STATE OF MARYLAND

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of the Commission's	**)**	
Investigation into a Residential Electric Rate	**)**	**Case No. 9091**
Stabilization and Market Transition Plan for	**)**	
The Potomac Edison Company	**)**	

DIRECT TESTIMONY OF

JONATHAN WALLACH

ON BEHALF OF

THE OFFICE OF PEOPLE'S COUNSEL

Resource Insight, Inc.

MARCH 9, 2007

Q: Please state your name, occupation, and business address.

A: I am Jonathan F. Wallach. I am Vice President of Resource Insight, Inc., 5 Water Street, Arlington, Massachusetts.

Q: Please summarize your professional education and experience.

A: I have worked as a consultant to the electric-power industry for more than two decades. From 1981 to 1986, I was a research associate at Energy Systems Research Group. In 1987 and 1988, I was an independent consultant. From 1989 to 1990, I was a senior analyst at Komanoff Energy Associates. I have been in my current position at Resource Insight since September of 1990.

Over the last twenty-five years, I have advised clients on a wide range of economic, planning, and policy issues including: electric-utility restructuring; wholesale-power market design and operations; transmission pricing and policy; market valuation of generating assets and purchase contracts; power-procurement strategies; integrated resource planning; cost allocation and rate design; and energy-efficiency program design and planning.

My resume is attached as Exhibit JFW-1.

Q: Please summarize your experience with regard to the issue of electric restructuring in Maryland.

A: In 1997, I co-authored a major study of electric-utility restructuring in Maryland for the Office of People's Counsel ("OPC"). Since then, I have advised and testified on behalf of OPC in most of the major proceedings relating to Maryland's restructuring process. I assisted OPC during settlement negotiations, and testified in support of such settlements, in Case

Nos. 8794, 8795, and 8797 (regarding electric restructuring), 8890 (regarding the proposed merger of Potomac Electric Power Company and Delmarva Power & Light to form PEPCo Holdings, Inc.), and 8908 (regarding procurement of Standard Offer Service.) I also testified in Case Nos. 8852 (regarding Potomac Electric Power Company's proposed fees for electricity-supplier services), 8994 and 8995 (regarding determination of the residential SOS Administrative Charge), and 8985 (regarding Southern Maryland Electric Coop's SOS procurement plan). Most recently, I testified in Case Nos. 9052 (regarding proposals to transition Baltimore Gas & Electric's residential customers to market-based SOS rates), 9056 (regarding default service for Type II customers), 9064 (regarding residential SOS procurement), and 9063 (regarding optimal structure). Finally, on OPC's behalf, I have monitored the SOS procurement process in every year since its inception.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of the Office of People's Counsel.

Q: What is the purpose of your testimony?

A: On December 29, 2006, Allegheny Power ("AP"; "the Company") filed for approval of a Rate Stabilization Ramp-Up Transition Plan for residential customers. In support of the proposed transition plan, the Company filed direct testimony by Raymond E. Valdes. On January 31, 2007, AP filed supplemental testimony from Mr. Valdes regarding proposed amendments to the original transition proposal.

This testimony addresses and recommends alternatives to the Company's proposal.

Q: Please describe the Company's initial proposal for a transition plan.

A: As discussed in Mr. Valdes' direct testimony, the Company proposes to add to residential customers' bills a non-bypassable distribution surcharge starting on March 31, 2007. This distribution surcharge will be set at a level that increases average customer bills by 15%. The Company further proposes to increase the surcharge over time to effectuate an additional 15% bill increase in 2008. The funds collected through this distribution surcharge will accrue interest at "the average rate AP earns on external cash investments in corporate money market funds."[1]

When the generation-rate cap is lifted on January 1, 2009, the Company proposes to reverse surcharge collections and credit back over time those collections and accrued interest through a distribution credit. The distribution credit will be set at a level that phases in over approximately two years the bill impact associated with the increase from capped to market-based generation rates on January 1, 2009.

Under the Company's initial proposal, all residential customers would be required to participate in the transition plan. In addition, customers that terminate their accounts prior to the end of the transition plan would not be eligible for a refund of outstanding surcharge collections and accrued interest.

Q: Why is the Company proposing a transition plan at this time?

