review of Georgia Power Company's M&S inventory. Mr. Smith reviewed monthly reports, issued data requests, reviewed responses to data requests, had discussions with Staff, and reviewed an inventory turnover analysis prepared by Staff under our direction. Mr. Smith issued a report discussing relevant issues including: Turnover Analysis – Follow Through on Zero and Low Turnover Inventories (Fossil Plant Inventories, Nuclear Inventories, CT and Hydro Inventory), and Inventory Sharing/Transactions With Affiliates. Two reports were issued to Staff. Portions of the analysis became the basis for adjustments to the M&S balance in a GPC rate case.
- Project Manager in the investigation of GPC/SEPC's fuel and purchased power procurement practices. The analysis included testing FCR cost calculations and following up on differences discovered, investigating GPC/SEPC coal and gas purchases, investigating purchased power including summer energy strips, system purchases, and off-system purchases, off system sales, coal and gas price increases, gas price volatility, and changes to system agreements. We are also reviewing the results of Staff conducted analyses (SEPC/GPC FCR rates used on bills, invoices, intern prepared calculations), and investigating other issues from FCR cases and GPC rate cases affecting fuel and purchase power cost, and the exclusion of non-retail items, etc.
- Project Manager in the review of Upper Peninsula Power Company's application for a Supply Cost Recovery Plan and Authorization of Monthly Power Supply Cost Recovery Factors for the Calendar Year 2001. Testimony presented by Mr. Smith addressed projected hydro generation, replacement power for a hydro unit outage, economic dispatch and various reductions to the Company's proposed 2001 power costs, affiliated purchase power contracts, and recommendations concerning competitive bidding procedures for power purchases.
- Project Manager in the review of Wisconsin Public Service Corporation's application for a Supply Cost Recovery Plan and Authorization of Monthly Power Supply Cost Recovery Factors for the Calendar Year 2001. Mr. Smith's testimony addressed adjustments to the energy loss factor, additional coal costs for new coal contracts, forecast and historical analysis of hydro plant generation, and DOE Decontamination and Decommissioning Expense.
- Project Manager in the review of SEPC's proposal for a natural gas procurement and natural gas/oil risk management program to reduce and manage exposure to gas price volatility. Mr.

## Resume of Ralph C. Smith, CPA continued

Smith investigated issues including hedging, physical purchases versus financial instruments, and the benefits of hedging, limits on hedging activities, and incentives to promote effective hedging. After a number of rounds of discussions, SEPC revised its hedging proposal to address Staff's concerns and resubmitted a hedging proposal that Staff endorsed.

- Project Manager in the review of Citizens Utilities Company, Kauai Electric Division's rate filing package as it relates to the operating income, rate base, and overall revenue requirement in this case. Larkin & Associates formulated an opinion concerning the reasonableness of amounts included within the Company's application for rate increases. Special emphasis was placed on addressing deferrals made by the Company as a result of a major hurricane, Hurricane Iniki. Hurricane related deferrals addressed in testimony include: AFUDC on Restoration plant; AFUDC rate, cut-off date and on inventory; Iniki related bonuses; shareholder responsibility for restoration plant; deferred expenses; lost gross margins; uncollectibles; joint pole contributions; and accumulated deferred income taxes. Non-hurricane related issues addressed in testimony include: other operating revenues; DSM/IRP expenses on related sales reductions; payroll; incentive compensation; benefits; non-pension postretirement benefits; training expense - Target: Excellence; internal legal and audit costs; rate case expense; administrative office charges; rent expense; disaster recovery inventory; accounts payable related to materials and supplies; and check clearing lag in cash working capital.
- Project Manager in the analysis of Consolidated Edison Company. We were responsible for summarizing all of CPB's proposed adjustments. Mr. Smith addressed and incorporated adjustments on the following issues: Mid-Hudson Generating Site; Accumulated Depreciation; Materials & Supplies projection; Plant Held for Future Use; Accumulated Deferred Income Taxes; Cash Working Capital; labor cost projection and productivity offset; Management Incentive Compensation; Strike Contingency cost; General Escalation and inflation rates used; Alliance for a New New York (ANNY) expense; ratemaking treatment for Indian Point Steam Generators; Con Edison's proposals for accelerated amortization of Plant; ratemaking treatment for the Net Unrecovered Cost of Certain Generating Units; Payroll Taxes; Environmental Protection Agency (EPA) Auction Proceeds; Write-Off of Obsolete M&S; Site Remediation/environmental expense; Real Estate Taxes; Employee Welfare Expenses; Nuclear Decommissioning cost estimates and current expense levels; Unbilled Revenue; Miscellaneous Expenses; IPP Purchases and NUG Buy-Outs; Federal Income Tax Audit Adjustments; and Amortization of Excess Taxes Accrued.
- Project Manager in the review of Central Maine Power Company. Mr. Smith addressed the following issues: Rate Base: Cash Working Capital; O&M Expense Lag; Net Operating Income: Severance Payments; Incentive Compensation; Directors' Pension Plan Expense; Retirement of Company Officer; Employee Residences; Advertising Expense; Miscellaneous Expenses; Edison Electric Institute Dues.
- Project Manager in the review of Metropolitan Edison Company. Larkin & Associates was hired by the Pennsylvania OCA to review Metropolitan Edison Company's (Met-Ed) request to increase its rates. We prepared testimony supporting adjustments to Met-Ed's rate base, including: plant held for future use; plant in service; construction work in progress; materials and supplies; and fuel inventories. We recommended adjustments to net operating income, including: non-pension postretirement benefits; charitable contributions; EEI dues; payroll expense; employee benefits; pilot customer assistance program; and depreciation expense.
- Project Manager in the review of Long Island Lighting Company. Larkin & Associates provided comprehensive technical and consulting assistance to the New York Consumer Protection Board ("CPB") in analyzing issues relating to a request for a \$114.6 million increase in electric rates filed by the Long Island Lighting Company ("LILCO" or "Company"). Our review focused heavily on O&M expenses, such as R&D, other employee compensation, insurance, payroll inflation, and property tax expense. In addition, we reviewed rate base issues including plant in service, accumulated depreciation, fuel inventory, and accumulated deferred income taxes.

## Resume of Ralph C. Smith, CPA continued

- Project Manager retained by the Department of the Navy and all Other Federal Executive Agencies to assist in the development of comments related to the Transition Costs of Nevada's Vertically Integrated Electric Utilities. Mr. Smith was responsible for analyzing and commenting on types of potential transition costs such as generation assets, qualifying facilities contracts and renewable resource generation, assets associated with potentially competitive services, regulatory assets and liabilities, corporate structure and organization, allocation issues, implementation costs and workforce impacts due to restructuring. Larkin & Associates also analyzed and rendered comments on the following issues: determining recoverable costs, accounting issues and methods of cost recovery.
- Project Manager in the review of revenue requirement issues presented in the June 1998 filing by Georgia Power Company (GPC). Issues addressed in testimony included: accelerated amortization of gain/loss on reacquired debt, accelerated amortization of vacation pay "regulatory asset", accelerated amortization of OPEB "regulatory asset", depreciation expense, revenues based on sales forecast, uncollectibles expense, contract labor, Year 2000 Project expense, non-recurring costs charged to GPC from affiliates, performance divided plan, performance pay plan and performance incentive plan, Commission-ordered adjustments, expiring amortizations, rate case expense normalization, promotional load building program, Rocky Mountain pumped storage plant disallowance, payroll tax expense, cash working capital and interest synchronization.
- Project Manager in the review of revenue requirement issues relative to the financial and operational review of Connecticut Light & Power Company (CL&P) by the Department of Public Utility Control. Based upon the analysis performed, Larkin & Associates adjusted for the removal of the Millstone replacement power and a number of other above average expenses. After applying a reasonable rate of return, it was apparent that CL&P had a substantial excess revenue. Issues addressed in testimony included: Millstone replacement power and outage related expenses, Millstone non-used and useful plant, transmission repair costs, EPRI dues, telephone expense, sales promotion expense, normalization of management audit cost, outside services expense, pension expense, fuel inventory build-up related to Millstone outages, Connecticut State corporation income tax reduction and interest synchronization. Larkin & Associates' review in this case resulted in the Company having to file a rate case.
- Project Manager in the review of Delaware Electric Cooperative's Restructuring Plan for Retail Competition. Larkin & Associates was retained by the Delaware Public Service Commission (DPSC) to provide consulting services to the Hearing Examiner of the DPSC. Duties included: review of filings and briefs of the parties, review of the transcript of the hearing, summarize the positions of the parties, and assist in the preparation of the Hearing Examiners Report.
- Project member in the review of Delmarva Power & Light's billing system conversion problems. Consulting services were provided to the Hearing Examiner of the Delaware Public Service Commission. Relevant issues addresses included: compensation and economic damages to customers, proration, arbitration procedures. Non-economic issues included: "reaching back" problem, budget plans, tariff rates on bills, high bill parameters, PriceWaterhouseCoopers audit report, payment posting sequence, emergency phone number, issue list, lost customers, walk-in offices, and a summit for unresolved issues.
- Project Manager retained by Delaware Public Service Commission to assist the Hearing Examiner in his review of Delmarva Power & Light Company's application seeking approval of a Cost Accounting Manual and Code of Conduct. These proposals recognized the expansion of Delmarva and/or its affiliates into competitive markets. Larkin & Associates reviewed these proposals to ensure that the procedures would prevent cross-subsidization of Delmarva's competitive ventures by its regulated business and that Delmarva's status as a regulated utility would afford its competitive activities no unfair advantages in competitive markets. Additional responsibilities included summarizing all testimony filed by Delmarva and other parties, summarizing the issues for the Hearing Examiner, attending the hearing and developing bench requests and drafting the technical sections of the Commission Order.

