



**In Response to RFP 15-15
Docket No. S-33779
Concordia Electric Cooperative, Inc.**

**In re: Application for Approval of a
Formula Rate Plan**

Proposal Prepared for:

Louisiana Public Service Commission
Baton Rouge, LA

January 19, 2016

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Section I: Executive Summary

Power System Engineering, Inc. (“PSE”) is pleased to submit this proposal to assist the Louisiana Public Service Commission (“Commission” or “LPSC”) Staff (“Staff”) in its review of the Application for Approval of a Formula Rate Plan (“FRP”), submitted by Concordia Electric Cooperative (“Concordia” or “Cooperative”) in Docket No. S-33779, as well as the four subsequent annual reports, if the request for FRP’s approval is granted.¹ PSE is fully qualified to assist the Commission and its Staff in the review of this matter in a knowledgeable and efficient manner, as PSE possesses substantial experience in participating in cases involving public utility regulation, including FRP filings. Specifically, we were successful in helping clients in other states establish and file subsequent annual updates of FRPs analogous to Concordia’s proposed FRP. In each of the cases we were involved, we reached settlements that were approved by the respective state commissions. Accordingly, based on our knowledge and experience gained in numerous dockets involving similar FRPs for commission-regulated companies in other states, LPSC can fully expect us to perform this review in an objective and efficient manner and at a low cost. Our expert team stands prepared to conduct discovery, prepare direct and cross-answer testimony, review and analyze the terms of a stipulation agreement, testify before the administrative law judge, and participate in meetings with the Commissioners, Staff, and other parties, as requested. We truly believe LPSC and its Staff stand to gain significantly from our broad experience involving ratemaking work for regulatory and utility clients in multiple states. At the same time, we have performed a thorough review of all relevant history and information pertaining to the matter and pledge our understanding of ratemaking, jurisdictional issues, and applicable regulations specific to the LPSC.

¹ Commission noted this docket was inadvertently published as “S” docket and is being republished in the Commission’s next Official Bulletin as a “U” docket.

Section II: Budget to Perform Requested Services

PSE proposes a budget of \$80,000, consisting of \$77,000 for consulting services and an additional \$3,000 in expenses.² Assuming \$20,000 for approval of the application, this is an average of only \$15,000 for each of the four subsequent annual FRP filings. Our hourly billing rates for the requested services are attached to this proposal. PSE will ensure that only charges for actual hours worked and actual expenses incurred will be billed and that our bills will not exceed the total labor and expense budgets based on the scope of work outlined. Furthermore, we acknowledge that bills will be rendered in strict accordance with the Commission's guidelines; and any expenses charged will be within the Commission's standard expense allowances, with proof attached upon submittal.

² Assumes onsite visits, if necessary, for the initial application and/or annual.

Section III: Respondent Qualifications

PSE is uniquely qualified to assist the Staff in this docket due to our familiarity with similar FRPs prepared for other cooperatives, as well as our broad and extensive experience involving ratemaking work for regulatory and utility clients in multiple states. Our consultants' experience includes participating in cases involving public utility regulation and presentation of direct testimony, as detailed in Section IV summarizing our project team, as well as in Section VIII containing each member's individual curriculum vitae. Additionally, Section IX offers our company and department overviews, further underscoring that PSE meets all professional qualification requirements specified in the Commission's RFP for technical consultants. We are fully qualified to assist with issuing and responding to discovery, preparing direct and cross-answer testimony, reviewing and analyzing the terms of a stipulation agreement, testifying before the administrative law judge, and participating in meetings with the Commissioners, Staff, and other parties, as requested. PSE is fully committed to adhering to ratemaking, jurisdictional issues, and applicable regulations specific to the LPSC. Furthermore, our consultants are experienced in analyzing the operations, books, and records of utility companies for the purpose of setting just and reasonable rates, as evident from their extensive knowledge of the following:

1. Appropriate accounting standards and practices for electric public utilities and/or electric cooperatives, public utility accounting, and generally accepted auditing standards.
2. Appropriate ratemaking adjustments to be made to the utility's accounting records.
3. National Association of Regulatory Utility Commissioners ("NARUC") approved cost-of-service ("COS") methodologies for cooperatives.
4. Determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service.
5. Traditional COS and cost allocation methodologies supporting the revenue requirements among classes of customers.
6. Cost allocation methodologies for the allocation of investment and expenses among affiliates, including the relationship of the holding company to its subsidiary operating companies, the transfer of investment and costs between operating companies, and the provision of services among affiliates.
7. Allocation of investment and expenses between the non-regulated and regulated operations at the holding company and at the operating company level.