A: The Company expects that generation prices will rise substantially when the generation-rate cap is lifted on January 1, 2009, and is concerned about the economic harm to consumers from such a significant price increase.

[1] *Direct Testimony of Raymond E. Valdes,* Case No. 9091, December 29, 2006, p. 10.

According to Mr. Valdes, the transition plan addresses this concern by allowing customer bills to rise gradually over time to anticipated market-based levels. In essence, the Company's transition plan would entail consumers making advance payments for the rate increases expected on January 1, 2009, paying more now so that they can pay less later.

Q: Is the Company's proposal for advanced payments a reasonable approach for protecting consumers against the economic harm from market-based pricing?

A: The basic concept of shifting payments over time in order to stabilize bills is well established, and is the basis for utility budget-billing mechanisms. Like budget billing, the Company's proposal is a reasonably palliative approach for dampening the harm from a sudden dramatic increase in rates.

However, the Company's transition plan treats the symptoms, not the disease. The Company recognizes that procurement of SOS supply using the approach adopted in Case No. 8908 (as modified in Case No. 9064) is more than likely to lead to a substantial increase in SOS costs on January 1, 2009. The Company's proposal is to spread those cost increases over time. What's missing from the Company's transition plan is a provision for an alternative procurement mechanism that might directly mitigate the harm on January 1, 2009, and beyond, from continued reliance on the 8908/9064 approach.

Q: Why is there a potential for economic harm from continued reliance on the 8908/9064 procurement approach?

A: As I testified in Case No. 9063, the current procurement approach, with its sole reliance on short-term full-requirements contracts, needlessly exposes consumers to the dramatic increases in price levels and volatility that have shaken PJM's spot markets.

There have been a number of developments in PJM's spot markets that have contributed to SOS price trends, either by directly increasing commodity costs or by increasing risk premiums associated with full-requirements contracting. These developments include:

- A growing reliance on natural gas as the marginal fuel, along with unprecedented increases in gas prices and price volatility over the last few years.
- Rising congestion costs, due to rising marginal fuel prices and the failure of merchant generation or transmission investors to invest in projects to relieve congestion in response to spot-price signals.
- A radical restructuring of PJM's installed-capacity market that, once implemented, is expected to significantly increase capacity costs.
- The implementation of scarcity-pricing rules, including exemptions on market mitigation, increasing the risk of higher prices and greater price volatility during high-load hours.

These market developments have increased both spot-market price levels and price risk over the last few years. These spot-price trends have driven trends in the forward markets, which, in turn, have increased the costs and exacerbated the risks associated with providing full-requirements service under short-term contracts.

Q: How could the current procurement approach be modified to reduce consumers' exposure to these harmful spot-price trends?

A: The tight linkage between spot-market and SOS prices can be loosened by: (1) reducing the reliance on short-term full-requirements contracts to serve

SOS load (such as those procured under the current approach); and (2) diversifying or staggering contract durations for those full-requirements contracts included in the SOS supply portfolio. Broadening the SOS supply portfolio to include longer-term supply and demand resources should move SOS prices away from the volatile gas-driven margin and toward more-stable cost-based levels. Diversifying or staggering contract durations for full-requirement contracts should dampen price volatility by limiting the amount of new contracts at prevailing market prices that need to be procured at any one time.

Q: What are some of the long-term resource options that might be considered for a broader SOS portfolio?

A: Generally speaking, such long-term options include direct investment in generating assets, baseload or intermediate bilateral fixed-block contracts, unit-contingent contracts, slice-of-system purchases, demand-response and energy-efficiency resources, peaking capacity and energy contracts, tolling agreements, financial derivatives, options, and other financial products.

Two specific options for AP to consider are its long-term contract with the Warrior Run facility and its existing bilateral contract with the Company's unregulated affiliate. Pursuant to the settlement agreement in Case No. 8797, the Company has been selling the output of the Warrior Run facility into the wholesale market since 2000. The Company should evaluate whether there is greater value to retaining the output of the facility in order to serve SOS load than from continuing to sell such output into the market.

The other option relates to the AP's contract with its unregulated affiliate to serve SOS load through the end of 2008. The Company should consider the feasibility and cost-effectiveness of a negotiated extension of that contract.

