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June 14, 2016

Honorable Jeffrey Oxley
Administrative Law Judge
600 North Robert Street
P.O. Box 64620
Saint Paul, Minnesota 55164-0620

RE: PUC E-002/GR-15-0826 / OAH 19-2500-33074 (Xcel Energy multi-year rate case)

Judge Oxley:

Attached please find the Direct Testimony of Nancy Brockway, and attached exhibits/schedules, filed in the above docket on behalf of AARP.

If you have any questions, please call me.

Sincerely,

/s/ John B. Coffman

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CERTIFICATE OF SERVICE

I hereby certify that copies of the Direct Testimony of Nancy Brockway and attached schedules have been mailed, hand-delivered, emailed or otherwise delivered electronically through the e-Docket system to all recipients on the currently official service list in Docket No. E-002/GR-15-0826 at the Minnesota Public Utilities Commission, on this 14th day of June, 2016.

/s/ John B. Coffman

Before the Minnesota Public Utilities Commission

In the Matter of the Application of
Northern States Power
For Authority to Increase Rates for
Electric Service in Minnesota

DIRECT TESTIMONY AND EXHIBITS
of
NANCY BROCKWAY
on behalf of AARP

JUNE 14, 2016

I. INTRODUCTION

Q. Please state your name and business address.

A. Nancy Brockway, 10 Allen Street, Boston, MA 02131

Q. On whose behalf are you testifying today?

A. I am testifying on behalf of AARP.

Q. Please describe AARP.

A. AARP, with its nearly 38 million members in all 50 States and the District of Columbia, Puerto Rico, and U.S. Virgin Islands, is a nonpartisan, nonprofit, nationwide organization whose mission is to help people turn their goals and dreams into real possibilities, strengthen communities and fight for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse. In Minnesota, AARP has approximately 660,000 members.

Q. Please briefly describe your experience.

A. I have over 35 years' experience in utility regulation. I was a Commissioner on the New Hampshire Public Utilities Commission for 5 years. Before that I held increasingly responsible positions at two Commissions, concluding as General Counsel of the Massachusetts DPU. Since leaving the New Hampshire Commission, I have provided expert advice and testimony to consumer groups, Commissions, labor unions, utilities, and regulators. I have filed testimony in 64 cases, in 23 states and provinces. I have

1 testified numerous times on customer charge issues. My resume, with a list of my
2 testimonies and some of my publications, is attached as Exhibit NB-1.

3 **Q. Have you testified before this Commission before?**

4 A. Yes. AARP filed my Direct, Rebuttal and Surrebuttal testimonies in Docket Nos. PUC
5 E-002/GR-13-868 / OAH 68-2500-31182.

6 **Q. What are the topics of your testimony in this docket?**

7 A. I have been asked to review the Company's proposed increase in the customer charge,
8 and to review the 3 and 5-year Multi-Year rate proposal offered by the Company.

9 **Q. Please summarize your conclusions regarding the customer charge.**

10 A. No increase in the customer charge is warranted. The increased customer charges
11 proposed by XCEL for residential customers will place undue burdens on low-use
12 customers and reduce the incentive for customers to conserve energy. Most residential
13 customers, whether taking standard or space heat service, have lower usage, and are
14 adversely affected by customer charges.

15 **Q. What are your recommendations regarding customer charges?**

16 A. I recommend that the residential customer charges in this case be set as low as possible.
17 If a cost of service analysis shows that those costs which vary with the number of
18 customers (i.e., meters, billing, customer service costs) is less than the revenue collected
19 from customer charges, then the customer charges should be reduced accordingly. In no
20 instance should the customer charges be increased.

21 **Q. Please summarize your conclusions on the subject of a multiyear rate plan.**

1 A. I recommend that if the Commission approves any multiyear rate plan MYRP in this
2 docket, it approve a two-year plan, with the characteristics that are similar to the MYRP
3 (2014-2015) previously in place for the Company's electric rates. I recommend that the
4 Commission take into account in reviewing the reasonableness of an MRYP (a) the fact
5 that forecasts (including forecasts of reasonable earnings) become increasingly unreliable
6 as they go further into the future, (b) reports of aggregate capital expenditure and utility
7 calculations of ROE cannot provide a basis for identifying and correcting imprudent
8 costs, and (c) the Commission will lose its ability to regulate if it partners with the utility.
9 In addition, extending the term as sought by the Company would entail abandonment of a
10 decoupling mechanism that only went into effect January of this year.

11
12
13
14 **CUSTOMER CHARGE**
15

16 **Q. What does the Company propose regarding the monthly customer charge for**
17 **residential customers?**

18 A. The Company proposes to increase the customer charge for residential customers by \$2
19 for each of the four categories of residential services.

20 **Q. What are the four categories of residential customer charges?**

21 A. The Company charges different customer charges to residential customers with overhead
22 line connections and residential customers with buried line connections. Each category
23 is further divided into standard and time-of-use customers. Thus the four categories are
24 standard residential served by overhead connections, standard residential served by

underground connections, time-of-use residential customers service by overhead connections, and time-of-use residential customers served by underground connection.

Q. What are the customer charges today, and what does the Company propose?

A. Table 1 below shows the current and proposed residential customer service charges.

TABLE 1 – RESIDENTIAL CUSTOMER SERVICE CHARGES CURRENT AND PROPOSED				
RATE CODES	STANDARD		SPACE HEAT	
	<i>Current</i>	<i>Proposed</i>	<i>Current</i>	<i>Proposed</i>
<i>Residential Service</i>				
Water Heating (A00)	0	n/a	0	n/a
Overhead (A01)	\$8.00	\$10.00	\$10.00	\$12.00
Underground (A)	\$12.00	\$14.00	\$14.00	\$16.00
<i>Residential TOU Service</i>				
Overhead (A02)	\$10.00	\$12.00	\$12.00	\$14.00
Underground (A04)	\$12.00	\$14.00	\$14.00	\$16.00

Q. How does the Company justify its proposed increase in the customer charge?

A. Mr. Huso testifies that the objective of this proposal is “to improve fairness between all customers and to provide more appropriate and economically effective price signals.” Huso Direct at pp. 16 (line 24) -17 (line 1).

Q. How does Mr. Huso argue that a higher customer charge provides “more appropriate and economically effective price signals”?

A. Mr. Huso argues that when customer charges do not cover 100% of the embedded customer-related costs, energy costs must exceed variable costs. Huso Direct, p. 14 (lines 16 – 17). He then argues that when energy “prices exceed variable cost... customers have an economically unsupported extra incentive for purchasing their own generation

1 sources.” *Id.* at lines 16-19. By “their own generation resources,” I take him to mean
2 distributed solar, wind and other forms of generation located at the customer’s premises.

3 **Q. How important does Mr. Huso say is the proposed increase in the customer charge?**

4 A. Mr. Huso states on p. 15, lines 11 – 13, that if customers have more options to self-
5 generate, “it becomes increasingly important that the economic value of those options not
6 be distorted by large differences between electric pricing and electric service costs.”

7 **Q. Does Mr. Huso attempt to show that the economic value of distributed generation**
8 **options would in fact be distorted by “large differences” between electric pricing**
9 **and electric service costs?**

10 A. No. In fact, later in his testimony Mr. Huso argues that the net impact of the proposed
11 customer charge increase would be low on low users because of the energy charge
12 decrease. *Id.* p. 17, lines 18-25. If Mr. Huso states that the impact of the proposed
13 customer charge is low, then by the same token, lowering the customer charge or leaving
14 as it is should not have a high and harmful impact on the energy charge.

15 **Q. Will the Company’s proposed increase encourage energy efficiency, as required by**
16 **Minnesota Statutes section 216B.03?**

17 A. No. The statute states that “to the maximum reasonable extent, the commission shall set
18 rates to encourage energy conservation and renewable energy use” If the proposed
19 increase in the customer charge were indeed to have the effect of discouraging customers
20 from using energy more efficiently and evaluating distributed renewable generation more
21 favorably, it would appear to run contrary to the stated purpose of the statute. The
22 Company does not argue that it would be unreasonable to reject its proposed increase in
23 customer charges. For example, the Company makes no effort whatsoever to show that

1 rejecting an increase in the customer charge in the last rate case has produced harms that
2 make a lower customer charge unreasonable.