## Resume of Ralph C. Smith, CPA continued

- Larkin & Associates was retained by the Department of the Navy to participate in several phases of the California electric industry restructuring proceedings. Mr. Smith presented expert written testimony in Phases 1 and 2 of the proceedings. Phase 1 discussed the appropriate definition of items to be included in the Transition Costs in general terms and discussed certain qualifications that should be placed on the determination of market valuation and items to be included in the transition costs. Phase 2 addressed company specific items which the utilities sought to include in the statement of eligible transition costs, addressing both the appropriateness of inclusion of certain items along with actual calculations. Testimony also addressed whether the items for which the utilities were seeking recovery through the transition charges met the requirements set forth in prior phases, previous Commission statements and Assembly Bill 1890 of the California legislature.
- Project Leader in the electric industry restructuring proceedings in Arizona on behalf of the Navy and Department of Defense. Mr. Smith's testimony addressed several issues in regards to competition in the provision of retail electric service throughout the state of Arizona. The questions addressed included: Should the electric competition rules be modified regarding stranded costs, and, if so, how? When should "Affected Utilities" be required to make a stranded cost filing? What costs should be included as part of stranded costs and how should these costs be calculated? Should there be a limitation on the time frame over which stranded costs are calculated? Should there be a limitation on the recovery time frame for stranded costs? Should there be a true-up mechanism and, if so, how should it be calculated? Should there be price caps or a rate freeze imposed as part of the development of a stranded cost recovery program and, if so, how should it be calculated? What factors should be considered for "mitigation" of stranded costs? Mr. Smith prepared testimony in regards to these issues and provided recommendations for each.
- Project Manager in Larkin & Associates' analysis of PECO Energy Company's application, including its testimony, exhibits and workpapers. Mr. Smith presented testimony on behalf of the Navy representing the Department of Defense and all other Federal Executive Agencies to address PECO Energy Company's claim for stranded costs, competitive transition charge ("CTC") and adjustments to PECO's claimed amounts. Also addressed PECO's mitigation efforts and the need for additional mitigation to reduce PECO's stranded cost claim and the CTC included in the Company's filing. Specific stranded cost issues addressed include: net investment in existing generating plants, SFAS No. 109 deferred tax asset, nuclear design basis documentation, Limerick & Peach Bottom Chemistry systems, FAS 106 and Pension (FAS 87) over and under-funding, compensated absences, nuclear decommissioning and fossil plant decommissioning. We also addressed the following in testimony: accounts receivable financing, adjusted return for stranded generation-related assets, reserve accounts, market valuation, depreciation reserve shift and mitigation efforts.
- Larkin & Associates was retained to provide technical assistance to the Residential Utility Consumer Office, and subsequently by the Arizona Corporation Commission Staff, by performing a comprehensive analysis of the application filed by Citizens Utilities Company and its affiliates that requested an alteration to the Arizona Corporation Commission's Decision No. 58360, and requests approval of Citizens' proposed procedure for computing an Allowance for Funds Used During Construction ("AFUDC") and for accrual of AFUDC on unspent balances of Industrial Development Revenue Bond funding, pursuant to FERC Accounting Release No. 13 ("AR-13"). It was our responsibility to assess an appropriate method of computing AFUDC for Citizens. Our review thoroughly analyzed Citizen's proposed method of accruing AFUDC and AR-13 costs, and resulted in proposing preferable alternatives from the perspective of CUC's ratepayers. Mr. Smith testified in this case.
- Key project team member in Larkin & Associates' review of Citizens Utilities Company, Arizona Electric Division's request for an increase in rates. Specific issues addressed in Mr. Smith's testimony included: construction work in progress; Stamford Administrative Office common plant balance; materials and supplies; cash working capital; accumulated deferred income taxes;

## Resume of Ralph C. Smith, CPA continued

demand side management costs; revenue annualizations; purchased power costs; payroll expense; incentive compensation; employee benefits expense; FAS 106 expense; property taxes; rate case expense; CARES program; Target: Excellence expense; insurance expense; injuries and damages expense; rent expense; Stamford Administrative Office expenses; Phoenix Administrative Office expense; lump sum pension expense; uncollectible accounts expense; income tax expense and investment tax credit amortization. Mr. Smith also addressed Citizens' purchased power and fuel adjustment clause.

- Key project team member in the review of specific issues pertinent to Entergy Gulf States' filing for an increase in base rates. Specifically, Larkin & Associates was retained to review costs directly charged and allocated by Entergy Services, Inc. (ESI) and Entergy Operations, Inc. (EOI) to Entergy Gulf States. ESI and EOI are nonregulated affiliates of Entergy Gulf States. In addition, Larkin & Associates was retained to review the weather normalization adjustment calculated by Entergy Gulf States.

### Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, Mr. Smith was involved in utility regulatory consulting, tax planning and research for businesses and individuals, tax return preparation and review, independent auditing, review and preparation of financial statements. Installed computerized accounting system for a realty management firm.

### Education

- Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.
- Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.
- Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.
- Continuing education required to maintain CPA license and CFP certificate.
- Received CPA certificate in 1981 and certified Financial Planning certificate in 1983.
- Admitted to Michigan and Federal bars in 1986.

### Professional Affiliations

- Michigan Association of Certified Public Accountants, Committee on Management Consulting Services.
- Michigan Bar Association
- American Bar Association, sections on public utility law and taxation.

### References

- Janice Alward, Attorney  
(602) 542-6029  
Christopher Kempley, Attorney  
(602) 542-6025  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007
- Jack Fulcher  
California Public Utilities Commission  
Energy Division  
505 Van Ness Avenue, Room 4205  
(415) 703-1711

## Resume of Ralph C. Smith, CPA continued

- Lew Craig  
Alaska Attorney General  
Regulatory Affairs and Public Advocacy  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501  
(907) 263-2166; (907) 269-5100

## HELMUTH W. SCHULTZ, III

Helmuth ("Bill") Schultz, a certified public accountant and management consultant, was employed with Larkin & Associates' predecessor firm, Larkin, Chapski & Company, in 1975. He is presently a Larkin & Associates partner and, as such, is responsible for all the accounting and much of the auditing work done by the firm. Mr. Schultz has evaluated numerous issues affecting regulated public utilities including capital structure, cost of capital, rate base, sales, fuel and purchased power expenses, O&M expenses, taxes of all types, and management controls over operations and expenses. Made projections in the areas of sales, required generation, capital structure, rate base, overhead, O&M expenses, taxes, and cost of debt. Mr. Schultz had performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, counties and consumer groups concerning regulatory matters before regulatory agencies in Alaska, Arizona, California, Connecticut, Florida, Georgia, Iowa, Kentucky, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania, Texas, Vermont, and Virginia. Mr. Schultz has testified as an expert witness in numerous regulatory proceedings.

### Relevant Regulatory Experience

Following are examples of electric regulatory cases in which Mr. Schultz has participated.

#### *Electric Cases*

- Project Manager and Expert Witness in the review of Progress Energy Florida's application for an increase in rates. Issues addressed in Mr. Schultz's testimony included: nuclear fuel balance, storm reserve accrual and reserve balance, ARO adjustment working capital, compensation, incentive pay, employee benefits, rate case expense, transmission O&M expense, distribution O&M expense, power operations O&M expense, directors and officers liability insurance, injuries and damages expense adjustment, budget analysis, O&M expense productivity adjustment and other OPC witness adjustments.
- Project Manager and Expert Witness in the review of Consolidated Edison's application for an increase in rates. Mr. Schultz's testimony addressed the following issues: labor, other compensation expense, payroll tax expense, employee welfare expense, directors and officers' liability insurance expense, substation operations O&M programs, system & transmission O&M programs, electric operations O&M programs, shared services, customer operations, interference costs, escalation and austerity.
- Project Member in the review of Tampa Electric Utility's application for a rate increase. Issues addressed by Mr. Schultz included: payroll, benefits, incentive compensation, D&O liability, tree trimming, pole inspections, transmission inspections, substation preventive maintenance, generation maintenance, rate case expense and office supplies.
- Project Member in the review of United Illuminating Company's application for an increase in distribution rates. Issues addresses in testimony included Incremental CL&M investment, Central Facility, compensation expense, employee benefits, corporate costs, line clearance, professional services, legal services, audit and accounting expense, allocated A&G, insurance expense, reconnect service fees, security and safety expense, customer service expense, data security expense, distribution advertising expense, membership dues, uncollectibles, facility rent expense, postage increase, travel, education and training expense.
- Project Member in the review of Consolidated Edison's application for a rate increase. Mr. Schultz and Ms. (DeRonne) Ramas' testimony addressed the following issues: labor, employee welfare expense, insurance, MGP/Superfund, substation operations O&M programs, substation & transmission O&M programs, electric operations O&M programs, facilities expense, customer operations, steam operations, interference costs, storm costs, escalation and plant-in-service retirements.
- Project Member in the review of Connecticut Light & Power Company's application for an increase in rates. Issues addressed in testimony included: storm reserve and incremental

## Resume of Helmuth W. Schultz III, CPA, continued

expense, insurance expense, tree trimming, overhead maintenance, underground maintenance, payroll, employee and officer compensation, employee benefits, supplemental retirement 401(k) expense, non supplemental retirement 401(k) expense, payroll tax expense, and property tax expense.