Q: Are you suggesting that SOS costs would not rise significantly on January 1, 2009 if the Company adopted a portfolio approach to procurement?

A: No. The plain fact is that current generation rates were set in 1999 at the cost of AP's generating plants at that time. With the exception of the long-term contract with the Warrior Run facility, those generating assets were subsequently transferred to AP's unregulated affiliate. Even if the Company could contract with its affiliate to purchase the output of those units at cost, the cost of those assets, especially for the fuel component, is likely to be significantly greater on January 1, 2009 than ten years earlier. Furthermore, since those assets are deregulated, it is more likely that such a contract would be priced not at cost, but at a higher level reflecting the assets' market value.

A portfolio approach will not prevent SOS prices from rising when the generation-rate cap is lifted. However, that price increase may not be as dramatic as would be expected with the 8908/9064 approach. Moreover, portfolio procurement will likely lead to more stable SOS prices in the following years.

Q: What changes to its initial proposal did the Company offer in its supplemental testimony?

A: Mr. Valdes offers three amendments to the Company's initial proposal in his supplemental testimony. First, as an alternative to the requirement for mandatory participation, the Company offers to implement a transition plan that provides customers the opportunity to opt out from participation in the plan. However, the Company asserts that a mandatory program is the preferred alternative.

Second, the Company proposes a mechanism for refunding surcharge collections to customers that leave the Company's service territory or die. Third, the Company commits to increasing its contribution to the Community Energy Fund for low-income customers.

Q: Why does the Company believe that a mandatory program is superior to a voluntary program?

A: In his supplemental testimony, Mr. Valdes provides two reasons for preferring a mandatory over a voluntary program.[2] First, Mr. Valdes argues that a mandatory program will ensure that sufficient revenues are collected to "effectively reduce the large increase in electric bills anticipated in 2009."[3] Second, Mr. Valdes asserts that if customers are allowed to decline participation in the transition plan, "they will not have the benefit of a transition plan to which they are entitled under the statute."[4]

Q: Do you agree with Mr. Valdes' arguments?

A: No. Contrary to Mr. Valdes' claim, a mandatory program provides no greater assurance of revenue adequacy than a voluntary program. While a voluntary program would likely have fewer participants from which to collect

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[2]Mr. Valdes offers a third reason: a mandatory program allows the surcharge to be imposed at the same time that rates will increase to account for expiration of the Temporary Customer Choice Credit, thus avoiding two rate increases in 2007. However, on February 27, 2007, the Commission approved deferral of the rate increase for the Choice Credit until the surcharge is implemented, thereby rendering this issue moot.

[3]*Supplemental Testimony of Raymond E. Valdes*, Case No. 9091, January 31, 2007, p. 2.

[4]*Id.*, pp. 2-3.

surcharge revenues, it would necessarily also have fewer participants to which it would have to refund those surcharge collections. In other words, revenue adequacy is assured not by the number of participants, but by the fact that surcharge collections are refunded only to those customers who paid surcharges. Thus, revenue adequacy will be assured whether program participation is mandatory or voluntary, since in either case funds will be collected from and returned to only program participants.

Mr. Valdes' second argument – that a non-participant will not benefit from the program – turns the concept of customer choice on its head. A voluntary program allows each customer the opportunity to decide whether the benefits to that customer from program participation exceed the costs. In contrast, a mandatory program requires a customer to participate, whether or not that customer will benefit from program participation. When a customer chooses to not participate in a voluntary program, that choice implies that participation is not beneficial to the customer. That choice does not mean that the customer is foregoing benefits from program participation, as Mr. Valdes alleges.

Q: Please describe the Company's proposal for the opt-out alternative.

A: Under the opt-out alternative, consumers will receive a single bill insert regarding the program and the opt-out option. Customers will then have twenty calendar days from receipt of that one bill insert to contact the Company and indicate that they wish to opt out of the program. If, for any reason, a customer fails to contact the Company within that 20-day window, he will be required to participate in the transition program, without any further recourse.

Q: Is this proposal reasonable?