3 **Q. Does the Company provide evidence not offered in its last rate case to support an**
4 **increase in the customer charge?**

5 A. No. The Company has not provided evidence that would cause a rethinking of the
6 Commission finding in the last Xcel rate case. There the Commission adopted the ALJ's
7 finding that "the need to maintain affordability and promote conservation outweighed the
8 need to move rates closer to Xcel's class-cost-of-service study's estimate of the fixed cost
9 of service." The same logic applies with even greater force in this case. The Company
10 sought an increase of \$1.25 in the customer charges of residential customers. Here, the
11 Company is seeking an even greater increase, \$2.00. Such an increase in unavoidable
12 costs and related decrease in variable usage will have an even worse impact on
13 affordability and promotion of conservation than the proposed increase rejected in the last
14 case.

15 **Q. Even if the Company believes that customer charges do not recover 100% of**
16 **historic, embedded customer-related costs, does that necessarily give customers an**
17 **"economically unsupported" extra incentive for purchasing their own generation**
18 **resources?**

19 A. Not necessarily. The economics of decisions about investing in distributed generation
20 resources must be evaluated on a marginal cost basis. Because a cost is recovered via a
21 variable charge does not automatically mean that the variable charge exceeds marginal
22 costs. In any event, if Mr. Huso means that higher variable costs encourage the
23 participant value of distributed generation, that is true in the abstract, but does not
24 necessarily translate to a surge in distributed generation in practice. Mr. Huso does not
25 attempt to show that the additional \$2.00 of customer-related costs, otherwise presumably

1 recovered from the energy charge, raises the energy charge sufficiently to materially
2 change a customer's consideration about investing in distributed generation, nor produce
3 a concomitant under-recovery of fixed costs.

4 **Q. Is it then your testimony that customer charges now and as proposed will not cover**
5 **100% of embedded customer-related costs?**

6 A. No. I have not examined the Company's class cost of service study (CCOSS). I have no
7 opinion at this time on the validity of the Company's assertions about the fully allocated
8 embedded customer cost of service. My point is related to the logic of the Company's
9 proposal relative to the findings in the last rate case. If the fully allocated embedded
10 customer cost of service is in fact lower than suggested by the Company, then there
11 would be good reasons to lower the customer charge, not increase it.

12 **Q. What does Mr. Huso say in support of the argument that lower customer charges**
13 **are unfair?**

14 A. Mr. Huso states that energy prices that "overly subsidize fixed customer related costs also
15 overburden customers with above-average energy usage that occurs not from a lack of
16 conservation, but from unavoidable individual circumstances such as an above-average
17 household size or a reliance on electric appliances such as water heaters or clothes dryers
18 that more commonly operate with natural gas." Huso pp. 15-16.

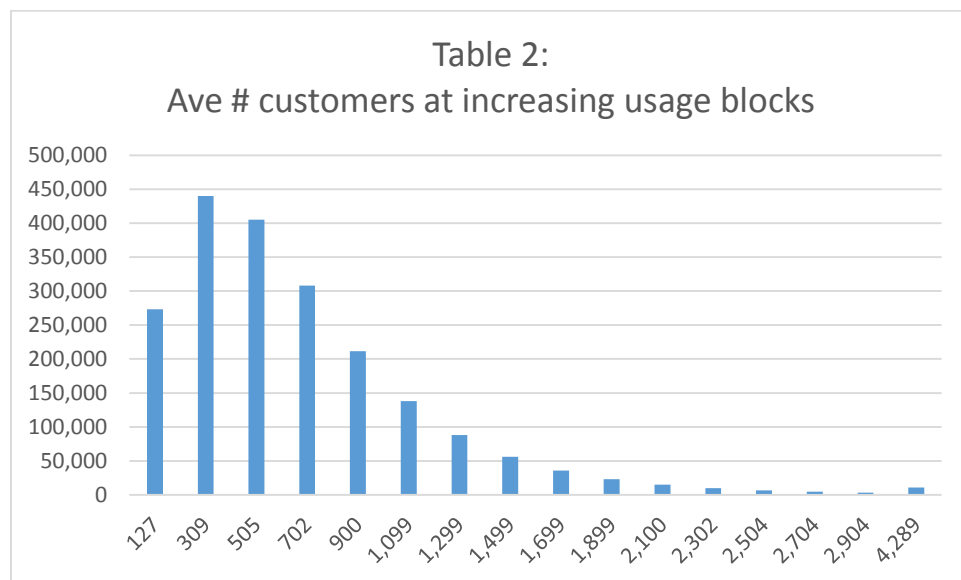
19 **Q. Does Mr. Huso attempt to state the actual number of customers "with above-**
20 **average usage that occurs not from a lack of conservation..."?**

21 A. No. Mr. Huso does not attempt to analyze the numbers of customers who would be
22 "overburdened" in the manner he suggests. Indeed, as I will discuss, the information he
23 does provide points in the other direction. Further, he provides no data on household

sizes, or the penetration of electric appliances that “more commonly operate with natural gas,” nor the extent to which such households nevertheless have discretionary usage.

Q. Is there data available as to the distribution of customers between high and low users?

A. Yes. See Docket No. E002/GR-15-826, Huso Direct Testimony (SVH-1), Appendix A, p. 8 of 8, Residential Regular (Non Space Heating) Bill Frequency, Year Ending December 2015, reproduced here as Exhibit NB-2. This chart shows the LIHEAP- and Non-LIHEAP-customer average percent of customers at increasing usage blocks. One can clearly see that customers are bunched in the lower usage groups. The same can be seen looking at the numbers of customers, regardless of income, arranged by usage block:

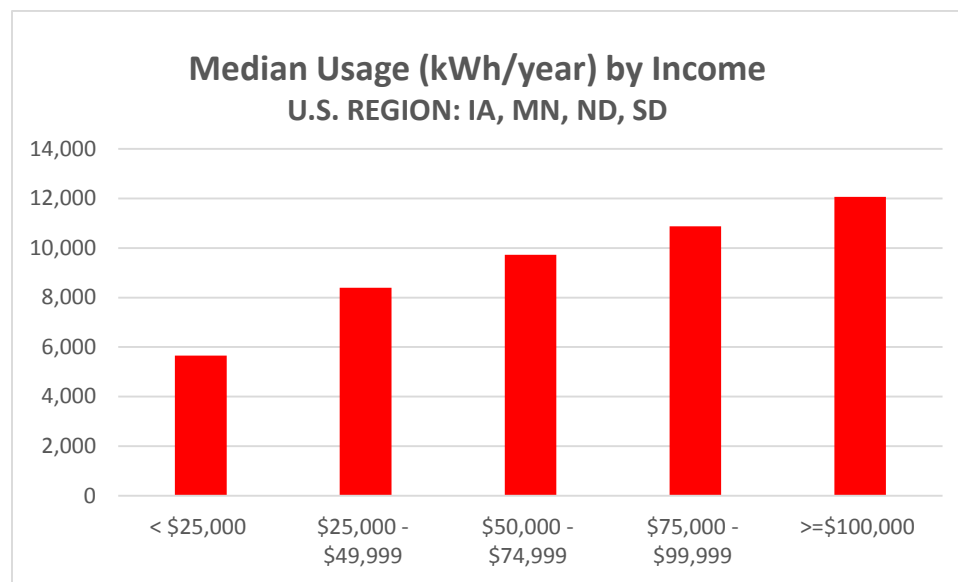


SOURCE: AARP-22 Att C & OAG-602 Att A

Q. Is there data for the region of the United States including Minnesota on the relationships between usage and income?

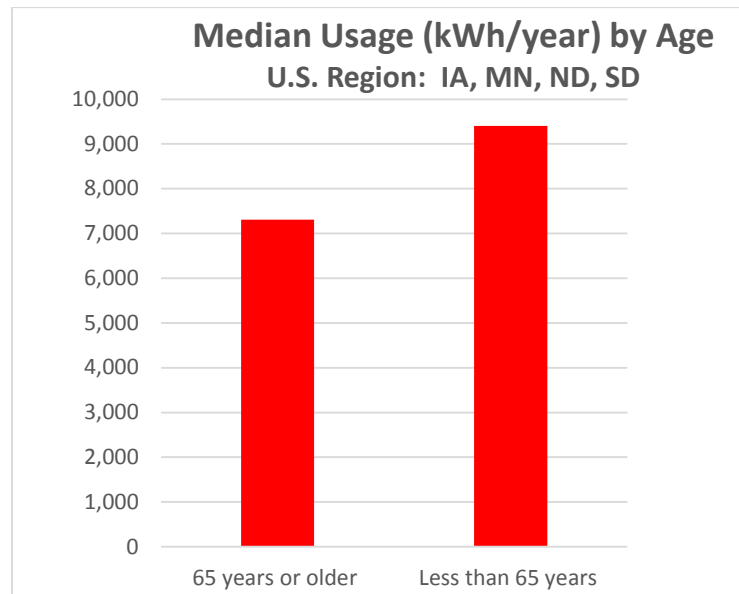
A. Yes. The National Consumer Law Center has cross-tabulated 2009 Residential Electric Consumption Survey (RECS) data for various characteristics. The table below is taken