- Project Member in the review of United Illuminating Company's application for an increase in distribution rates for the four year period, 2006 through 2009. Issues addressed in testimony included gross revenue conversion factor, additions to plant in service, central facility, compensation expense, medical expense, dental expense, 401(k) expense, pension expense, OPEB-Medical expense, training expense, storm expenses & reserve, DOL insurance, sublease income, membership dues, postage, advertising expense, line clearance expense, outside services-environmental costs, income tax expense, and earnings sharing plan.
- Project Manager in the rate investigation ordered by the Board in Docket No. 6946 and the rate increase requested by Central Vermont Public Service Corporation in Docket No. 6988. Issues addressed in testimony included rate base, accumulated depreciation, accumulated deferred income tax, deferred costs, power costs, unbilled revenues, payroll, payroll tax expense, medical expense, 401(k) expense, income tax expense, gross revenue and fuel gross receipts tax, uncollectible expense, regulatory commission expense, CATV pole attachment revenues, sale of CVEC, safety training costs, directors and officers liability insurance, service contract, cost savings from capital additions, department penalty, and miscellaneous expense.
- Project Manager in the review of Citizens Communications Company to sell its Vermont Electric Division (VED) distribution assets and portion of its transmission assets to the Vermont Electric Cooperative, Inc. Larkin & Associates was also retained to review Vermont Electric Cooperative, Inc.'s (VEC) petition to seek authority for the issuance of financing and related transactions necessary to effectuate the acquisition. Larkin & Associates performed a detailed review of the purchase and sale agreement and a detailed review of the stand alone financial forecasts of VEC and VED, a consolidated financial forecast and a Schedule of Assets to be Acquired. The focus was largely on the reasonableness of the projections along with the ability of VEC to cover its costs and debt without negatively impacting the ratepayers or requiring an increase in existing rates. The project included extensive participation in settlement discussions regarding terms of the sale with a focus on the protection of the utility's customers.
- Project Member in a review of the 2004 Cost of Service Application of San Diego Gas and Electric Company as it pertained to the Company's electric operations. Issues addressed in testimony included: miscellaneous revenues, employee level and compensation, pensions, employee benefits, directors and officers liability insurance, workers compensation, injuries and damages, accumulated deferred income taxes, customer advances for construction, capitalization policy changes and allocated corporate center costs.
- Project Member in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues specifically addressed in testimony included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates' testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project Manager in a review of Citizens Utility Company's compliance with specific terms of probation established by the State of Vermont Public Service Commission. As part of the project, Larkin & Associates reviewed compliance with specific probation terms and reviewed the Special Master's reports and work products on behalf of the Department of Public Service. Larkin &

## Resume of Helmuth W. Schultz III, CPA, continued

Associates' testimony addressed specific non-compliance with project cost terms, accuracy of accounting records, adequacy of invoices and other documentation in support of the accounting records, probation related costs and the associated accounting, and cost allocations.

- Project Member in the review of a request by PacifiCorp for an increase in rates. As part of the analysis, Larkin & Associates also reviewed and addressed the Company's request to modify the test year provisions that had long been adopted and approved by the Commission. This case settled prior to filing testimony; however, schedules and exhibits were completed and submitted in order to facilitate settlement negotiations. Larkin & Associates was actively involved in the settlement discussions. Issues addressed by Larkin & Associates in our exhibits and schedules include: major plant additions including a transmission replacement and upgrade program, accounts receivable from associated company, cash working capital, increased revenues from system expansion and upgrade, change in method of accounting for unbilled revenues, normalization of overhaul expense, payroll expense including employee level impacts, incentive compensation, employee benefits, costs of canal failure, depreciation on retired assets, write-off of canceled projects, insurance expense, property taxes, IRS audit settlement adjustments, and amortization of costs associated with early retirement of Company owned coal mine.
- Project Member in a review of the rate increase requested by Central Vermont Public Service Corporation. Issues addressed in testimony included adjustments to operating income: corrections agreed to by CVPS, payroll expense, payroll tax expense, medical expense, capital expense, regulatory commission expense, Y2K cost amortization, Hydro Quebec Ice Storm Arbitration Costs, and income tax expense, and adjustment to rate base: utility plant in service (production plant, transmission plant, distribution plant, facility plant, information systems plant, and communication plant), and working capital.
- Project Manager in Citizens Utilities Company, Docket No. 6596. Larkin & Associates was retained by the Vermont Department of Public Service to review the Company's application for a rate increase. Issues addressed in testimony included: an overall financial summary, accounting concerns, rate base (interim accumulated depreciation, rate year accumulated depreciation, used and useful, deferred income taxes, deferred costs, IRP Twenty Year Plan, PCB Costs, 1999 Windstorm and Hurricane Floyd costs, HQ Arbitration, Working capital), operating income (revenue adjustments, SAO expense, DAO expense, PSO expense, Rate Case Expense, Legal and Regulatory, Income Tax Expense, Tree Trimming) and summary of accounting problems.
- Project Manager in the review of the rate increase requested by the Gulf Power Company. Issues addressed in testimony included: an overall financial summary, Plant in service, Working Capital Adjustments (coal inventory, deferred return on third floor, Third Floor Corporate office), Budgeted test year expenses, payroll fringe benefits and payroll taxes, incentive compensation, production operation and maintenance expense, distribution expenses (cable inspection, substation maintenance, tree trimming, pole inspection, light maintenance), Property insurance, customer accounts, customer records, and rate case expense.
- Project Member in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues addressed in testimony included: incentive compensation, payroll, pensions/post-retirement benefits, working capital, Bridger Coal Company Rate Base, Environmental Settlements, Revenue Normalization Correction, Distribution Expense Correction, Accounting Write-Offs, Assets under construction write-off, Cholla Assets Under Construction Write-Off, Additional Assets Under Construction Written Off, Obsolete Inventory Write-Offs/Reserve, FERC Contingency Write-Off, Blue Sky Program, Stoel Rives Pricing Settlement, Transition Team Costs, Miscellaneous Outside Service Expense, Annualization of Contract Cost Savings, Dave Johnston (Glenrock) mine closure, systems applications and products software (SAP), re-engineering, 1997 computer software write-down, Company's proposed 1999 software write-off, uncollectible expense, and potential updates (pending additional information from the Company).

## Resume of Helmuth W. Schultz III, CPA, continued

- Key project team member and expert witness in the review of the rate case filing of Connecticut Light & Power Company. The Company was required to file a rate case as a result of the findings of a four year review of the Company's earnings in which it was determined that the Company was over-earning. Recommended a substantial reduction to the Company's rates. Issues specifically addressed in testimony included: problems inherent in Company's budgeting and forecasting methodologies; revenue calculation; sales margins; gain on sales of land; fiber cable revenues; payroll; employee benefits; incentive compensation; consulting fees; telephone expense; employee legal settlements; D&O liability insurance; advertising; demonstration and selling expense; EPRI dues; inflation; depreciation expense; decommissioning costs; and income taxes.
- Key project team member in the analysis of the submission of PacifiCorp d/b/a Utah Power & Light Company's semi-annual report for the year ended December 31, 1997. Recommended a reduction in UP&L's rates, along with a recommended refund of past over-earnings, as the revenues collected during 1997 were set as interim by the Utah legislature. Larkin & Associates filed testimony on the following issues: refund calculation methodology; out-of-period adjustments for a future mine closure, mine reclamation costs, software write-down, re-engineering program, future dam removal and computer mainframe write-downs; plant held for future use; cash working capital; prepaid interest; employee costs including payroll, incentive compensation, FAS 112 and FAS 106; advertising; solar amortization; environmental settlement handled by an affiliated company; uncollectibles; relocation expense; black lung excise taxes; property taxes; and income taxes. Mr. Schultz testified as an expert witness in this case.
- Key project team member in addressing revenue requirement issues presented in the June 1998 filing by Georgia Power Company (GPC). Issues addressed by the project team included: accelerated amortization of gain/loss on reacquired debt, accelerated amortization of vacation pay "regulatory asset", accelerated amortization of OPEB "regulatory asset", depreciation expense, revenues based on sales forecast, uncollectibles expense, contract labor, Year 2000 Project expense, non-recurring costs charged to GPC from affiliates, performance divided plan, performance pay plan and performance incentive plan, Commission-ordered adjustments, expiring amortizations, rate case expense normalization, promotional load building program, Rocky Mountain pumped storage plant disallowance, payroll tax expense, cash working capital and interest synchronization.
- Key project team member in the review of the revenue requirement aspects of the Application for Approval of Alternative Regulatory Plan presented by Virginia Electric Power Company. Conducted a review of Virginia Power's 1995 and 1996 earnings. Determined that the Company received excess earnings in each of those years. Mr. Schultz's review resulted in a recommended refund of past over-earnings and a recommended reduction in the Company's rates. Mr. Schultz also recommended accounting methods to be employed during a proposed three-year rate freeze period. Adjustments which impacted revenue requirement were addressed in the following areas: projected plant-in-service; deferred capacity expense; payroll; incentive compensation; vision 2000 plan cost savings; employee benefits including pensions and OPEB; outside directors' stock accumulation plan; lost margins on wholesale sales; EVANTAGE affiliate allocations; credit support payments from affiliates; lease expense; advertising; storm damage; dues expense; outside consulting fees; depreciation expense; and deferred capacity mechanism. The case was ultimately settled subsequent to the filing of direct testimony. The settlement resulting in a significant rate decrease, substantial refunds and an alternative regulatory plan incorporating rate freeze provisions.
- Project team member retained by the Department of the Navy to analyze PECO's application, including its testimony, exhibits and workpapers. We analyzed PECO Energy Company's ("PECO") claim for stranded costs, competitive transition charge ("CTC") and adjustments to PECO's claimed amounts. Mr. Schultz investigated PECO's mitigation efforts and the need for additional mitigation to reduce PECO's stranded cost claim and the CTC included in the Company's filing. Specific stranded cost issues addressed include: net investment in existing generating plants, FAS No. 109 deferred tax asset, nuclear design basis documentation, Limerick

## Resume of Helmuth W. Schultz III, CPA, continued

& Peach Bottom Chemistry systems, FAS 106 and Pension over and under-funding, compensated absences, nuclear decommissioning and fossil plant decommissioning. Larkin & Associates also addressed the following in testimony: accounts receivable financing, adjusted return for stranded generation-related assets, reserve accounts, market valuation, depreciation reserve shift and mitigation efforts.