A: No. The proposed opt-out approach is overly burdensome and needlessly exposes consumers to the risk of ill-informed or inadvertent participation in the transition program. With consumer notification and education limited to one bill insert, and with only twenty days to decide, it is more than likely that consumers will be forced into the program simply because they disposed of the insert before reading it, didn't understand the insert, forgot about it, or were unable to make an informed decision based on the information in the insert in time to meet the twenty-day deadline.

According to Mr. Valdes, there are a number of factors that constrain the Company from providing more than one notice or allowing more than a 20-day window. If so, then the Company should adopt an opt-in approach for its voluntary program in order to minimize the risks of unintentional participation. Under the opt-in version, a customer would be considered to have declined participation, unless he notified the Company of his intent to participate within twenty calendar days of receiving notice of program eligibility.

Q: What do you recommend with regard to the Company's proposed transition plan?

A: The Company's transition plan should be modified as follows:

- The Company should initiate an extensive and continuing consumer-education program to inform customers about the likely rate and bill impacts from the elimination of the generation-rate cap on January 1, 2009. This program should be designed to educate consumers regarding opportunities for mitigating this impact, including installation of conservation measures (e.g., efficient lighting) on their own initiative, participation in utility demand-side management ("DSM") programs (as they become available), and participation in the voluntary transition program.

- The Company should develop and file with the Commission program designs and implementation plans for a comprehensive, least-cost portfolio of DSM programs, with implementation targeted for the third quarter of 2007. The Company should work with the Commission, OPC, and other interested parties to develop these program initiatives.
- The Company should expeditiously initiate a stakeholder process to develop a long-term plan for procuring the least-cost portfolio of supply resources for serving SOS load starting January 1, 2009. The Commission should direct the Company to file a report detailing the results of this stakeholder process by September 30, 2007.
- The Company should implement the transition program on a voluntary, opt-in basis.

Q: Does this conclude your testimony?

A: Yes.

Exhibit JFW-1

Qualifications of

JONATHAN F. WALLACH

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SUMMARY OF PROFESSIONAL EXPERIENCE

1990–Present **Vice President, Resource Insight, Inc.** Provides research, technical assistance, and expert testimony on electric- and gas-utility planning, economics, regulation, and restructuring. Designs and assesses resource-planning strategies for regulated and competitive markets, including estimation of market prices and utility-plant stranded investment; negotiates restructuring strategies and implementation plans; assists in procurement of retail power supply.

1989–90 **Senior Analyst, Komanoff Energy Associates.** Conducted comprehensive cost-benefit assessments of electric-utility power-supply and demand-side conservation resources, economic and financial analyses of independent power facilities, and analyses of utility-system excess capacity and reliability. Provided expert testimony on statistical analysis of U.S. nuclear plant operating costs and performance. Co-wrote *The Power Analyst*, software developed under contract to the New York Energy Research and Development Authority for screening the economic and financial performance of non-utility power projects.

1987–88 **Independent Consultant.** Provided consulting services for Komanoff Energy Associates (New York, New York), Schlissel Engineering Associates (Belmont, Massachusetts), and Energy Systems Research Group (Boston, Massachusetts).

1981–86 **Research Associate, Energy Systems Research Group.** Performed analyses of electric utility power supply planning scenarios. Involved in analysis and design of electric and water utility conservation programs. Developed statistical analysis of U.S. nuclear plant operating costs and performance.

EDUCATION

BA, Political Science with honors and Phi Beta Kappa, University of California, Berkeley, 1980.

Massachusetts Institute of Technology, Cambridge, Massachusetts. Physics and Political Science, 1976–1979.

PUBLICATIONS

“The Future of Utility Resource planning: Delivering Energy Efficiency through Distributed Utilities” (with Paul Chernick), *International Association for Energy Economics Seventeenth Annual North American Conference* (460–469). Cleveland, Ohio: USAEE. 1996.

"The Price is Right: Restructuring Gain from Market Valuation of Utility Generating Assets" (with Paul Chernick), *International Association for Energy Economics Seventeenth Annual North American Conference* (345–352). Cleveland, Ohio: USAEE. 1996.

"The Future of Utility Resource Planning: Delivering Energy Efficiency through Distribution Utilities" (with Paul Chernick), *1996 Summer Study on Energy Efficiency in Buildings* 7(7.47–7.55). Washington: American Council for an Energy-Efficient Economy, 1996.