1 from their publication *Utility Rate Design: How MANDATORY MONTHLY Customer*
2 *FEES Cause Disproportionate Harm; U.S. REGION: IA, MN, ND, SD*; © Copyright
3 2015, National Consumer Law Center, used with permission. The table shows that in the
4 Iowa/Minnesota/North Dakota/South Dakota states of the West North Central Census
5 Division of the Midwest Census Region, median annual electricity usage increases in a
6 fairly straight line fashion from households at the lower ends of the income range to the
7 highest:



8 **Q. Are there data showing the relationship between usage and the age of the**
9 **householder?**

10 **A.** Yes. The chart below, taken from the same publication, shows that for the same region
11 including Minnesota lower-age households use significantly more than households
12 headed by a person 65 years or older:



1

2 **Q. Does the statute provide other bases for evaluating the costs and benefits of an**
3 **increase in the customer charge?**

4 A. Yes. Minnesota law provides that “the Commission must consider ability to pay as a
5 factor in setting utility rates.” Minn. Stat. § 216B.16, subd. 15(a).

6 **Q. The Company claims it is not concerned with stability of revenues. Huso Direct at**
7 **p. 17, lines 9-11. If it were so concerned, would that provide any basis for its**
8 **proposal?**

9 A. No. At the moment, the Company enjoys the benefits of the pilot revenue decoupling
10 mechanism, which fully shields it from the loss of any level of contribution to fixed costs.

11 **Q. What impact would a \$2 increase in customer charges have on affordability?**

12 A. An unavoidable \$2 increase in customer charges would have an adverse effect on the
13 affordability of power. Low-income customers are disproportionately low-use
14 customers. Mr. Huso’s own exhibits show this graphically. See Exhibit NB-2. Using
15 LIHEAP customers as a proxy for low-income customers generally, one can see that
16 there is a greater percentage of low-income customers than non-LIHEAP customers in

1 the 201-600 kWh per month intervals, but a lower percentage in every higher interval.

2 Sixty percent of LIHEAP customers use less than the average. For non-LIHEAP

3 customers, the percentage using less than the average is 55%.

4 **Q. Are there other demographic data consistent with these pictorial representations of**
5 **average usage?**

6 A. Yes. Only 9% of LIHEAP customers use 1200 kWh per month on average. We also
7 know from census data, for example, that roughly 50% of the households in the Twin
8 Cities are renters, not homeowners. Renters tend to have lower usage than homeowners.

9 **Q. Does LIHEAP data exactly correlate to data for all low-income customers?**

10 A. No. For a number of reasons, LIHEAP recipients tend to have higher usage on average
11 than other low-income customers.

12 **Q. What do you conclude from these data?**

13 A. I conclude that a higher percentage of customers are adversely affected by higher
14 customer charges than not. I conclude that a higher percentage of low-income customers
15 will be adversely affected by higher customer charges than not. I conclude that the
16 disproportionate impact of higher customer charges on low-usage customers is greater for
17 low-income customers than non-low-income customers, but that regardless of income the
18 adverse impact of higher customer charges disproportionately affects customers at lower
19 usage blocks.

20

21

22

1 **Q. Is there other recent Commission precedent for avoiding excessive customer**
2 **charges?**

3 A. Yes. In the CenterPoint gas company rate case decided this month,¹ the Commission
4 rejected the utility's proposal to increase the customer charges for all classes of
5 customers. The Company had asked that the \$9.50 residential customer charge be
6 increased by \$2.25, to \$11.75. In addition to the observations noted here regarding the
7 impact on policy goals such as conservation and efficiency, the Commission found that
8 the full decoupling enjoyed by CenterPoint obviated the need for a more stable customer
9 charge stream of income. *Id.*, at 64.² While decoupling is not generally favored by
10 AARP, as noted by its position in the last Xcel rate case, it is tool currently in effect that
11 benefits Xcel's revenue stability. Xcel takes pains to argue that it does not seek revenue
12 stability, but that is typically an important goal for utilities proposing higher customer
13 charges.

14 **Q. Based on your analysis, what do you recommend with respect to the customer**
15 **charge?**

16 A. I recommend that the customer charge not be increased.

¹ In the Matter of the Application of CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas for Authority to Increase Natural Gas Rates in Minnesota, Docket No. G-008/GR-15-424, FINDINGS OF FACT, CONCLUSIONS, AND ORDER, Issued June 6, 2016, at pp. 61-65.

² The Commission also pointed to the testimony of the witness for OAG raising doubts about the validity of the Company's estimate of customer charges, and suggesting the real amount was in fact lower than the customer charge then in effect. *Id.*, at pp. 62, 64.

II. MULTI-YEAR RATE PLAN

Q. What is the subject of this part of your testimony?

A. In my discussion of the Company's two multiyear rate plans (MYRP), I will analyze the impact the plans are likely to have on the ability of the Commission to regulate the utility, in order to assure just and reasonable rates consistent with state policy goals. I will discuss certain important aspects of the traditional relationship between the utility, the Commission, and other stakeholders that will be compromised by use of a multiyear rate plan, and more completely compromised the longer the plan.

Q. Has the Company proposed a multi-year rate plan?

A. Yes. Xcel is requesting Commission approval of a multiyear rate plan (MYRP) for the period 2016-2018. Direct Testimony of Chandarana at pp. 4-5.

Q. Does the Company also propose an alternative MYRP?

A. Yes. While the Company gave public notice of a three-year rate plan, Mr. Chandarana offers an alternative five-year rate plan. *Id.*, at p. 5, lines 10-11.

Q. Are multiyear rate cases permitted in Minnesota?

A. Yes. Minnesota Statute Section 216B.16, subd. 19 (the MYRP statute), recently revised, permits the Commission to approve a multiyear rate plan as part of a general rate case, under certain conditions.

Q. Has the Commission set out any conditions for approval of multiyear rate plans?

A. Yes. After the MYRP statute was originally enacted, the Commission in Docket No. E, G 999/M-12-587 set out certain preconditions for approval of an MYRP. In general terms, the Commission found as follows:

1 To decide which circumstances justify the use of a multiyear rate plan, the
2 Commission must identify the circumstances that would permit a plan to generate
3 sufficient benefits to justify the plan's burdens. Based on these considerations, the
4 Commission is not persuaded that utilities and ratepayers should have to wait for
5 extraordinary circumstances before pursuing the benefits of reduced regulatory lag.

6
7 But conversely, the Commission cannot justify the burdens of approving,
8 implementing, and monitoring a plan if the utility cannot identify any specific
9 circumstance that would prompt a need to change rates over the next three years.

Consequently the Commission will embrace the middle approach. That is, the
Commission will consider multiyear rate plans that are designed to recover the cost
of specific, clearly identified capital projects and, as appropriate, non-capital costs. If
a utility can identify a basis to begin recovering these costs within three years, the
utility has satisfied the minimum standard justifying consideration of a multiyear rate
plan.

10
Docket No. E, G 999/M-12-587, Order Establishing Terms, Conditions, And
Procedures for Multiyear Rate Plans, June 17, 2013, p. 5.

11 **Q. Was the statute amended since the issuance of that Order?**

12 A. Yes. Among other things, the statute clarified that a utility may propose a plan up to 5
13 years in length, and one that provides for the "recovery of the utility's forecasted rate
14 base, based on a formula, a budget forecast, or a fixed escalation rate, individually or in
15 combination." Also, the statute provides that it is not necessary to propose a plan to
16 recover specifically identified major capital projects.

17 **Q. What does the Company say about the impact of a MYRP on the ability of the**
18 **Commission to regulate the Company?**

19 A. Mr. Chandarana discusses the relationship an MYRP creates between regulator and the
20 regulated at great length. He concludes that an MYRP provides for sufficient regulation
21 and oversight of the Company. As he puts it, an MYRP:

provides regulators and stakeholders with *a seat at the business planning table*, which
provides for a *different but more in-depth and engaged type of regulation* and oversight than
today. For example, if customer affordability is the most important goal for the State,
regulators can set rates and the utility will adjust its business accordingly. The same

can be said for advancing carbon free generation, carbon emission reduction or expanding the services available to our customers. We do not believe line-item reviews facilitate these kinds of discussions and for that reason a MYRP offers a very different kind of regulation and oversight.