- Project Manager in the review of a general rate case filed by Green Mountain Power Corporation ("GMP"). Issues addressed by Mr. Schultz in testimony include: payroll expense; incentive compensation; employee benefits; relocation costs; non-recurring wind project costs; preliminary survey and investigation charges; shareholder services; reserve account correction; FERC headwater amortization; transmission interconnection amortization; depreciation expense; amortizations; rent expense; income taxes; CWIP; plant additions; injuries and damages/health insurance reserves; and working capital.
- Project Manager and expert witness in Larkin & Associates' review of Citizens Utilities Company, Vermont Electric Division's compliance filing before the Vermont Public Utilities Board. Responsible for analyzing rate base and net operating income issues, quantifying adjustments, and writing testimony. Specific issues addressed in testimony included: land donation; Demand Side Management costs; deferred income taxes; materials & supplies; working capital; weather normalization; industrial revenues; payroll; employee benefits including medical, pension, nonpension postretirement benefits, incentive compensation and 401(k); Stamford and Harvey Administrative costs allocated to Vermont; Target: Excellence; relocation costs; acquisition costs; cost savings; advertising expense; property taxes and uncollectibles. The case resulted in a substantial reduction in the Company's rates and the Company being put on probation in the Vermont jurisdiction.
- Key project team member in the analysis of the Consolidated Edison Company's rate filing. Mr. Schultz analyzed issues including: Mid-Hudson Generating Site; accumulated depreciation, Material and supplies projection, plant held for future use, accumulated deferred income taxes, cash working capital, labor cost projection and productivity offset, management incentive compensation, strike contingency cost, general escalation and inflation rates used, Alliance for a New New York (ANNY) expense, ratemaking treatment for Indian Point Steam Generators, Con Edison's proposals for accelerated amortization of Plant, ratemaking treatment for the net unrecovered cost of certain generating units, payroll taxes, Environmental Protection Agency (EPA) auction proceeds, write-off of obsolete M&S, site remediation/environmental expense, real estate taxes, employee welfare expenses, nuclear decommissioning cost estimates and current expense levels, unbilled revenues, miscellaneous expenses, IPP purchases and NUG Buy-Outs, Federal income tax audit adjustment, and amortization of excess taxes accrued.
- Project Manager in the review of the cost of service and rate base analysis of the Green Mountain Power Corporation. Specific issues addressed included: budget variances, post-retirement benefits, power costs, advertising, plant additions, CWIP in rate base, investments in affiliates and the appropriateness of the amortization and rate base treatment of various projects and demand-side management programs,

### Education

- Bachelor of Science in Accounting, Ferris State College, 1975.
- Certified Public Accounting Certificate, 1980.
- Continuing education required to maintain CPA license.

### Professional Affiliations

- Michigan Association of Certified Public Accountants

## Resume of Helmuth W. Schultz III, CPA, continued

### References

- Geoff Commons, Esq.  
Vermont Department of Public Service  
112 State Street  
Montpelier, Vermont 05602  
(802) 828-2811
- Richard Sobolewski  
State of Connecticut  
Office of Consumer Counsel  
10 Franklin Square  
New Britain, Connecticut 06051-2644  
(860) 827-2900
- Mike Diller  
North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480  
(701) 328-2400

## DONNA M. RAMAS

As a certified public accountant with Larkin & Associates, Ms. Ramas has performed in-depth analyses of numerous utility cases, involving electric, gas, telephone and water and sewer utilities. Ms. Ramas also assists in financial audits. Jurisdictions in which Ms. Ramas has participated in the analysis of regulatory filings include: Alaska, Arizona, California, Connecticut, District of Columbia, Florida, Guam, Hawaii, Illinois, Indiana, Kentucky, Ohio, Pennsylvania, Rhode Island, Utah, Vermont, Virginia, Washington, West Virginia and Wisconsin. Ms. Ramas has testified as an expert witness in numerous regulatory proceedings.

### Relevant Regulatory Experience

Following are examples of recent electric regulatory cases in which Ms. Ramas has participated.

#### *Electric Cases*

- Project Manager in the review of Rocky Mountain Power Company's Application for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations. Issues addressed in Ms. Ramas' testimony included: pro forma plant additions, plant held for future use, green tag/REC revenues, target adjustment, Utah distribution expense, Blue Sky costs, wages, employee benefits, medical insurance expense, post employment benefits-FAS 112 costs, pension and other post-retirement benefits, 401(k) expense, Chehalis due diligence bonuses, SERP expense, generation overhaul expense, incremental generation O&M (non-overhaul), MEHC management fees and removal of settlement fees.
- Project Manager in the review of Potomac Electric Power Company's request for an increase in rates. Ms. Ramas' testimony focused on the following issues: test year, rate base, 13-month average rate base, construction work in progress, cash working capital, revenues, uncollectible expense, storm damage costs, industry contributions & membership dues, credit facility start up costs, directors & officers liability insurance, pension expense, prepaid pension asset/prepaid pension liability, wages & salaries adjustment, correction to employee incentive plan adjustment, employee benefits expense, PEPCO employee club costs.
- Project Manager in the review of Rocky Mountain Power Company 's Application for an Accounting Order Regarding Pension Curtailment and Pension Measurement Date Change. Ms. Ramas' testimony identified the Committee's position regarding RMP's request for an accounting order in that case. The Company's request contained two components. The first component of the Company's request was for Commission permission to allow the Company to record the impact of a pension curtailment gain as an offset, or reduction, to the pension regulatory asset on its books. The second component of the Company's request was for Commission permission to record on its books the impact of a required change in pension and OPEB plan asset and liability measurement date as an increase to the regulatory asset. RMP proposed to amortize the net effect of these two separate items on the pension regulatory asset over a ten-year period. Ms. Ramas also addressed the amortization period proposed by RMP.
- Project Manager in the review of Rocky Mountain Power Company 's Notice of Intent to File a General Rate Case on or Soon after June 6, 2008. Ms. Ramas' testimony addressed the following issues: rate mitigation cap, Distribution Plant in Service, Cancelled Projects, Jim Bridger Mine Rate Base, Pension Curtailment and Measurement Date Change, Wage and Employee Benefits, Advertising Expense, Generation Overhaul Expense, and Property Tax Expense.
- Project Manager in the review of the United Illuminating Company's application for an increase in distribution rates. Issues addresses in testimony included Incremental CL&M investment, Central Facility, compensation expense, employee benefits, corporate costs, line clearance, professional services, legal services, audit and accounting expense, allocated A&G, insurance expense, reconnect service fees, security and safety expense, customer service expense, data security

## Resume of Donna Ramas, CPA, continued

expense, distribution advertising expense, membership dues, uncollectibles, facility rent expense, postage increase, travel, education and training expense.

- Project Manager in the review of Rocky Mountain Power Company 's Application for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge. Ms. Ramas' testimony addressed the following issues: Powerdale Decommissioning Costs, Cash Working Capital, Pension and PBOP Expense, Incremental Generation O&M Expense, Escalation Expense, Overhaul Expense, Property Tax Expense, Penalty Settlement Fees, and Income Tax Expense.
- Project Manager in the review of the Connecticut Light & Power Company's application for an increase in rates. Issues addressed in testimony included: storm reserve and incremental expense, insurance expense, tree trimming, overhead maintenance, underground maintenance, payroll, employee and officer compensation, employee benefits, supplemental retirement 401(k) expense, non supplemental retirement 401(k) expense, payroll tax expense, and property tax expense.
- Project Member in the review of Florida Power & Light Company (FPL or Company) request for recovery of storm restoration costs, and to address the appropriate methodology for determining the amount to be recovered from customers. Issues addressed in testimony included: Company's accounting for storm damage costs, the use of variances or estimates of costs included in base, financial statements, Company's method of cost recovery, Company's budget process, lost revenue, other costs which should be excluded from storm cost recovery, storm restoration request, payroll, labor, items covered under warranty, remaining contingencies, joint use poles, plant repair estimates, advertising and communications costs, capital items, proceeds received for loan of personnel and equipment, and cut-off date.
- Project Member in the review of the acquisition of PacifiCorp by Mid-American Holding Company. Larkin & Associates participated in settlement negotiations and recommended several merger conditions to ensure PacifiCorp's Utah customers were not harmed by the acquisition. Larkin & Associates recommended several modifications to the Company's proposed merger conditions.
- Project Manager in the review of the United Illuminating Company's application for an increase in distribution rates for the four year period, 2006 through 2009. Issues addressed in testimony included gross revenue conversion factor, additions to plant in service, central facility, compensation expense, medical expense, dental expense, 401(k) expense, pension expense, OPEB-Medical expense, training expense, storm expenses & reserve, DOL insurance, sublease income, membership dues, postage, advertising expense, line clearance expense, outside services-environmental costs, income tax expense, and earnings sharing plan.
- Project Manager in the review of Florida Public Utilities Company's request for an increase in rates. Issues addressed in Ms. Ramas' prefiled testimony include: construction work in progress, allocation adjustments associated with discontinued operations, retiree medical costs, stock issuance expense, payroll outsourcing costs, tree trimming crew costs, consulting fees, audit exceptions, projection factors storm reserve accrual, economic development costs, accumulated deferred income taxes, and contributions associated with addition of new large industrial customers. The case settled after testimony was filed and prior to hearings.
- Project Member in a review of Citizens Utility Company's compliance with specific terms of probation established by the State of Vermont Public Service Commission. As part of the project, Larkin & Associates' reviewed compliance with specific probation terms and reviewed the Special Master's reports and work products on behalf of the Department of Public Service. Larkin & Associates' testimony addressed specific non-compliance with project cost terms, accuracy of accounting records, adequacy of invoices and other documentation in support of the accounting records, probation related costs and the associated accounting, and cost allocations.