"The Transfer Loss is All Transfer, No Loss" (with Paul Chernick), *Electricity Journal* 6:6 (July, 1993).

"Benefit-Cost Ratios Ignore Interclass Equity" (with Paul Chernick et al.), *DSM Quarterly*, Spring 1992.

"Consider Plant Heat Rate Fluctuations," *Independent Energy*, July/August 1991.

"Demand-Side Bidding: A Viable Least-Cost Resource Strategy" (with Paul Chernick and John Plunkett), *Proceedings from the NARUC Biennial Regulatory Information Conference*, September 1990.

"New Tools on the Block: Evaluating Non-Utility Supply Opportunities With *The Power Analyst*, (with John Plunkett), *Proceedings of the Fourth National Conference on Microcomputer Applications in Energy*, April 1990.

REPORTS

"First Year of SOS Procurement." 2004. Prepared for the Maryland Office of People's Counsel.

"Energy Plan for the City of New York" (with Paul Chernick, Susan Geller, Brian Tracey, Adam Auster, and Peter Lanzalotta). 2003. New York: New York City Economic Development Corporation.

"Peak-Shaving–Demand-Response Analysis: Load Shifting by Residential Customers" (with Brian Tracey). 2003. Barnstable, Mass.: Cape Light Compact.

"Electricity Market Design: Incentives for Efficient Bidding; Opportunities for Gaming." 2002. Silver Spring, Maryland: National Association of State Consumer Advocates.

"Best Practices in Market Monitoring: A Survey of Current ISO Activities and Recommendations for Effective Market Monitoring and Mitigation in Wholesale Electricity Markets" (with Paul Peterson, Bruce Biewald, Lucy Johnston, and Etienne Gonin). 2001. Prepared for the Maryland Office of People's Counsel, Pennsylvania Office of Consumer Advocate, Delaware Division of the Public Advocate, New Jersey Division of the Ratepayer Advocate, Office of the People's Counsel of the District of Columbia.

"Comments Regarding Retail Electricity Competition." 2001. Filed by the Maryland Office of People's Counsel in U.S. FTC Docket No. V010003.

"Final Comments of the City of New York on Con Edison's Generation Divestiture Plans and Petition." 1998. Filed by the City of New York in PSC Case No. 96-E-0897.

"Response Comments of the City of New York on Vertical Market Power." 1998. Filed by the City of New York in PSC Case Nos. 96-E-0900, 96-E-0098, 96-E-0099, 96-E-0891, 96-E-0897, 96-E-0909, and 96-E-0898.

"Preliminary Comments of the City of New York on Con Edison's Generation Divestiture Plan and Petition." 1998. Filed by the City of New York in PSC Case No. 96-E-0897.

"Maryland Office of People's Counsel's Comments in Response to the Applicants' June 5, 1998 Letter." 1998. Filed by the Maryland Office of People's Counsel in PSC Docket No. EC97-46-000.

"Economic Feasibility Analysis and Preliminary Business Plan for a Pennsylvania Consumer's Energy Cooperative" (with John Plunkett et al.). 1997. 3 vols. Philadelphia, Penn.: Energy Coordinating Agency of Philadelphia.

"Good Money After Bad" (with Charles Komanoff and Rachel Brailove). 1997. White Plains, N.Y.: Pace University School of Law Center for Environmental Studies.

"Maryland Office of People's Counsel's Comments on Staff Restructuring Report: Case No. 8738." 1997. Filed by the Maryland Office of People's Counsel in PSC Case No. 8738.

"Protest and Request for Hearing of Maryland Office of People's Counsel." 1997. Filed by the Maryland Office of People's Counsel in PSC Docket Nos. EC97-46-000, ER97-4050-000, and ER97-4051-000.

"Restructuring the Electric Utilities of Maryland: Protecting and Advancing Consumer Interests" (with Paul Chernick, Susan Geller, John Plunkett, Roger Colton, Peter Bradford, Bruce Biewald, and David Wise). 1997. Baltimore, Maryland: Maryland Office of People's Counsel.