Id., at pp. 29-30 (emphasis supplied).

1 **Q. What does Mr. Chandarana mean by the phrase “line-item reviews”?**

2 A. Mr. Chandarana apparently means the form of regulation that a MYRP would replace,
3 sometimes called “traditional” regulation. That is to say cost-plus, rate of return
4 regulation, with the possibility of cost disallowances for imprudent cost incurrence. I
5 believe Mr. Chandarana uses the term “line-item reviews” to emphasize one aspect of
6 traditional regulation – the auditing of a company’s books and the review of a company’s
7 claimed revenue requirement in a general rate case.

8 **Q. Does a general rate case necessarily require extensive and detailed reviews of a**
9 **company’s books?**

10 A. No. If a company requires a series of rate increases, a Commission can build on the
11 information gained from earlier cases to streamline the process of reviewing following
12 general rate increase request. Also, using the term “line-item reviews” mischaracterizes
13 the procedural requirements and opportunities of a general rate case. Once a normal
14 range of spending on a given item is identified, the most important step is to identify
15 outliers, and determine if they are one-time events that should be excluded from a test
16 year. Meanwhile, the Commission can concentrate on its oversight of utility activities
17 across the remainder of its responsibilities. I discuss below the circumstances that narrow
18 such oversight chores to manageable levels.

19

1 **Q. What relationship does the Company want to develop with the Commission,**
2 **through implementation of a MYRP?**

3 A. Mr. Chandarana states that Xcel needs a multiyear rate plan to allow the Company, the
4 Commission and stakeholders “to *collectively* be successful in the evolving energy
5 industry landscape.” *Id.*, at p. 4 (lines 15-16) (emphasis supplied).

6 [U]tilities and our regulators need to be open to change too. *Collectively*, we need to
7 become more innovative, think more competitively, and be more responsive to the
8 evolving needs of customers and other constituencies. The Company cannot
9 accomplish this alone. *Partnerships with our regulators*, stakeholders, and customers are
10 critical to navigating the changing landscape. *Together*, I believe, we can accomplish
11 significant State policy-related goals that benefit our customers over the long-run
12 while maintaining Minnesota’s leadership in progressive energy policy.

We believe a multi-year rate plan is a key element that supports changes that *allow us*
to collectively be successful in the evolving energy industry landscape.

Chandarana Direct at p. 4 (emphasis supplied).

13 **Q. As a former Commissioner and staffer on two other Commissions, do you agree that**
14 **the changes affecting utilities require that the Commission must establish a**
15 **“partnership” with the utility?**

16 A. It is not possible for a Commission to partner with a utility and at the same time regulate
17 it in the public interest. A Commission should not take a “seat at the business planning
18 table” as Mr. Chandarana suggests.

19 **Q. Do you agree that the Company and the Commission can together accomplish**
20 **significant State policy-related goals that benefit the customers over the long run,**
21 **and maintain Minnesota’s leadership in progressive energy policy, if the**
22 **Commission “takes a seat at the business table.”**

23 A. No. On the contrary, comingling the regulatory actions of the Commission with a
24 stakeholder opportunity to have input into utility decisions will undermine the ability of
25 the Commission to regulate, but not add significantly to state’s role in the stakeholder
26 process. If and to the extent the purpose is to have the State partner with the utility, it
27 already does, through such agencies as DER and AOG. If the Commission were to sit at

1 the business table, it would at the very least have to bifurcate into essentially two
2 agencies – agencies that would duplicate the work of other state agencies on the one
3 hand, and strip needed resources from the regulator on the other. A regulator cannot be a
4 partner of the regulated. Objectivity requires distance.

5 **Q. What does the Company say about the ability of the Commission to regulate the**
6 **utility under an MYRP?**

7 A. Mr. Chandarana argues that “the Commission also always has the ability to monitor the
8 impacts of a MYRP on all stakeholders and to judge whether the utility continues to meet
9 key goals and is earning a reasonable, but not excessive, return.” *Id.*, p. 30. According to
10 Mr. Chandarana, a MYRP can [p]reserve the basic regulatory bargain between utilities,
11 regulators and customers. Mr. Chandarana avers that a MYRP “still allows for a full
12 review of the reasonableness of the utility’s proposed rates and can provide customer
13 protections.” *Id.*, p. 31.

14 **Q. What does Mr. Chandarana mean by the “basic regulatory bargain between**
15 **utilities, regulators and customers?”**

16 A. Mr. Chandarana does not specify his meaning. Typically, the “regulatory bargain” is a
17 phrase used to describe the grant of a monopoly to a utility, in exchange for which the
18 utility submits to regulation, for the good of the customer. To the extent that an MYRP
19 undermines the ability of the Commission to regulate, it renders meaningless the
20 regulatory bargain so described.

21

22

23

1 **Q. Mr. Chandarana states that an MYRP “still allows for a full review of the**
2 **reasonableness of the utility’s proposed rates and can provide customer**
3 **protections.” *Id.*, p. 31. Does he explain how such full reviews would take place, or**
4 **what customer protections would remain under an MYRP?**

5 A. No. Mr. Chandarana essentially argues that because the Commission will retain the legal
6 power to investigate the utility’s activities, it can perform “a full review of the
7 reasonableness of the utility’s proposed rates” and “provide consumer protections.” One
8 cannot perform a full review of the utility’s proposed rates, or provide customer
9 protections, if the utility has an automatic path to higher rates, with only an annual check-
10 in. This approach retains the illusion of regulatory oversight but eliminates the
11 procedural context in which it can occur. MYRPs thus have similar limitations to fully
12 reconciling fuel costs. Prudence issues are difficult to identify because the review period
13 is foreshortened. Issues that gather over time can be missed, as each year’s incremental
14 damage goes unnoticed. And the time it takes to fully understand if utility action indeed
15 harmed ratepayers results in the establishment of parallel proceedings. In addition, the
16 regulatory impact of such proceedings would be reduced by the fact that less of the
17 Company’s revenue would be at stake in any given review.

18 **Q. Does Mr. Chandarana envision a place for prudence reviews as part of the “full**
19 **review of the reasonableness of the utility’s proposed rates”?**

20 A. Apparently not, although the Company “recognize[s] that in the event of unusual
21 circumstances, the Commission has the discretion to examine the prudence of our actions
22 and take the steps necessary to assure just and reasonable rates.” *Id.*, p. 45, lines 10-12.
23 In other words, in the view of the Company, a prudence review is only appropriate in the
24 event of “unusual circumstances.”

25 **Q. Do you agree that a prudence review is only appropriate in unusual circumstances?**

1 A. Here Mr. Chandarana and I agree in principle. The point of a regulatory structure is to
2 provide the incentives for prudent and correct behavior on the part of the regulated.
3 Indeed, large numbers of imprudence findings would be an indication that the
4 fundamental function of regulation is not working. Having said that, Mr. Chandarana
5 appears to be saying that the Commission should not look for imprudent behavior during
6 the typical (annual) MYRP rate review. This approach effectively removes the process
7 by which harmful imprudence comes to the attention of a Commission, removing an
8 important consumer protection.

9 **Q. Why do you say that the annual review to which Mr. Chandarana alludes**
10 **“effectively removes the process by which the harmful imprudence comes to the**
11 **attention of a Commission.”**

12 A. Imprudence comes to the attention of a Commission typically when costs are high, and
13 the explanation for the high costs is not immediately satisfactory. The Commission does
14 not, cannot and should not review every decision of a utility for prudence. Rather, the
15 Commission needs time to explore the bona fides of an unusually high cost, and to
16 determine whether it even makes sense to review the situation more carefully to see if the
17 costs were due to imprudence. This cannot be done in the confines of an annual
18 accounting review of the Company’s implementation of a rate path.

19 **Q. Mr. Chandarana states that both the proposed three-year plan and the five-year**
20 **“offer” are “based on our test year and out year forecasts of capital outlays being**
21 **representative for ratemaking purposes.” On this basis, he argues that “the concept**
22 **of refunds for prudence issues should be viewed differently, especially when there**
23 **are other customer protections in place such as aggregate capital true-ups or**
24 **earnings tests.” *Id.*, p. 41. Do you agree that basing an MYRP on test year and out**
25 **year forecasts intended to be representative for ratemaking purposes means that the**
26 **concept of disallowances for prudence issues should be viewed differently”?**

1 A. No. Basing an MYRP on test year and out-year forecasts is no different from basing
2 rates on a test year, whether historic or forecast, which is how revenue requirements are
3 derived under “traditional” regulation. Indeed, the main difference between how
4 traditional regulation and MYRPs develop revenue requirements is that in practice, the
5 out years are completely forecasted by definition. Further, the Commission and the
6 Company have observed that the further out in the future a forecast is made, the less
7 reliable it is.