## Resume of Donna Ramas, CPA, continued

- Project Manager in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues specifically addressed in testimony included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates' testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project team member and expert witness in the review of Connecticut Light & Power Company. Issues specifically addressed by Ms. Ramas included projected pension expense, the Company's proposed pension expense deferral mechanism, Company's proposed increase in rate base for prepaid pension assets for purposes of calculating the earnings sharing mechanism, prior period unrecognized pension gain, and costs associated with executive officer's personal use of corporate aircraft.
- Project Manager in the review of a request by PacifiCorp for an increase in rates. As part of the analysis, Larkin & Associates also reviewed and addressed the Company's request to modify the test year provisions that had long been adopted and approved by the Commission. This case settled prior to filing testimony; however, schedules and exhibits were completed and submitted in order to facilitate settlement negotiations. Larkin & Associates was actively involved in the settlement discussions. Issues addressed by Larkin & Associates in our exhibits and schedules include: major plant additions including a transmission replacement and upgrade program, accounts receivable from associated company, cash working capital, increased revenues from system expansion and upgrade, change in method of accounting for unbilled revenues, normalization of overhaul expense, payroll expense including employee level impacts, incentive compensation, employee benefits, costs of canal failure, depreciation on retired assets, write-off of canceled projects, insurance expense, property taxes, IRS audit settlement adjustments, and amortization of costs associated with early retirement of Company owned coal mine.
- Project Manager in a review of the 2004 Cost of Service Application of San Diego Gas and Electric Company as it pertained to the Company's electric operations. Issues addressed in testimony included: miscellaneous revenues, employee level and compensation, pensions, employee benefits, directors and officers liability insurance, workers compensation, injuries and damages, accumulated deferred income taxes, customer advances for construction, capitalization policy changes and allocated corporate center costs.
- Key Project Member and expert witness in United Illuminating Company's rate case. Larkin & Associates was retained by the Connecticut Office of Consumer Counsel to address the calculation of the revenue requirement and adjustments to the calculations of rate base and net operating income presented in UI's filing. Larkin & Associates also addressed the sharing proportions that should be applied if the Department adopts a multi-year rate plan for UI in this proceeding. Issues discussed in testimony included the multi-year rate plan, over-earnings sharing proportions, subsidiary income tax expense, starting point for rate year rate base, customer deposits, materials and supplies, rate-a-meter timers, injuries and damages reserve, severance expense, rate case expense, other O&M expense increase, ADIT on pension liability and Bad Debt reserve, accrued vacation and related ADIT, remediation costs, depreciation expense, income tax expense correction, property tax expense, and accelerated amortization.
- Key Project Member and expert witness in the review of Citizens Utilities Company's application for a rate increase in Vermont. Issues addressed in testimony included: an overall financial summary, accounting concerns, (interim accumulated depreciation, rate year accumulated depreciation, used and useful, deferred income taxes, deferred costs, IRP Twenty Year Plan,

## Resume of Donna Ramas, CPA, continued

PCB Costs, 1999 Windstorm and Hurricane Floyd costs, Hydro Quebec arbitration, working capital, revenues, parent company and affiliated company direct charges and allocations, rate case expense, legal and regulatory costs, income tax expense, tree trimming and an extensive summary of accounting problems inherent at the Company.

- Project Manager in the review of Florida Power Corporation's earnings, including effects of the proposed acquisition of Florida Power Corporation by Carolina Power & Light. Issues presented in Ms. Ramas' prefiled testimony included: capital structure-equity adjustment, merger synergies, acquisition adjustment, closed business offices, miscellaneous service revenues, other electric revenues, salaries and wages expense, employee benefits-medical expense, FAS 106, FAS 112, miscellaneous benefits-change in control cash payment, power marketing expense, general advertising expense, nuclear property and liability insurance credits (NEIL), nuclear materials and supply inventory, rate case expense, nuclear energy institute dues-lobbying, Tiger Bay regulatory asset, nuclear decommissioning expense, property tax expense and effects of Company updates to its filing. This case settled prior to hearings.
- Project Manager in a review of a request by PacifiCorp to recover replacement power costs associated with an extended outage at PacifiCorp's Hunter Plant. Issues addressed included offset for gain associated with properties sold, offset for refund due to customers from recently completed rate case, and amortization period for allocable costs. Ms. Ramas also investigated prudence issues associated with insurance coverage and potential third-party claims. Case was settled prior to the filing of testimony.
- Project Manager in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues addressed in Ms. Ramas' prefiled testimony included: treatment of accounts payable to affiliated company, environmental settlements, revenue normalization correction, distribution expense correction, accounting write-offs, assets under construction write-off, obsolete inventory write-offs/reserve, FERC contingency write-off, Blue Sky Program, Stoel Rives pricing settlement, transition team costs, miscellaneous outside service expense, and annualization of contract cost savings. This case settled prior to hearings. Ms. Ramas was actively involved in the settlement negotiations..
- Project Member in a review of the rate increase requested by Central Vermont Public Service Corporation. Issues addressed by Larkin & Associates included: payroll expense, payroll tax expense, medical expense, capital expense, regulatory commission expense, Y2K cost amortization, Hydro Quebec Ice Storm Arbitration Costs, income tax expense, production plant, transmission plant, distribution plant, facility plant, information systems plant, communication plant, and working capital. Ms. Ramas submitted prefiled testimony. The case settled prior to hearings.
- Project Member and expert witness in an investigation of over-earnings by the Connecticut Light & Power Company. Issues presented in testimony included: over-earning standards, cause of over earnings, treatment of over-earnings, impact of over-earnings on conditions of NU/ConEd Merger, and the Company's proposed initiatives.
- Project Manager and expert witness in the review of Pacificorp's rate case filing in the State of Utah. Issues addressed in Ms. Ramas' testimony include: relocation; rent expense; workers compensation; research and development amortization; uncollectibles; SO2 emissions allowances; and affiliate working capital issues.
- Project Manager and expert witness in the review of the rate case filing of Connecticut Light & Power Company. The Company was required to file a rate case as a result of the findings of a four year review of the Company's earnings in which it was determined that the Company was over-earning. We recommended a substantial reduction to the Company's rates. Issues specifically addressed in testimony included: problems inherent in Company's budgeting and forecasting methodologies; revenue calculation; sales margins; gain on sales of land; fiber cable revenues; payroll; employee benefits; incentive compensation; consulting fees; telephone

## Resume of Donna Ramas, CPA, continued

expense; employee legal settlements; D&O liability insurance; advertising; demonstration and selling expense; EPRI dues; inflation; depreciation expense; decommissioning costs; and income taxes. The case resulted in a substantial reduction in the Company's rates.

- Project Manager and Expert Witness in the analysis of PacifiCorp d/b/a Utah Power & Light Company's request for an increase in rates. The analysis resulted in a recommended reduction in PacifiCorp's rates. This was the first full rate case proceeding involving the utility subsequent to its merger with ScottishPower. Ms. Ramas filed testimony on the following issues: affiliated company rate base, environmental settlements, revenue normalization, accounting system corrections, accounting write-offs, obsolete inventory issues, pricing settlements, Blue Sky program, merger transition team costs, outside services and contract cost savings. Ms. Ramas participated extensively in Settlement discussions. Ms. Ramas' issues were settled prior to the hearings.
- Project team member in the analysis of the submission of PacifiCorp d/b/a Utah Power & Light Company's semi-annual report for the year ended December 31, 1997. Our analysis resulted in a recommended reduction in UP&L's rates, along with a recommended refund of past over-earnings, as the revenues collected during 1997 were set as interim by the Utah legislature. Larkin & Associates filed testimony on the following issues: refund calculation methodology, out-of-period adjustments for a future mine closure, mine reclamation costs, software write-down, re-engineering program, future dam removal and computer mainframe write-downs, plant held for future use, cash working capital; prepaid interest, employee costs including payroll, incentive compensation, FAS 112 and FAS 106, advertising; solar amortization, environmental settlement handled by an affiliated company, uncollectibles, relocation expense, black lung excise taxes, property taxes, and income taxes. The case resulted in a significant reduction in the Company's rates.
- Project Manager and expert witness in the review of the revenue adjustment proceeding application filed by San Diego Gas & Electric Company ("SDG&E"). As a result of the electric industry restructuring in California, the electric utilities must undergo an annual revenue adjustment proceeding during the transition period of the restructuring. Ms. Ramas' testimony addressed the following issues inherent in SDG&E's 1998 application: transmission revenues included in the headroom calculation, distribution revenue requirement, modifications to the Company's proposed Transition Revenue Account, memorandum and balancing accounts for elimination and treatment of balances in accounts to be eliminated. Ms. Ramas' positions were stipulated to after testimony was filed and prior to hearings.
- Key project team member in the review of the revenue requirement aspects of the Application for Approval of Alternative Regulatory Plan presented by Virginia Electric Power Company ("Virginia Power"). Ms. Ramas conducted a review of Virginia Power's 1995 and 1996 earnings, with particular focus on the revenue requirement for Virginia Power in each of those years. Determined that the Company received excess earnings in each of those years. Also recommended accounting methods to be employed during a proposed three-year rate freeze period. Adjustments which impacted revenue requirement were addressed in the following areas: projected plant-in-service; deferred capacity expense; payroll; incentive compensation; vision 2000 plan cost savings; employee benefits including pensions and OPEB; outside directors' stock accumulation plan; lost margins on wholesale sales; EVANTAGE affiliate allocations; credit support payments from affiliates; lease expense; advertising; storm damage; dues expense; outside consulting fees; depreciation expense; and deferred capacity mechanism. The case was ultimately settled subsequent to the filing of direct testimony. The settlement resulting in a significant rate decrease, substantial refunds and an alternative regulatory plan incorporating rate freeze provisions.
- Key project team member in the electric industry restructuring proceedings in Arizona on behalf of the Navy and Department of Defense. Larkin & Associates' testimony addressed several issues in regards to competition in the provision of retail electric service throughout the state of Arizona. The questions addressed included: Should the electric competition rules be modified regarding

## Resume of Donna Ramas, CPA, continued

stranded costs, and, if so, how? When should “Affected Utilities” be required to make a stranded cost filing? What costs should be included as part of stranded costs and how should these costs be calculated? Should there be a limitation on the time frame over which stranded costs are calculated? Should there be a limitation on the recovery time frame for stranded costs? Should there be a true-up mechanism and, if so, how should it be calculated? Should there be price caps or a rate freeze imposed as part of the development of a stranded cost recovery program and, if so, how should it be calculated? What factors should be considered for “mitigation” of stranded costs?