"Comments of the New Hampshire Office of Consumer Advocate on Restructuring New Hampshire's Electric-Utility Industry" (with Bruce Biewald and Paul Chernick). 1996. Concord, N.H.: NH OCA.

"Estimation of Market Value, Stranded Investment, and Restructuring Gains for Major Massachusetts Utilities" (with Paul Chernick, Susan Geller, Rachel Brailove, and Adam Auster). 1996. On behalf of the Massachusetts Attorney General (Boston).

"Report on Entergy's 1995 Integrated Resource Plan." 1996. On behalf of the Alliance for Affordable Energy (New Orleans).

"Preliminary Review of Entergy's 1995 Integrated Resource Plan." 1995. On behalf of the Alliance for Affordable Energy (New Orleans).

"Comments on NOPSI and LP&L's Motion to Modify Certain DSM Programs." 1995. On behalf of the Alliance for Affordable Energy (New Orleans).

"Demand-Side Management Technical Market Potential Progress Report." 1993. On behalf of the Legal Environmental Assistance Foundation (Tallahassee)

"Technical Information." 1993. Appendix to "Energy Efficiency Down to Details: A Response to the Director General of Electricity Supply's Request for Comments on Energy Efficiency Performance Standards" (UK). On behalf of the Foundation for International Environmental Law and Development and the Conservation Law Foundation (Boston).

"Integrating Demand Management into Utility Resource Planning: An Overview." 1993. Vol. 1 of "From Here to Efficiency: Securing Demand-Management Resources" (with Paul Chernick and John Plunkett). Harrisburg, Pa.:Pennsylvania Energy Office

"Making Efficient Markets." 1993. Vol. 2 of "From Here to Efficiency: Securing Demand-Management Resources" (with Paul Chernick and John Plunkett). Harrisburg, Pa.: Pennsylvania Energy Office.

"Analysis Findings, Conclusions, and Recommendations." 1992. Vol. 1 of "Correcting the Imbalance of Power: Report on Integrated Resource Planning for Ontario Hydro" (with Paul Chernick and John Plunkett).

"Demand-Management Programs: Targets and Strategies." 1992. Vol. 1 of "Building Ontario Hydro's Conservation Power Plant" (with John Plunkett, James Peters, and Blair Hamilton).

"Review of the Elizabethtown Gas Company's 1992 DSM Plan and the Demand-Side Management Rules" (with Paul Chernick, John Plunkett, James Peters, Susan Geller, Blair Hamilton, and Andrew Shapiro). 1992. Report to the New Jersey Department of Public Advocate.

"Comments of Public Interest Intervenors on the 1993–1994 Annual and Long-Range Demand-Side Management and Integrated Resource Plans of New York Electric Utilities" (with Ken Keating et al.) 1992.

"Review of Jersey Central Power & Light's 1992 DSM Plan and the Demand-Side Management Rules" (with Paul Chernick et al.). 1992. Report to the New Jersey Department of Public Advocate.

"Review of Rockland Electric Company's 1992 DSM Plan and the Demand-Side Management Rules" (with Paul Chernick et al.). 1992.

"Initial Review of Ontario Hydro's Demand-Supply Plan Update" (with David Argue et al.). 1992.

"Comments on the Utility Responses to Commission's November 27, 1990 Order and Proposed Revisions to the 1991–1992 Annual and Long Range Demand Side Management Plans" (with John Plunkett et al.). 1991.

"Comments on the 1991–1992 Annual and Long Range Demand-Side-Management Plans of the Major Electric Utilities" (with John Plunkett et al.). Filed in NY PSC Case No. 28223 in re New York utilities' DSM plans. 1990.

"Profitability Assessment of Packaged Cogeneration Systems in the New York City Area." 1989. Principal investigator.

"Statistical Analysis of U.S. Nuclear Plant Capacity Factors, Operation and Maintenance Costs, and Capital Additions." 1989.

"The Economics of Completing and Operating the Vogtle Generating Facility." 1985. ESRG Study No. 85-51A.

"Generating Plant Operating Performance Standards Report No. 2: Review of Nuclear Plant Capacity Factor Performance and Projections for the Palo Verde Nuclear Generating Facility." 1985. ESRG Study No. 85-22/2.