(M)ultiyear rate plans can also create burdens. Anticipating costs and revenues arising years into the future creates myriad opportunities for error. In particular, it becomes increasingly difficult to ensure that all the relevant costs will be considered with the relevant revenues. Moreover, a multiyear rate plan will be challenging to evaluate and administer. The Legislature acknowledged this challenge when it granted the Commission 90 extra days in which to review a rate case containing a multiyear rate plan, and when it granted the Commission the discretion to adjust a plan’s rates throughout the plan’s term.

Order Establishing Terms, Conditions, And Procedures for Multiyear Rate Plans, June 17, 2013, p. 5.

8 Moreover, Mr. Chandarana’s use of the phrase “refunds for prudence” is confusing.
9 Traditional utility ratemaking is prospective, outside reconcilable cost recovery.

10 **Q. Do aggregate capital true-ups or earnings tests obviate the need for prudence**
11 **reviews?**

12 A. No. Aggregate capital true-ups can hide many instances of poor management resulting in
13 unnecessary costs. This is particularly the case when the plan contemplates a large
14 investment in many units of one type of plant, rather than a major investment in a
15 particularly expensive single plant. It is easier to identify a major problem with a single
16 plant that causes costs to be unreasonable than it is to identify a problem with thousands
17 of units of capital that, in the aggregate, cause a similar level of imprudent costs. In

1 addition, many problems of operation take time to develop, and would not be noticed
2 with an annual review process, as I discussed above. Further, the Commission cannot be
3 an “onsite supervisor” of the Company’s business. The benefits of retroactive prudence
4 evaluations include the fact that the regulator need only focus on those actions that
5 produced harm to consumers, and that a general rate case allows the time to explore the
6 claimed imprudence carefully, for the benefit of the Company as well as the consumer.

7 **Q. But does not an earnings test provide sufficient protection against unreasonable**
8 **costs in rates?**

9 A. No. Earnings tests cannot compensate for this fact, as they are premised on the notions
10 that (a) out year levels of returns can be sufficiently well predicted to provide a real test
11 of whether the out year rates will produce just and reasonable rates, and (b) the
12 Company’s estimation of its return for ratemaking purposes³ is based on sound data and
13 principles, and requires no Commission evaluation of the underlying assumptions.

14 **Q. Are there qualitative differences between 2-year, 3-year and 5-year MYRPs?**

15 A. Yes. Because the further out into the future the less reliable predictions are, and because
16 the longer a period in question the more external events can change radically, a 5-year
17 plan locks utility and consumers into a bargain that is likely to become increasingly
18 unfair over time. In a MYRP, longer is not necessarily better. Further, the utility has
19 developed all of the assumptions that start the process of developing a MYRP.
20 Experience suggests utilities will seek the forecasts and arrangements most favorable to
21 them among those that are reasonable at least on the surface. A case such as this one is
22 an awkward forum to test the merits of the forecasts. Perhaps more importantly, the

³ Rates of return calculated for GAAP or the IRS will be different, because of different accounting conventions.

1 utility will always have an upper hand, because it is intimately knowledgeable about
2 every aspect of its own business, and knows where the opportunities and challenges will
3 emerge. No Commission or agency staff, and no consultant, has the benefit of this
4 knowledge, and they are thus at a disadvantage in evaluating the plans.

5
6 **Q. Mr. Chandarana argues that a five-year plan “can provide the predictability and**
7 **certainty our customers have asked for.” *Id.*, p. 5, lines 13-14. Is this a benefit of a**
8 **longer plan?**

9 A. No. Mr. Chandarana provides no evidence that customers would prefer a 3-year or longer
10 rate plan, much less one under the proposed terms. Also, predictability and certainty are
11 a double-edged sword. A clock is predictably and certainly correct twice a day.

12 **Q. Mr. Chandarana also asks the Commission to promote the use of settlement,**
13 **including by mediation, in this docket. Do you agree with this approach?**

14 A. I am not in a position to evaluate the merits of using mediation or a settlement in this
15 docket. Settlement is often a useful tool. However, reliance on settlements for most
16 decisions erodes the ability of the Commission to set policy.

17 **Q. Ms. Lisa. R. Peterson recommends that, if a five-year plan is adopted, the**
18 **Commission extend Xcel’s decoupling plan to five-years as well, so that these two**
19 **ratemaking features are aligned. Peterson Direct at p. 7, line 27. Do you agree?**

20 A. No. The Commission only recently approved a three-year pilot. The Commission
21 sensibly determined that the Company will report on the effects of the pilot, and that it
22 will not be extended automatically. The Commission will have a chance to review the
23 pilot if the MYRP is at 3 years or fewer. But the Commission will have eliminated the
24 review if it approves an extension to 5 years. The Company has offered no different

1 evidence in this case that would suggest the Commission should abandon its opportunity
2 to review the decoupling impact.

3 **Q. In addition, Ms. Peterson argues that in a five-year plan the “cap” on the**
4 **decoupling adjustment should be increased from three percent to five percent for**
5 **the last two years. Do you agree?**

6 A. No. The very fact that the Company proposes a wider band of rate recovery indicates
7 that it expects considerable uncertainty about usage in future years. But there is no
8 reason to increase the cap; doing so would cause the decoupling plan to be too risky for
9 consumers. I discussed in my testimony in the last rate case the tendency of decoupling
10 true-ups to favor utilities (raise rates). Further, increasing the cap would amount to
11 abandoning a decoupling mechanism that only went into effect January of this year.
12 Peterson Direct at p. 2, lines 1-2. It would also amount to imposing a new decoupling
13 plan with no extensive review.⁴ Issues that require examination include the likelihood of
14 the utility over- or undershooting the mark on sales reductions, the fairness of decoupling
15 when some customers participate in the sales reductions and other pay the fixed costs,
16 and the like. The three percent rate cap is an important consumer protection incorporated
17 into the decoupling pilot program by the Commission in response to concerns raised by
18 AARP and other consumer parties. Changing this component, or the term of the pilot,
19 would upset the intended balance of equities that underlies the pilot.

⁴ Ms. Peterson devotes no more than two pages of testimony to her proposal that the cap be raised in years four and five to five percent. Peterson Direct at 7, line 27. In total her testimony is only 10 pages, and most of it concerns the mechanics of putting into place the decoupling pilot approved in the last case.

1 **Q. What do you conclude based on your analysis?**

2 A. The benefits of MYRPs do not include the opportunity for the regulator to “sit down at
3 the business planning table,” nor to become a “partner” with the regulated entity, contrary
4 to the assertions of the Company. Under such a scheme, roles are blurred. The regulator’s
5 independence and objectivity are compromised when the same body that regulates the
6 Company takes an active part in the management of the Company.

7 **Q. What do you recommend with regard to the MYRPs proposed by the Company?**

8 A. The Commission should take into account in reviewing the reasonableness of an MRYP
9 (a) the fact that forecasts (including forecasts of reasonable earnings) become
10 increasingly unreliable as they go further into the future, (b) reports of aggregate capital
11 expenditure and utility calculations of ROE cannot provide a basis for identifying and
12 correcting imprudent costs, and (c) the Commission will lose its ability to regulate if it
13 partners with the utility. If the Commission adopts any MYRP in this docket, AARP
14 recommends that the Commission adopt a two-year plan, with the characteristics that are
15 similar to the MYRP (2014-2015) previously in place for the Company’s electric rates.