- Key project team member on behalf of the Navy representing the Department of Defense and all other Federal Executive Agencies to address PECO Energy Company’s (“PECO”) claim for stranded costs, competitive transition charge (“CTC”) and adjustments to PECO’s claimed amounts. Ms. Ramas addressed PECO’s mitigation efforts and the need for additional mitigation to reduce PECO’s stranded cost claim and the CTC included in the Company’s filing. Specific stranded cost issues addressed include: net investment in existing generating plants, FAS No. 109 deferred tax asset, nuclear design basis documentation, Limerick & Peach Bottom Chemistry systems, FAS 106 and Pension over and under-funding, compensated absences, nuclear decommissioning and fossil plant decommissioning. Ms. Ramas also addressed the following: accounts receivable financing, adjusted return for stranded generation-related assets, reserve accounts, market valuation, depreciation reserve shift and mitigation efforts.
- Key project team member in the review of a general rate case filed by Green Mountain Power Corporation. Issues addressed by Larkin & Associates in testimony include: payroll expense; incentive compensation; employee benefits; relocation costs; non-recurring wind project costs; preliminary survey and investigation charges; shareholder services; reserve account correction; FERC headwater amortization; transmission interconnection amortization; depreciation expense; amortizations; rent expense; income taxes; CWIP; plant additions; injuries and damages/health insurance reserves; and working capital.
- Key project team member in the review of the Citizens Utilities Company, Kauai Electric Division’s rate filing package. Special emphasis was placed on addressing deferrals made by the Company as a result of a major hurricane, Hurricane Iniki. Hurricane related deferrals addressed include: AFUDC on Restoration plant; AFUDC rate, cut-off date and on inventory; Iniki related bonuses; shareholder responsibility for restoration plant; deferred expenses; lost gross margins; uncollectibles; joint pole contributions; and accumulated deferred income taxes. Non-hurricane related issues addressed include: other operating revenues; DSM/IRP expenses on related sales reductions; payroll; incentive compensation; benefits; non-pension postretirement benefits; training expense - Target: Excellence; internal legal and audit costs; rate case expense; administrative office charges; rent expense; disaster recovery inventory; accounts payable related to materials and supplies; and check clearing lag in cash working capital.
- Project Manager in the review of the rate case filing of Monongahela Power Company for the West Virginia Office of Consumer Advocate. Ms. Ramas participated in this engagement in its entirety, from issuing data requests to drafting testimony and presenting it before the Commission. Issues addressed included: pension expense, Clean Air Act Amendment plant, expenses, and compliance; scrubber expense; pollution control equipment; CWIP; cash working capital; payroll; post-retirement benefits other than pensions; benefit expenses; property insurance; property taxes; storm damage expense; customer deposits; dues; right-of-way maintenance; and income taxes.
- Project team member in the electric industry restructuring proceedings in California on behalf of the Navy and Department of Defense. Ms. Ramas analyzed the requested eligible transition costs for Southern California Edison, along with the audit report regarding those costs submitted by consultants retained by the California Public Utilities Commission. Assisted in the preparation of testimony and schedules in the Phase 2 hearings in regards to transition costs requested by Southern California Edison for recovery. Specific items addressed in testimony included projected plant additions and CWIP, materials and supplies, fixed fuel contract costs, purchased

## Resume of Donna Ramas, CPA, continued

power from qualified facilities, environmental compliance costs, and employee related transition costs.

- Lead consultant and Project Manager in the review of the rate case filing of Potomac Edison Company for the West Virginia Office of Consumer Advocate. Ms. Ramas participated in this engagement in its entirety, from issuing data requests to drafting testimony and presenting it before the Commission. Issues addressed included: pension expense, Clean Air Act Amendment plant, expenses, and compliance; scrubber expense; pollution control equipment; check clearing lead; payroll increases; post-retirement benefits other than pensions; benefit expenses; customer deposits; dues; and income taxes.
- Project team member in the review of the Connecticut Light and Power Company's filing for a rate increase. Ms. Ramas presented testimony before the Connecticut Department of Public Utility Control as a support witness. Tasks included the analysis of several rate base and net operating income issues, on-site review and preparation of written testimony and exhibits. Issues addressed in the jointly filed testimony include nuclear plant phase-ins; nuclear performance enhancement program costs; cash working capital; KWH sales; transmission revenues; fossil/hydro outage costs; merger costs; salary and wages, including benefits; nuclear capacity/GUAC deferral; capacity costs and depreciation.

### *Training Seminars*

- Performed training seminars on behalf of the Department of Defense, Navy Rate Intervention on Measuring Financial Capabilities of Firms. Ms. Ramas designed the program, prepared the training manuals, and participated as one of the instructors. Training was provided to naval contracting employees, engineers and naval officers at five locations.

### Education

- Oakland University - Rochester, MI  
Bachelor of Science: Accounting, April 1991  
Graduated with University Honors
- Continuing education necessary to maintain CPA license.

### Professional Associations

- Michigan Association of Certified Public Accountants

### References

- Mr. Richard Sobolewski  
State of Connecticut  
Office of Consumer Counsel  
10 Franklin Square  
New Britain, CT 06051-2644  
(860) 827-2900
- Charles Beck  
Florida Office of the Public Counsel  
111 West Madison – Suite 801  
Tallahassee, FL 32399-1400  
(850) 488-9330
- Dan Gimble  
Utah Committee of Consumer Services  
Heber M. Wells Building  
160 East 300 South, Room 408  
Salt Lake City, Utah 84111  
(801) 530-6798

## MARK S. DADY

As a certified public accountant with Larkin & Associates, Mr. Dady, has performed in-depth analyses of numerous utility cases, involving electric, gas, telephone and water and sewer utilities. As such, Mr. Dady assists with the review and analysis of regulatory filings, prepares computer spreadsheets and models, prepares discovery requests and performs accounting and regulatory research.

### Relevant Regulatory Experience

Following are examples of recent regulatory cases in which Mr. Dady has participated.

- Project team member in the review of Appalachian Power Company rate request. Issues discussed in testimony by Larkin & Associates included: self-funded reserve accruals, prepayments, rate base update, prepaid pension asset, inactive or zero usage materials & supplies inventory, accumulated deferred income taxes, deferred fuel balance, off-system sales margin, customer revenues for growth, interest on customer deposits, donations, written off obsolete inventory, rate case expense, environmental consumable and allowances, depreciation expense, public relations expense, Edison electric institute dues, other membership dues, service company billings, interest synchronization, adjustment to income tax expense for parent company debt, vegetation management program expense, vehicle fuel expense, normalize remodeling expense, estimated property tax increases and income tax expense.
- Project team member in the review of Appalachian Power Company and Wheeling Power Company's rate request. Issues addressed by Larkin & Associates in testimony included: utility plant held for future use, prior period accumulated depreciation, prepayments, cash working capital, inactive to zero usage material and supplies inventory, self funded reserve accruals, rate base related asset retirement obligation adjustments, pole rental expense, remodeling expense, airplane costs, club initiation fees, written off obsolete inventory, incentive compensation, rate case expense, life insurance premiums, public relations expense, Edison Electric Institute Dues, Other Membership Dues, Three-Year Amortization from Loss on Sale of Bluefield and Wheeling Office Buildings, Amortization of Deferred RTO Formation, Service Company Billings, Institutional Advertising Expense, Interest on Customer Deposits, Expanded Net Energy Cost (ENEC), T&D Management, Consolidated Income Taxes, Interest Synchronization, Depreciation & Amortization Related to Asset Retirement Obligations, Maintenance of Boiler Plant Account 512, Maintenance of Electric Plant Account 513, and Income Tax Expense.
- Key Project Member for Larkin & Associates, acting as a subcontractor to Energy Ventures Analysis, Inc. on the Financial and Management/Performance Audit of the Fuel and Purchased Power Rider of the Cincinnati Gas & Electric Company (CG&E) following the merger with Cinergy creating Duke Energy Ohio. Larkin & Associates performed the Financial Audit portion of the project covering CG&E's quarterly FPP filings for January through June 2005 (Phase I), in a joint report dated October 7, 2005, and Mr. Smith sponsored Chapter 5 of the report in expert testimony at hearings before the Public Utilities Commission of Ohio on November 1, 2005 (Phase II).
- Project Member in the review of the application for an increase in rates filed by Questar Gas Company. Issues address included: conversion of Company's filing to an average test year, contractor retainage, banked vacations, annualization of customers and revenues resulting from mergers with two other gas companies, gain on sale of property, increase in industrial customer revenues, allocation factors, employee levels, advertising, postage, dues, amortization expense, incentive compensation, outside services, office

## Resume of Mark S. Dady, CPA, continued

closures, uncollectibles and rate of return adjustment from affiliates. This case settled prior to hearings.