"Cost-Benefit Analysis of the Cancellation of Commonwealth Edison Company's Braidwood Nuclear Generating Station." 1984. ESRG Study No. 83-87.

"The Economics of Seabrook 1 from the Perspective of the Three Maine Co-owners." 1984. ESRG Study No. 84-38.

"An Evaluation of the Testimony and Exhibit (RCB-2) of Dr. Robert C. Bushnell Concerning the Capital Cost of Fermi 2." 1984. ESRG Study No. 84-30.

"Electric Rate Consequences of Cancellation of the Midland Nuclear Power Plant." 1984. ESRG Study No. 83-81.

"Power Planning in Kentucky: Assessing Issues and Choices—Project Summary Report to the Public Service Commission." 1984. ESRG Study No. 83-51.

"Electric Rate Consequences of Retiring the Robinson 2 Nuclear Plant." 1984. ESRG Study No. 83-10.

"Power Planning in Kentucky: Assessing Issues and Choices—Conservation as a Planning Option." 1983. ESRG Study No. 83-51/TR III.

"Electricity and Gas Savings from Expanded Public Service Electric and Gas Company Conservation Programs." 1983. ESRG Study No. 82-43/2.

"Long Island Without the Shoreham Power Plant: Electricity Cost and System Planning Consequences; Summary of Findings." 1983. ESRG Study No. 83-14S.

"Long Island Without the Shoreham Power Plant: Electricity Cost and System Planning Consequences; Technical Report B—Shoreham Operations and Costs." 1983. ESRG Study No. 83-14B.

"Customer Programs to Moderate Demand Growth on the Arizona Public Service Company System: Identifying Additional Cost-Effective Program Options." 1982. ESRG Study No. 82-14C.

"The Economics of Alternative Space and Water Heating Systems in New Construction in the Jersey Central Power and Light Service Area, A Report to the Public Advocate." 1982. ESRG Study No. 82-31.

"Review of the Kentucky-American Water Company Capacity Expansion Program, A Report to the Kentucky Public Service Commission." 1982. ESRG Study No. 82-45.

"Long Range Forecast of Sierra Pacific Power Company Electric Energy Requirements and Peak Demands, A Report to the Public Service Commission of Nevada." 1982. ESRG Study No. 81-42B.

"Utility Promotion of Residential Customer Conservation, A Report to Massachusetts Public Interest Research Group." 1981. ESRG Study No. 81-47

PRESENTATIONS

"Electricity Market Design: Incentives for Efficient Bidding, Opportunities for Gaming." NASUCA Northeast Market Seminar, Albany, N.Y., February 2001.

"Direct Access Implementation: The California Experience." Presentation to the Maryland Restructuring Technical Implementation Group on behalf of the Maryland Office of People's Counsel. June 1998.

"Reflecting Market Expectations in Estimates of Stranded Costs," speaker, and workshop moderator of "Effectively Valuing Assets and Calculating Stranded Costs." Conference sponsored by International Business Communications, Washington, D.C., June 1997.

EXPERT TESTIMONY

1989 **Mass. DPU** on behalf of the Massachusetts Executive Office of Energy Resources. Docket No. 89-100. Joint testimony with Paul Chernick relating to statistical analysis of U.S. nuclear-plant capacity factors, operation and maintenance costs, and capital additions; and to projections of capacity factor, O&M, and capital additions for the Pilgrim nuclear plant.

1994 **NY PSC** on behalf of the Pace Energy Project, Natural Resources Defense Council, and Citizen's Advisory Panel. Case No. 93-E-1123. Joint testimony with John Plunkett critiques proposed modifications to Long Island Lighting Company's DSM programs from the perspective of least-cost-planning principles.

1994 **Vt. PSB** on behalf of the Vermont Department of Public Service. Docket No. 5270-CV-1 and 5270-CV-3. Testimony and rebuttal testimony discusses rate and bill effects from DSM spending and sponsors load shapes for measure- and program-screening analyses.

1996 **New Orleans City Council** on behalf of the Alliance for Affordable Energy. Docket Nos. UD-92-2A, UD-92-2B, and UD-95-1. Rates, charges, and integrated resource planning for Louisiana Power & Lights and New Orleans Public Service, Inc.