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

17 A. Yes.

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EXPERIENCE

- Principal, NBrockway & Associates, utility consulting (2003 to present)
- Director of Multi-Utility Research and Policy (NRRI, 2/08 – 10/08)
- Commissioner, New Hampshire Public Utilities Commission (1998-2003)
- Utilities consultant and attorney, National Consumer Law Center (1991-1998)
- General Counsel, Massachusetts Department of Public Utilities (1989-1991)
- Staff Attorney, Assistant General Counsel, Massachusetts Commission (1986-1989)
- Hearings Officer, Senior Staff Attorney, Maine Public Utilities Commission (1982-1986)
- Executive Director, Maine Legal Services for the Elderly, Inc. (1981-1983)
- Staff Attorney, Directing Attorney, Pine Tree Legal Assistance, Inc. (1979-1981)
- Staff Attorney, UMass Student Legal Services (1977-1979)
- Staff Attorney, Western Massachusetts Legal Assistance, Inc. (1976-1977)
- Staff Attorney, Legal Aid Society of New York (1974-1976)

NARUC COMMITTEE MEMBERSHIPS AND PUBLIC SERVICE

- NARUC Energy Resources and Environment Committee
- NARUC Consumer Affairs Committee (Vice-Chair)
- Consumer Affairs Committee, New England Conference of Public Utility Commissioners (Chair)
- Steering Committee, National Council on Competition in the Electric Industry
- ISO-NE Advisory Committee
- NEPOOL Review Board Advisory Committee
- NARUC Ad Hoc Committee on Competition in the Electric Industry
- NARUC Committee on Communications
- FCC Joint Conference on Accounting
- North American Numbering Council
- NBANC Board of Directors

OTHER PUBLIC SERVICE

- Board Chair, PAYSAmerica, Inc., 2004-2008
- Member, New Hampshire Site Evaluation Committee, 1998-2003
- Independent Conservation & Load Management Expert, MA Energy Office, 1991-1993.
- Member, Massachusetts Energy Facility Siting Board
- Member, Massachusetts Board of Registration of Allied Mental Health and Human Services Professional
- Member, Energy and Transportation Task Force, President's Council on Sustainable Development

BAR MEMBERSHIPS

Massachusetts (retired)
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New York State

EDUCATION

BA with honors, 1970, Smith College, Northampton, MA
J.D., 1973, Yale Law School, New Haven, CT

NANCY BROCKWAY: TESTIMONIES				
Case name	Client Name	Topic	Jurisdiction & Docket No.	Date(s) Filed
In the Matter of the Application of Baltimore Gas and Electric Company Inc. for Adjustments to Its Electric and Gas Base Rates	Office of the People's Counsel	Rate treatment of legacy meters; metrics for smart meter progress evaluation; customer acceptance of smart meters; smart meter education; cyber security and privacy	Maryland Public Service Commission Case No. 9406	2/8/16 3/21/16
In the Matter of the Commission's Investigation of Potomac Edison Company's Meter Reading Frequency, Estimates of Bills, and Compliance with Tariff:	Office of the People's Counsel	Prudence of utility's meter reading process and performance	Public Service Commission of Maryland Case No. 9319	7/25/15
In the Matter of the Merger of Exelon Corporation and PHI Holdings, Inc.	Office of the People's Counsel Via Synapse	Risks of merger on ability to regulate resulting firm; reasons for/versus merger approval, grid modernization	Public Service Commission of Maryland Case No. 9361	12/8/14 1/7/15 1/21/15 4/6/15
In the Matter of the Application of Northern States Power Company For Authority to Increase Rates for Electric Service in Minnesota	AARP	Rate Case: Decoupling, customer charges, ROE	Minnesota Public Utilities Commission Docket No. E002/GR-13-86	7/5/74 6/5/74
Application of Entergy Louisiana, LLC for Authority to Change Rates, Approval of Formula Rate Plan and for Related Relief for Operations in Algiers	AARP	Formula Rate Plans, Return on Equity, Recovery of Cancelled Plant Costs, Retroactive Ratemaking, Rate Design	New Orleans City Council UD-13-01	9/18/13 2/3/14
Application of Entergy Gulf States for Authority to Change Rates, Approval of Formula Rate Plan and for Related Relief	AARP	Formula Rate Plans, Return on Equity, Recovery of Cancelled Plant Costs, Retroactive Ratemaking Rate Design	LA PSC U-32707	10/11/13
Application of Entergy Louisiana, LLC for Authority to Change Rates, Approval of Formula Rate Plan and for Related Relief	AARP	Formula Rate Plans, Return on Equity, Recovery of Cancelled Plant Costs, Retroactive Ratemaking Rate Design	LA PSC U-32708	8/7/13

Joint Application of Peoples Natural Gas, Inc. and others for Authority to Purchase Equitable Gas Company, and other approvals.	Pennsylvania Office of Consumer Advocate	Impact of proposed merger on customer service and universal service.	PA PUC Docket Nos. A-2013-2353647; A-2013-2353649; A-2013-2353651	7/24/13 9/6/13
Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc.	Public Utility Law Project of New York	Rate case - Low-income programs, revenue requirements, grid modernization	New York PSC Case Nos. 13-E-0030 and 13-G-0031	5/31/13 6/1/13
IMO First Energy Companies' Smart Meter Deployment Plan	Pennsylvania OCA	Smart meter customer education, impacts on vulnerable customers, privacy, cybersecurity	PA PUC Docket Nos. M-2013-2341990 to M-2013-2341994	4-2-13
IMO Duquesne Light Company Final Smart Meter Implementation and Procurement Plan	Pennsylvania OCA	Education, impacts on vulnerable customers, and cyber-security elements of AMI implementation plan	PA PUC Docket No. M-2009-2123948	10-9-12
IMO Southern Maryland Electric Cooperative Request for Authorization to Proceed with Implementation of an AMI	Maryland Office of the People's Counsel	Regulatory policy on pre-approval and current cost recovery of AMI costs by Maryland cooperative	Maryland PSC Case No. 9294	9/25/12
WUTC v. Avista (rate case)	Washington State Attorney General/Public Counsel	Prudence of smart grid pilot investments/policy considerations for expansions beyond pilots	Washington UTC Docket No. UE-05-120436 et al	9/19/12
Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid; Application for Approval of Smart Grid Pilot under § 85	Low Income Affordability Network	Need for granular information on experience of low-income and low-use customers in critical peak pricing pilot	Massachusetts DPU Docket No. 11-129	4/9/12
IMO Application of Arizona Public Service Company to determine the fair value of the utility property of the company for ratemaking purposes, to fix a just and reasonable return...and to approve rate schedules...	AARP	Decoupling, risk and reward, Rate Design	Arizona PSC Docket No. E-01345A-11-0224	1/25/12 1/18/12 12/2/11 11/18/11
In the Matter of the Merger of Exelon Corporation and Constellation Energy Group, Inc.	Maryland Office of the People's Counsel	Impact of proposed merger on ability of MPSC to regulate BGE effectively	Maryland PSC Case No. 9271	1/20/12 10/26/11 10/12/11 9/16/11

IMO Rocky Mountain Power Company Rate Case	AARP	Rate design, risk and reward	Wyoming PSC Docket No. 20000-384-ER-10	4/11/11
Amended Project Development of Duke Energy Carolinas, LLC for Approval of Decision to Incur Nuclear Generation Pre-Construction Costs	South Carolina Coastal Conservation League	Prudence of further investment in Summer nuclear plan	South Carolina PSC Docket No. 2011-20-E	4/6/11
Petition of PECO Energy Company for approval of its smart meter technology procurement and installation plan: petition for approval of PECO Energy Company's initial dynamic pricing and customer acceptance Plan	Pennsylvania Consumer Advocate	Implementation of Smart Grid plan and preparation for dynamic pricing introduction.	Pennsylvania PUC Docket No. M-2009-2123944	12/23/10; 1/12/11
In the Matter of: An investigation of natural gas retail competition programs	AARP Kentucky	Introduction of retail gas competition.	Kentucky PSC Case No. 2010-00146	6/21/10; 9/21/10
Alberta Smart Grid Inquiry	Office of the Utilities Consumer Advocate	Status of Smart Grid Developments in North America	Alberta Utilities Commission Application No. 1606102 Proceeding ID. 598	6/12/10 [report]
In the Matter of WMECO Smart Grid Pilot Program, filed per Section 85 of the Green Communities Act	Low Income Weatherization and Fuel Assistance Program Network, Massachusetts Energy Directors' Association	Smart Grid pilot design	Massachusetts DPU Docket No. 09-34	5/5/10
Nevada Power and Sierra Pacific Power Integrated Resource Plans	Attorney General, Bureau of Consumer Protection	AMI security, privacy and customer acceptance	Nevada PSC Docket Nos. 10-02009 10-03023	4/26/10
Application of Louisville Gas & Electric Co. for an Adjustment of its Electric and Gas Base Rates	AARP	Cost allocation and rate design	Kentucky Public Service Commission Case No. 2009-00549	4/22/10
In the Matter of NSPI Application to Approve Nova Scotia's Electricity Demand Side Management Plan for 2011	Consumer Advocate appointed by the Utilities and Review Board	DSM program design and evaluation	Nova Scotia UARB Docket No. P-884(3)	4/9/10