- Project Member in the review of Florida Public Utilities Company's request for an increase in rates. Issues addressed included: construction work in progress, allocation adjustments associated with discontinued operations, retiree medical costs, stock issuance expense, payroll outsourcing costs, tree trimming crew costs, consulting fees, audit exceptions, projection factors storm reserve accrual, economic development costs, accumulated deferred income taxes, and contributions associated with addition of new large industrial customers. The case settled after testimony was filed and prior to hearings.
- Project Member in the review of the rate increase request by Utilities, Inc. for a rate increase in Marion, Orange, Pasco, Pinellas and Seminole Counties. Issues addressed reviewed included: revenues – index rate increase annualizations corrections, amortization of non-recurring costs – TV video inspection, amortization on books for retired WWT plants - Summertree and Weatherfield, employee costs, purchase water expense – Oakland Shores, Uncollectible Expense – Weatherfield, excessive lost and unaccounted for water, excessive inflow and infiltration, Lincoln Heights Purchase Wastewater Treatment Expense, non-used and useful facilities, removal of non-used and useful wastewater treatment plants, and rate of return – return on equity penalty.
- Project Member in a review of Washington Gas Light Company's proposed construction budget and incentive rate plan. Larkin & Associates testimony addressed: reasonableness of the construction budget and budget variances, reasonableness of the Company's proposed incentive rate plan (IRP), whether incentives above and beyond traditional rate of return regulation are needed, impact on ratepayers of proposed IRP, customer service quality standards, experience in other jurisdiction with alternative rate forms of recommendations. Ultimately, the Commission agreed with our recommendations that the proposed IRP be denied.
- Project Member in the review of a request by PacifiCorp for an increase in rates. As part of the analysis, Larkin & Associates also reviewed and addressed the Company's request to modify the test year provisions that had long been adopted and approved by the Commission. This case settled prior to filing testimony; however, schedules and exhibits were completed and submitted in order to facilitate settlement negotiations. Larkin & Associates was actively involved in the settlement discussions. Issues addressed by Larkin & Associates in our exhibits and schedules include: major plant additions including a transmission replacement and upgrade program, accounts receivable from associated company, cash working capital, increased revenues from system expansion and upgrade, change in method of accounting for unbilled revenues, normalization of overhaul expense, payroll expense including employee level impacts, incentive compensation, employee benefits, costs of canal failure, depreciation on retired assets, write-off of canceled projects, insurance expense, property taxes, IRS audit settlement adjustments, and amortization of costs associated with early retirement of Company owned coal mine.
- Project Member in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues addressed included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project Member in the audit of the Rockland Electric Company's restructuring related deferred balances that accrued by the Utility in the course of its implementation of various New Jersey Board of Public Utilities Orders providing for rate reductions and other requirements, pursuant to

## Resume of Mark S. Dady, CPA, continued

the Electric Discount and Energy Competition Act (EDECA), N.J.S.A.48:3-49 et seq. The audit was separated into two phases. Phase I covered the period of August 1, 1999 through July 31, 2002. Phase II covered the period of August 1, 2002 through July 31, 2003. Larkin & Associates audited the deferred accounts, transactions and supporting calculations/documentation for this period to determine whether the Utility's Deferred Balances are correct and include only those costs that are reasonable, prudently incurred, accurately calculated, correctly recorded and in compliance with all applicable Board Orders. Subcontractor, Synapse Energy Economics analyzed prudence issues relating to the Utility's purchase of power at reasonable prices consistent with market conditions in the competitive wholesale marketplace and consistent with appropriate hedging techniques, along with mitigation efforts with respect to above-market non-utility generation contract costs during the Transition Period. Larkin & Associates and Synapse Energy Economics issued a combined report discussing their findings and conclusions.

- Project team member in United Illuminating Company's rate case. Larkin & Associates was retained by the Connecticut Office of Consumer Counsel to address the calculation of the revenue requirement and adjustments to the calculations of rate base and net operating income presented in UI's filing. Larkin & Associates also addressed the sharing proportions that should be applied if the Department adopts a multi-year rate plan for UI in this proceeding. Issues discussed in testimony included rate plan, over-earnings sharing proportions, subsidiary income tax expense, starting point for 2002 rate year rate base, customer deposits, materials and supplies, rate-a-meter timers, injuries and damages reserve, severance expense, rate case expense, other O&M expense increase, ADIT on pension liability and Bad Debt reserve, accrued vacation and related ADIT, Steel Point remediation, depreciation expense, income tax expense correction, interest synchronization, property tax expense, accelerated amortization.
- Project team member in the review of Citizens Utilities Company's application for a rate increase. Issues addressed in testimony included: an overall financial summary, accounting concerns, rate base (interim accumulated depreciation, rate year accumulated depreciation, used and useful, deferred income taxes, deferred costs, IRP Twenty Year Plan, PCB Costs, 1999 Windstorm and Hurricane Floyd costs, HQ Arbitration, Working capital), operating income (revenue adjustments, SAO expense, DAO expense, PSO expense, Rate Case Expense, Legal and Regulatory, Income Tax Expense, Tree Trimming) and summary of accounting problems.
- Project team member in the review of ACS of Alaska, Inc.'s, d/b/a as Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included: Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.
- Project team member in the review of ACS of Anchorage, Inc.'s, d/b/a as Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included: Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.
- Project team member in the review of ACS of Fairbanks, Inc.'s, d/b/a as Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included:

## Resume of Mark S. Dady, CPA, continued

Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.

- Project team member in the review of ACS of the Northland, Inc.'s, d/b/a Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included: Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.
- Key project team member in the annual audit of Lake State Railway and Huron Leasing. Duties included verification of cash receipts and disbursements, payroll, and inventory.

A complete list of cases in which Mr. Dady has participated will be provided upon request.

### Education

- Davenport University, Dearborn, MI  
Bachelor of Business Administration: Accounting  
March 2001 - Graduated with high honors
- Walsh College, Troy, MI  
Master of Science: Accounting, December 2006
- Certified Public Accounting Certificate, 2007, Continuing Professional Education Necessary to Maintain CPA License

### Professional Associations

- Michigan Association of Certified Public Accountants

### References

- Kevin Mitrzyk  
Lake State Railway  
750 N. Washington Ave.  
Saginaw, MI 48607-1374  
(989) 757-2125
- C. Meade Browder, Jr.  
Virginia Office of the Attorney General  
900 East Main Street  
Richmond, VA 23219  
(804) 786-5852

## Resume of Mark S. Dady, CPA, continued

- Billy Jack Gregg  
Counsel for Consumer Advocate Div.  
Public Service Commission of West Virginia  
7<sup>th</sup> Floor, Union Building  
723 Kanawha Boulevard, East  
Charleston, WV 25301  
(304) 558-0526

## TINA MILLER

Ms. Miller is a staff accountant and regulatory analyst with Larkin & Associates. As such, Ms. Miller prepares discovery requests, produces spreadsheets and models, assist with the review and analysis of regulatory filings, and performs regulatory and accounting research.

### Relevant Regulatory Experience

Following are examples of recent electric regulatory cases in which Ms. Miller has participated.

- Project Member in the a research project for the Arkansas Public Service Commission Staff regarding innovative approaches to rate base, rate of return ratemaking. Larkin & Associates analysis focused on annual earnings reviews, formula rates, recovery of extraordinary storm damage expenses, plant acquisitions and construction costs of new facilities.
- Project Member in the review of Tampa Electric Company's request for an increase in rates. Issues addressed in Mr. Larkin's testimony included: transmission base rate adjustment clause, annualization of plant-in-service, plant in service projections, CIS upgrades, dredging O&M amortization, plant held for future use, construction work in progress, working capital, storm damage accrual, uncollectible expense, and capital structure. Issues addressed by Mr. Schultz included: payroll, benefits, incentive compensation, D&O liability, tree trimming, pole inspections, transmission inspections, substation preventive maintenance, generation maintenance, rate case expense and office supplies.
- Project Member in the review of Cinergy Corporation's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Member in the review of American Electric Power Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Member in the review of Duke Energy Corporation's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project team member in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues analyzed included: incentive compensation, payroll, pensions/post-retirement benefits, working capital, Bridger Coal Company Rate Base, Environmental Settlements, Revenue Normalization Correction, Distribution Expense Correction, Accounting Write-Offs, Assets under construction write-off, Cholla Assets Under Construction Write-Off, Additional Assets Under Construction Written Off, Obsolete Inventory Write-Offs/Reserve, FERC Contingency Write-Off, Blue Sky Program, Stoel Rives Pricing Settlement, Transition Team Costs, Miscellaneous Outside Service Expense, Annualization of Contract Cost Savings, Dave Johnston (Glenrock) mine closure, systems applications and products software (SAP), re-engineering, 1997 computer software write-down, Company's proposed 1999 software write-off, uncollectible expense, and potential updates (pending additional information from the Company).
- Project team member in an investigation of over-earnings by the Connecticut Light & Power Company. Issues analyzed included: over-earning standards, cause of over earnings, treatment of over-earnings, impact of over-earnings on conditions of NU/ConEd Merger, and the Company's proposed initiatives.
- Project team member in the review of Wisconsin Public Service Corporation's application for a Supply Cost Recovery Plan and Authorization of Monthly Power Supply Cost Recovery Factors for the Calendar Year 2001. Ms. Miller assisted by analyzing issues such as additional coal costs for new coal contracts, forecast and historical analysis of hydro plant generation, and reviewing

## Resume of Tina Miller, continued

company material. Key project team member in the review of Delaware Electric Cooperative's Restructuring Plan for Retail Competition. Larkin & Associates was retained by the Delaware Public Service Commission (DPSC) to provide consulting services to the Hearing Examiner of the DPSC. Duties included: review of filings and briefs of the parties, review of the transcript of the hearing, summarize the positions of the parties, and assist in the preparation of the Hearing Examiners Report.