1996 **New Orleans City Council** Docket Nos. UD-92-2A, UD-92-2B, and UD-95-1. Rates, charges, and integrated resource planning for Louisiana Power & Lights and New Orleans Public Service, Inc.; Alliance for Affordable Energy. April, 1996.

Prudence of utilities' IRP decisions; costs of utilities' failure to follow City Council directives; possible cost disallowances and penalties; survey of penalties for similar failures in other jurisdictions.

1998 **Massachusetts Department of Telecommunications and Energy** Docket No. 97-111, Commonwealth Energy proposed restructuring; Cape Cod Light Compact. Joint testimony with Paul Chernick, January, 1998.

Critique of proposed restructuring plan filed to satisfy requirements of the electric-utility restructuring act of 1997. Failure of the plan to foster competition and promote the public interest.

Massachusetts Department of Telecommunications and Energy Docket No. 97-120, Western Massachusetts Electric Company proposed restructuring; Massachusetts Attorney General. Joint testimony with Paul Chernick, October, 1998. Joint surrebuttal with Paul Chernick, January, 1999.

Market value of the three Millstone nuclear units under varying assumptions of plant performance and market prices. Independent forecast of wholesale market prices. Value of Pilgrim and TMI-1 asset sales.

1999 **Maryland PSC** Case No. 8795, Delmarva Power & Light comprehensive restructuring agreement, Maryland Office of People's Counsel. July 1999.

Support of proposed comprehensive restructuring settlement agreement

Maryland PSC Case Nos. 8794 and 8808, Baltimore Gas & Electric Company comprehensive restructuring agreement, Maryland Office of People's Counsel. Initial Testimony July 1999; Reply Testimony August 1999; Surrebuttal Testimony August 1999.

Support of proposed comprehensive restructuring settlement agreement

Maryland PSC Case No. 8797, comprehensive restructuring agreement for Potomac Edison Company, Maryland Office of People's Counsel. October 1999.

Support of proposed comprehensive restructuring settlement agreement

Connecticut DPUC Docket No. 99-03-35, United Illuminating standard offer, Connecticut Office of Consumer Counsel. November 1999.

Reasonableness of proposed revisions to standard-offer-supply energy costs. Implications of revisions for other elements of proposed settlement.

2000 **U.S. FERC** Docket No. RT01-02-000, Order No. 2000 compliance filing, Joint Consumer Advocates intervenors. Affidavit, November 2000.

Evaluation of innovative rate proposal by PJM transmission owners.

2001 **Maryland PSC** Case No. 8852, Charges for electricity-supplier services for Potomac Electric Power Company, Maryland Office of People's Counsel. March 2001.

Reasonableness of proposed fees for electricity-supplier services.

Maryland PSC Case No. 8890, Merger of Potomac Electric Power Company and Delmarva Power and Light Company, Maryland Office of People's Counsel. September 2001; surrebuttal, October 2001. In support of settlement: Supplemental, December 2001; rejoinder, January 2002.

Costs and benefits to ratepayers. Assessment of public interest.

Maryland PSC Case No. 8796, Potomac Electric Power Company stranded costs and rates, Maryland Office of People's Counsel. December 2001; surrebuttal, February 2002.

Allocation of benefits from sale of generation assets and power-purchase contracts.

2002 **Maryland PSC** Case No. 8908, Maryland electric utilities' standard offer and supply procurement, Maryland Office of People's Counsel. Direct, November 2002; Rebuttal December 2002.

Benefits of proposed settlement to ratepayers. Standard-offer service. Procurement of supply.

2003 **Maryland PSC** Case No. 8980, adequacy of capacity in restructured electricity markets; Maryland Office of People's Counsel. Direct, December 2003; Reply December 2003.

Purpose of capacity-adequacy requirements. PJM capacity rules and practices. Implications of various restructuring proposals for system reliability.

2004 **Maryland PSC** Case No. 8995, Potomac Electric Power Company recovery of generation-related uncollectibles; Maryland Office of People's Counsel. Direct, March 2004; Supplemental March 2004, Surrebuttal April 2004.

Calculation and allocation of costs. Effect on administrative charge pursuant to settlement.

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