In the Matter of the NSTAR Smart Grid Pilot Program, filed per Section 85 of the Green Communities Act	Low Income Weatherization and Fuel Assistance Program Network, Massachusetts Energy Directors' Association	Smart Grid pilot design	Massachusetts DPU Docket No. 09-33	11/6/09
Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Approval of Smart Meter Technology Procurement and Installation Plan	Pennsylvania Office of Consumer Advocate	Smart grid deployment; demand response and energy efficiency.	Pennsylvania PUC Docket No. M-2009-2123950	10/21/09
IMO Potomac Electric Company and Delmarva Power & Light Company Request for the Deployment of an Advanced Metering Infrastructure and Establishment of Regulatory Assets	Maryland Office of People's Counsel	Smart grid deployment; demand response and energy efficiency.	Maryland PSC Case No. 9207	10/20/09
Petition of West Penn Power Company d/b/a Allegheny Power for Expedited Approval of its Smart Meter Technology Procurement and Installation Plan	Pennsylvania Office of Consumer Advocate	Smart grid deployment; demand response and energy efficiency.	Pennsylvania PUC Docket No. M-2009-2123951	10/16/09
IMO BG&E Authorization to Deploy a Smart Grid Initiative and to Establish a Surcharge Mechanism for the Recovery of Cost.	Maryland Office of People's Counsel	Smart grid deployment; demand response and energy efficiency.	Maryland PSC Case No. 9208	10/13/09
IMO DTA of FortisAlberta, Phase I/II, 2010-2011	Utilities Consumer Advocate of Alberta	Smart grid deployment	Alberta Utilities Comm'n App. No. 1605170	10/9/09
IMO Unifil and National Grid Smart Grid Plans per Section 85 of the Green Communities Act	Low Income Weatherization and Fuel Assistance Program Network, Massachusetts Energy Directors' Association	Smart Grid pilot design	Massachusetts Department of Public Utilities Docket Nos. 09-32 and 09-31	8/31/09

Columbia Gas Rate Case	AARP	SFV rate design, miscellaneous fees, recovery of uncollectibles via rider	Kentucky PSC Case No. 2009-00141	7/29/09
Appalachian Power Company, etc. ENEC proceeding	Covenant House and West Virginia CAG	Impact of proposed rate increase on low-income customers and means to improve collection procedures.	West Virginia PSC Case No. 09-0177-E-GI	5/26/09
In Re Combined Application of South Carolina Electric and Gas	Friends of the Earth	Need for and cost of proposed Summer nuclear power plant; alternatives including energy efficiency and renewables.	South Carolina Public Service Commission, Docket No. 2008-196-E.	Direct: 10/17/08 Surrebuttal: 11/17/08
Nova Scotia Power, Inc.	NS UARB Consumer Advocate	Proposed general rate increase, rate design.	Nova Scotia Utility and Review Board, P-886	12/07
Pike County Commissioners v. PCL&P	Pennsylvania Office of the Consumer Advocate	Options to address rate shock in transition to uncapped competitive POLR rates	Pennsylvania Public Utilities Commission, Docket No. C-20065942	11/06 (hearing in January 07)
Nova Scotia Power, Inc.	NS UARB Consumer Advocate	Extra Large Industrial Interruptible Rates	Nova Scotia Utility and Review Board, P-883	8/06
UGI/Southern Union, Proposed Merger	Pennsylvania Office of the Consumer Advocate	Impacts of the Proposed Merger on Ratepayers and Rates, Risks and Benefits of Proposed Merger, Synergies, Reliability	Pennsylvania Public Utilities Commission, Docket Nos. A-120011F2000, etc.	5/06
SEMCO Energy Services Gas Cost Recovery Plan	PAYS America, Inc.	Relationship Between DSM and Gas Costs	Michigan Public Service Commission, Docket No. U-14718	5/06 (not admitted)
Re: Electric Service Reliability and Quality Standards	Delaware Public Service Commission	Application of Proposed Rules to Competitive Suppliers and Cooperatives	Delaware Public Service Board, Docket No. 50	1/06
Exelon/Public Service Electric & Gas, Joint Petitioners	New Jersey Division of the Ratepayer Advocate	Risks and Benefits of Proposed Merger of Exelon and PSE&G, Options for Assuring Benefits and Mitigating Risk	New Jersey Board of Public Utilities, BPU Docket No. EM05020106 OAL Docket No. PUC-1874-05	11/05-12/05
Nova Scotia Power, Inc.	NS UARB Consumer Advocate	Economic Development Rates	Nova Scotia Utility and Review Board, P-882	10/05
Nova Scotia Power, Inc.	NS UARB Consumer Advocate	Revenue Requirements, Cost Allocation, Rate Design, Demand Side Management, Economic Development Rates	Nova Scotia Utility and Review Board, P-882	10/05 – 11/05
Bay State Gas Company	Local 273	Customer Service, Reliability, Low-Income Protections, Revenue Requirements	Massachusetts DTE, Docket No. 05-27	7/05
Nova Scotia Power, Inc.	Nova Scotia Utility and Review Board	Domestic Consumer Perspective on Proposed Rate Case Settlement Agreement	Nova Scotia Utility and Review Board, P-881	1/05