- Key project member in the review of Delmarva Power & Light's billing system conversion problems. Consulting services were provided to the Hearing Examiner of the Delaware Public Service Commission. Relevant issues addresses included: compensation and economic damages to customers, proration, arbitration procedures. Non-economic issues included: "reaching back" problem, budget plans, tariff rates on bills, high bill parameters, PriceWaterhouseCoopers audit report, payment posting sequence, emergency phone number, issue list, lost customers, walk-in offices, and a summit for unresolved issues. Duties included: review of filings and briefs of the parties, review of the transcript of the hearing, summarize the positions of the parties, and assist in the preparation of the Hearing Examiners Report.
- Project team member in the review of Delmarva Power & Light's application for Approval of a Cost Accounting Manual and a Code of Conduct. Ms. Miller assisted by reviewing filings, transcripts, The Cost Accounting Manual , Code of Conduct , and summarize the positions of the parties, and assisting in the preparation of the Hearing Examiners Report.
- Key project team member in the review of Chesapeake Utilities Corporation application for Approval of a Cost Accounting Manual and a Code of Conduct. Ms. Miller reviewed filings, responses to data requests, the proposed Cost Accounting Manual, and proposed Code of Conduct. She also assisted in drafting a revised Code of Conduct and testimony.

### Education

- Eastern Michigan University - Ypsilanti MI.  
Bachelor of Business Administration: Accounting  
April 1996

### References

- Jim Lofton  
U.S. Department of Justice  
ENRD/EES  
P.O. Box 7611  
Ben Franklin Station  
Washington, DC 20044-7611  
(202) 514-2445
- Rich Sobolewski  
State of Connecticut  
Office of Consumer Counsel  
10 Franklin Square  
New Britain, Connecticut 06051  
(860) 827-2900
- Patricia Merchant  
Florida Office of the Public Counsel  
111 West Madison – Suite 801  
Tallahassee, FL 32399-1400  
(850) 488-9330

## DAWN BISDORF

Dawn Bisdorf is a research associate with Larkin & Associates, PLLC. As such, Ms. Bisdorf assists with the review and analysis of regulatory filings by preparing computer spreadsheets and models and performing accounting and regulatory research.

### Relevant Regulatory Experience

Ms. Bisdorf's primary focus is case organization, regulatory research, and research of technical accounting and tax issues. She also assists in the preparation of various spreadsheets and models as part of her participation in regulatory engagements.

### Education

Ms. Bisdorf holds an BA in Social Science from Madonna University in Livonia, Michigan and an Associates degree in Accounting from Schoolcraft College in Livonia.

### Relevant Prior Experience

From 2002 – 2006, Ms. Bisdorf held various accounting positions where she dealt with accounts receivable, accounts payable and bank reconciliations, along with assisting in general office duties.

Following are examples of recent regulatory cases in which Ms. Bisdorf has participated:

- Project Member in the review of Southwest Gas Corporation's General Rate Application. Issues addressed in testimony by Larkin & Associates included: Return on Fair Value Rate Base, Yuma Manors Pipe Replacement, Customer Advances for Construction, Working Capital, Cash Working Capital, Customer Deposits, Miscellaneous Accumulated Deferred Income Tax, Account 190, New Intangible Plant Placed Into Service By December 31, 2007, Adjustments to Reconstruction Cost New Depreciated Rate Base, Trended RCND Amount for Accumulated Deferred Income Taxes, Yuma Manors Depreciation and Property Tax Expense, Gain on Sale of Property in Cave Creek, Management Incentive Program Expense, Stock-Based Compensation (Other than MIP), Supplemental Executive Retirement Plan Expense, American Gas Association Dues, Transmission Integrity Management Program, A&G Expenses - Annualized Paiute Allocation, Interest on Customer Deposits, Interest Synchronization, Flow-back of Excess Deferred Taxes, Injuries and Damages, Leased Aircraft Operating Costs, El Paso Pipeline Rate Case Litigation Cost, and Annualized Amortization for New Intangible Plant.
- Project Team Member in the review of Tucson Electric Power Company's General Rate Application. Issues addressed by Larkin & Associates included: Depreciation Rates, Plant Held for Future Use, Luna Plant Facility, Luna Plant Facility Accumulated Deferred Income Taxes, "Implementation Cost Regulatory Asset", Working Capital, Fuel Inventory, Accumulated Depreciation and ADIT Related to Cost of Removal, Accumulated Depreciation Related to Unauthorized Depreciation Rate Changes, Miscellaneous Accumulated Deferred Income Tax, Account 190, Other Deferred Credits, Customer Care & Billing System, Springerville Unit 1, Luna Facility Depreciation and Property Tax Expense, San Juan Coal Contract, Bad Debt Expense, Edison Electric Institute Dues, Incentive Compensation, Supplemental Executive Retirement Program Expense, Workers' Compensation Expense, Short-Term Sales, Wholesale Trading Activity, Gain on Sale of SO2 Emission Allowances, Property Tax Expense Interest Synchronization, Depreciation Rates Adjustment, Customer Care & Billing System, Markup Above Cost for Charges from Affiliate, Southwest Energy Services, PPFAC Adjustment, Postage Expense, Miscellaneous Service Revenue, Cash Working Capital, Normalize Affiliate Charges to TEP, Legal Expense Related to Motion to Amend Decision No. 62103, Legal Expense Related to California Proceedings, West Connect Charges Related to Regulatory Asset, Other TEP Changes to Operating Income and Rate Base, Purchased Power and Fuel Adjustment Clause, TEP's Historical Misuse of Previous Fuel Adjustment Mechanism, Staffs Proposed PPFAC, TEP's

Proposed PPFAC , Costs to Be Included in the PPFAC, Credits to PPFAC Costs Effective Date for PPFAC, PPFAC Forward-Looking and True-Up Components, Carrying Costs on PPFAC bank balance, Filing and Reporting Requirements, Whether Sharing and Cap Provisions Should be Imposed, and Requirement for Commission approval of PPFAC, rate changes.

- Project Member in the review of Appalachian Power Company's Application for an increase in rates. Issues addressed by Larkin & Associates included: Self-Funded Reserve Accruals, Rate Base Update, Materials and Supplies, Customer Deposits, Deferred Fuel Balance, Accumulated Deferred Income Taxes, Prepaid Pension Asset, Fuel Stock Inventory, Plant Held for Future Use, Accounts Receivable Factoring, Mountaineer Carbon Capture Demonstration Project, Blanket Funded Capital Projects, Third Party Transmission Revenue, Capacity Equalization Expense, Environmental Consumables and Allowances Expense, Transmission Equalization Expense Credit, Transmission Reliability Expense, Distribution Reliability Expense, Distribution Reliability Expense, PJM Administrative and Ancillary Fees, Emission Allowances, Edison Electric Institute Dues, Obsolete Inventory, Interest Synchronization, New Source Review Settlement, Pension Expense, Interest on Customer Deposits, Depreciation Expense, Property Tax Expense, Legal Expense Related to AEP Subsidiaries, Charitable Contributions, and Stock Awards.
- Project Member in the review of Virginia American Water Company's Application for an increase in rates. Issues addressed by Larkin & Associates included: Tank Painting, Customer Advances, Contributions in Aid of Construction Rate Base Update, Reverse VAWC Net Plant Adjustments Beyond May 31, 2008, Allowance for Average Rate Year Non-Revenue Producing CWIP, Allocate Utility Plant and Accumulated Depreciation between Districts, Materials and Supplies, Miscellaneous Operating Reserves, Accrued Cost of Removal/FAS 143, Revenue Annualization, Tank Painting, Leased Vehicles, Rate Case Expense, Lobbying Expense, Payroll Expense, Payroll Tax Expense, Employee Benefits Expense, Donations, Annualized Depreciation Expense, Depreciation Expense on Allocated Plant, Interest Synchronization, and Income Tax Expense.
- Project member in the review of Arizona Public Service Company's Application for an Interim Increase in rates. Issues addressed by Larkin & Associates included: the interim rate relief requested by APS, criteria for interim rate relief, ordinary regulatory law does not justify APS' requested interim rate relief, alleged emergency circumstances, whether APS requires an interim rate increase during the processing of its general rate case, an alternative basis for determining an amount of interim rate increase for APS should the Commission be inclined to grant an increase, and rate design.
- Project member in the review of Artesian Water Company's application for an increase in water rates. Issues addressed by Larkin & Associates included: plant in service, accumulated depreciation, depreciation expense, staff field audit adjustments, impact of plant additions adjustment on depreciation expense, payroll expense, payroll tax expense, workers compensation expense, pension expense, employee group insurance, directors fees and insurance, allowance for rate case expense, stock option expense, temporary services, tank painting expense normalization, expense adjustments for new headquarters building, uncollectibles expense, current Delaware State income taxes, interest synchronization.

## JOHN DEFEVER

John DeFever is a research associate with Larkin & Associates, PLLC. As such, Mr. DeFever assists with the review and analysis of regulatory filings by preparing computer spreadsheets and models and performing accounting and regulatory research. Mr. Defever also assists with the preparation of tax returns.

### Education

Mr. DeFever is currently pursuing a degree in Accounting at Eastern Michigan University in Ypsilanti, MI.

Schoolcraft College- Livonia, MI  
Associate in Applied Science  
December 2000

### Relevant Prior Experience

Following are examples of recent regulatory cases in which Mr. Defever has participated:

- Connecticut Water Company, Docket No. 09-12-11
- Puget Sound Energy, Docket No. UE-090704
- Potomac Electric Power, Formal Case 1076
- Alabama Power Company, Case No. 2:01-cv-00152-VEH

### Prior Work Experience

Artcraft Pattern Works, Quality Manager, CAD/Design