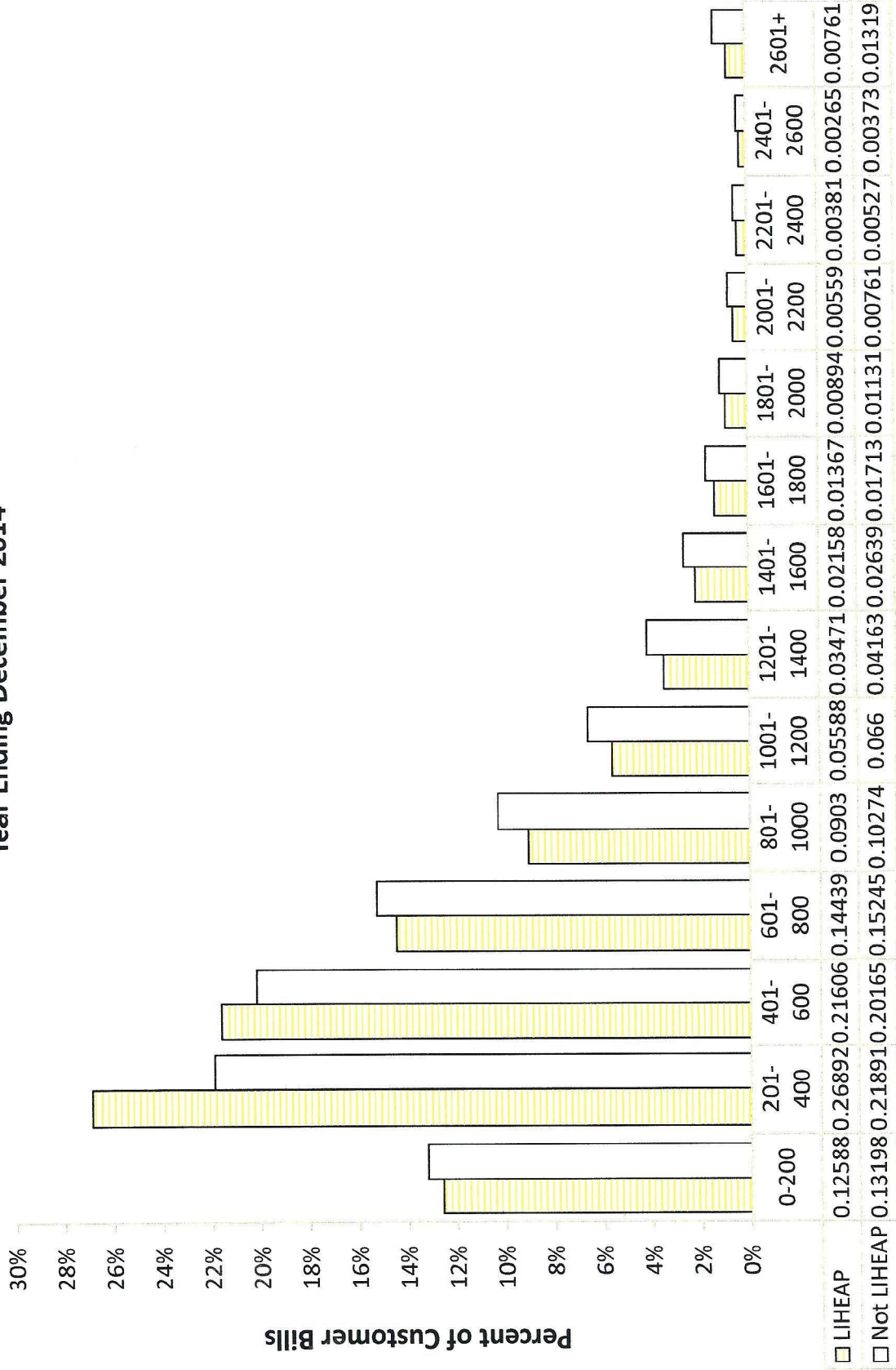
Cincinnati Bell Alternative Regulation	Communities United for Action	Universal Service and alternative regulation of telephone service	PUCO, Case No. 96- 899-TP-ALT	12/97
UGI-Electric Utilities, Inc.	Pennsylvania OCC	Universal Service issues in electric restructuring plans; including efficiency funding	PA PUC, No. R- 00973975	1997
West Penn Power Co.	"	"	PA PUC, No. R- 00973981	1997
Duquesne Light Co.	"	"	PA PUC, No. R- 00974101	1997
PECO, Inc.,	"	"	PA PUC, No. R- 00973953	1997
PP&L	"	"	PA PUC, No. R- 00973954	1997
Met Ed.	"	"	PA PUC, No. R- 00974008	9/97
Penelec	"	"	PA PUC, No. R- 00974009	9/97
In the Matter of the Electric Industry Restructuring Plan	New Hampshire Legal Services	Low-income rates and DSM, impacts of restructuring on low- income consumers	New Hampshire Public Utilities Commission, D.R. 96-150	Nov., Dec. 1996
Notice of Inquiry/ Rulemaking. Establishing the procedures to be followed in electric industry restructuring.	Mass. CAP Directors Association, Mass. Energy Directors Association, named Low-Income Intervenors	Electric industry restructuring	Massachusetts Department of Public Utilities, D.P.U. 96- 100.	to 10/98
Telecom Universal Service Docket	Pennsylvania Office of Consumer Advocate	Rate rebalancing, universal service, telephone penetration.	Pennsylvania Public Utilities Commission Docket No. I-00940035	1996
In Re: Complaint of Kenneth D. Williams v. Houston Lighting and Power Co.	Named Low-Income Consumers	Customer service, rate design, demand-side management, revenue requirements	Texas Public Utilities Docket No. 12065	1994-5
Open Access Non- Discriminatory Transmission Services ... and Recovery of Stranded Costs	Direct Action for Rates and Equality, Providence, Rhode Island	Open transmission access in interstate commerce, and stranded costs recovery.	FERC, Nos. RM95-8- 000, RM94-7-000.	1994-5
Bath Water District, Proposed Increase in Rates	Maine Office of Public Advocate	Water district cost allocation, rate design, low- income water affordability	Maine Public Utilities Commission, Docket. No. 94-034	12/94, 3/95
Application of Ohio Bell Telephone Co. for Approval of Alternative Form of Regulation	Legal Aid Society of Cleveland and Dayton	Definition of universal telecommunications service, proposal for Universal Service Access program (USA).	Public Utilities Commission of Ohio, Case No. 93-487-TP- ALT	5/4/94
Pennsylvania PUC vs. Bell Telephone of Pennsylvania	Pennsylvania Public Utility Law Project	Definition of "universal telecommunications service"	Pennsylvania PUC No. P-930715	filed 12/93

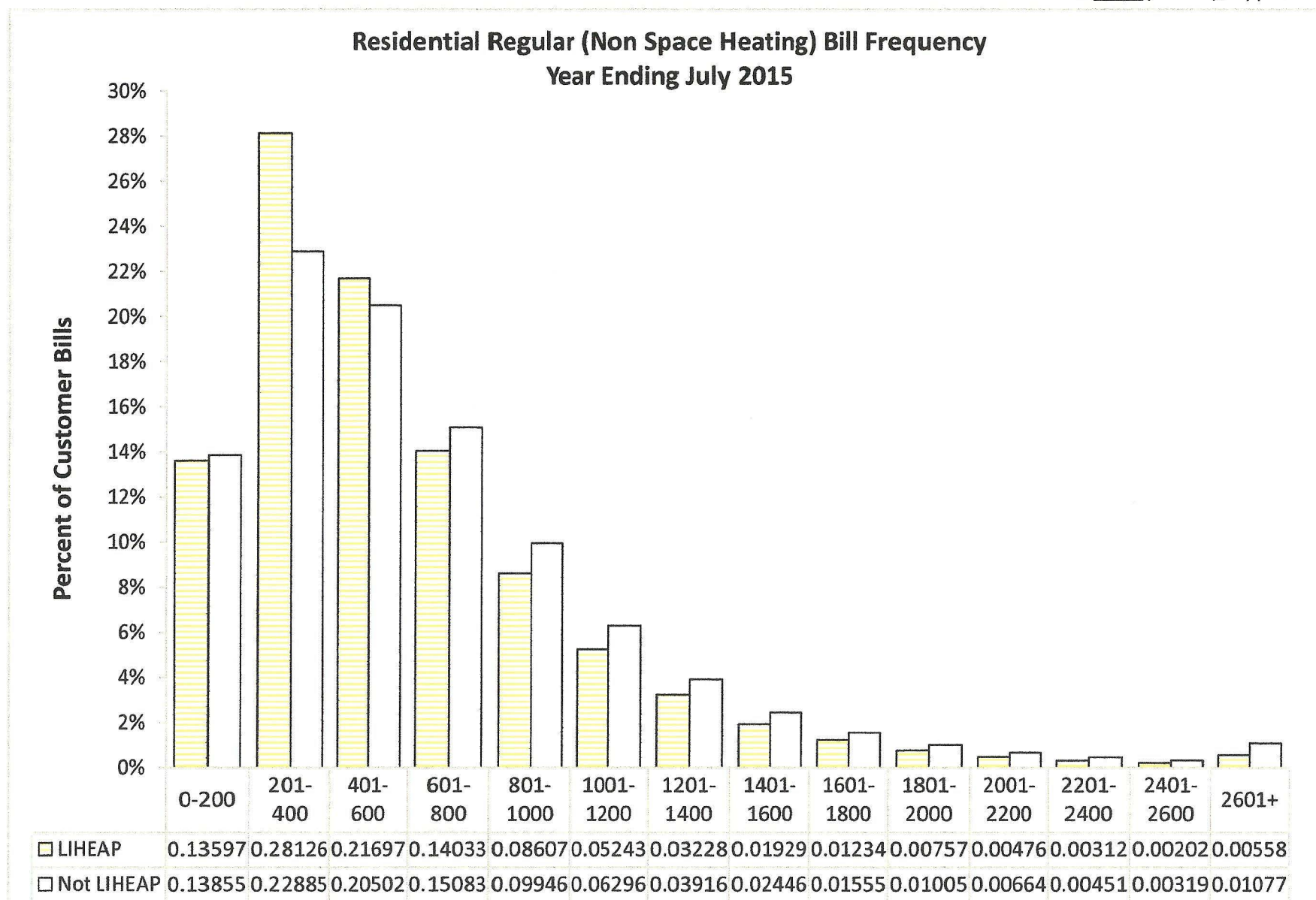
Exhibit NB-1

Joint Application for Approval of Demand-Side Management Programs, etc.	LG&E; Legal Aid Society of Louisville, other Joint Applicants	Cost-effective DSM programs for low-income customers; collaborative process to design DSM programs; cost allocation and cost recovery.	Kentucky PSC No. 93-150	11/8/93
Texas Utilities Electric Company	Texas Legal Services Center	Costs and benefits of DSM targeted to low-income customers	Texas PUC No. 11735	1993
Texas Utilities Electric Company	Texas Legal Services Center	Proposed Maintenance of Effort Rate for low-income customers	Texas PUC No. 11735	1993
Philadelphia Water Department	Philadelphia Public Advocate	Costs of Unrepaired System Leaks	Philadelphia Water Comm'r.	1992
New England Telephone	Rhode Island Legal Services	DNP for non-basic service	Rhode Island PUC, No. 1997	1991
Kentucky Power Co.	Kentucky Legal Services	Low Income Rate	Kentucky PSC No. 91-066	1991
Investigation into Modernization	Invited by Commission	Impact of modernization costs on low income telephone users	New York PSC	1991

Exh. NB-2, p. 292

Residential Regular (Non Space Heating) Bill Frequency Year Ending December 2014





Exh. NB-2
p. 142