8. Cost of capital, including capital structure, cost of debt, cost of equity, and rates of return.
9. Familiarity with just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC.
10. Determination and calculation of an adequate revenue requirement sufficient to cover the allowable costs of service and rate of return, including the Times Interest Earned Ratio (“TIER”) and Debt Service Coverage Ratio (“DSC”) for cooperative utilities.
11. Depreciation and taxation.
12. A detailed understanding of the major functional areas of a regulated cooperative.

Section IV: Project Team

PSE proposes to devote an experienced Project Team to this effort. Mr. Richard J. Macke will serve as the Project Lead. Ms. Elena Kanaeva-Larson and Messrs. Jeffrey Laslie and Steven Fenrick will assist with analysis, as needed. Collectively, this team has completed well over 100 various rate and COS studies for electric cooperatives, including FRPs and other regulatory filings before various state commissions. Below are brief summaries of the team-members' relevant experiences. For additional detail, please refer to the resumes included in Section VIII.

Mr. Macke, Vice President, Economics, Rates, and Business Planning, has over 19 years of experience in pricing and regulation of electric rates, including a variety of formula rate mechanisms. This includes development and evaluation of distribution and sub-transmission rates and development of formula-based rates for electric utilities. FRP development efforts have included collaboration with regulated cooperatives on establishing the formula template and test year approach, documentation of process and inputs, development of protocols, quantification of formula results for the test year and future projections, regulatory support, and ongoing regulatory and compliance filing support. Mr. Macke successfully testified and negotiated a Debt Service Coverage Formula Based Rate ("DSC-FBR"), the first retail FRP in Kansas for distribution service, as well as retail and wholesale FRPs for sub-transmission service, filed before the Kansas Corporation Commission ("KCC") by a non-profit electric distribution company and member-owned electric distribution cooperatives. Mr. Macke continues to support the clients with ongoing FRP annual compliance filing needs.

Ms. Kanaeva-Larson, Rate and Financial Analyst, has a solid background in the area of public utility regulation, including experience in the development and auditing of FRPs both within the context of her work at PSE and from her time spent as the Commission Staff at the KCC. While at the KCC, Ms. Kanaeva-Larson audited the applications submitted by the jurisdictional electric providers for changes in their retail and wholesale transmission formula rates. On behalf of PSE clients, Ms. Larson was instrumental in achieving KCC approval of the DSC-FBR, the first retail FRP for distribution service in Kansas. Subsequent to its approval and for the past two years, Ms. Kanaeva-Larson has taken a lead role in all facets of preparing the annual compliance filings. Ms. Larson provided similar support during establishment of analogous FRPs for the recovery of rates

associated with service over sub-transmission facilities filed with the KCC by a non-profit electric distribution utility and member-owned electric distribution cooperatives. Ms. Larson also regularly prepares calculations and assists with the filings of various riders that use formulaic rate recovery mechanisms, such as annual property tax surcharge updates, for several of the KCC-regulated electric distribution companies. Additionally, Ms. Larson has filed direct testimony with the KCC in support of the application for a modification of a transmission formula rate (“TFR”) for one of the largest cooperatives in Kansas.

Mr. Laslie, Senior Financial Analyst and a Certified Public Accountant, has over 40 years of utility industry and consulting experience in matters relating to generation and transmission rates, cooperative and municipal electric distribution rates, financial planning, and other industry issues. In addition, he has made numerous appearances as an expert witness before regulatory commissions and has participated in State and Federal commission interventions. Mr. Laslie has assisted Michigan regulated cooperatives with application of the Michigan Public Service Commission-approved FRP (“TIER Ratemaking”) process and merging the results of the FRP with the cooperatives’ COS and rate design activities. In addition, he has assisted non-regulated cooperatives in Indiana and elsewhere develop and implement FRPs.

Mr. Fenrick, Leader, Economics and Market Research, has been a consultant in the energy utility industry for 15 years. He is an expert in utility performance benchmarking, alternative regulation, value-based reliability planning, productivity analysis, and DSM. Mr. Fenrick has provided senior-level consulting services, presented findings, and conducted expert witness testimony for locally-owned utilities, IOUs, regulatory commissions, trade associations, and consumer advocates. He has published a number of peer-reviewed journal articles on the topics of alternative regulation, performance benchmarking, and DSM programs. Mr. Fenrick led PSE’s alternative regulation efforts in Ontario, Canada. In the past five years, he has worked with both the regulator (Ontario Energy Board) and a number of the utilities (Toronto Hydro, Hydro Ottawa, and Hydro One) in designing and setting fair multi-year price escalation formulas and calculated accurate performance benchmarking assessments. Mr. Fenrick has worked on a number of other alternative regulation or benchmarking projects. States where he has assisted organizations with either alternative regulation or benchmarking research include: California, Illinois, Maine, Michigan, Missouri, Vermont, and Wisconsin.

Section V: Action Plans and Timelines

PSE is prepared to begin work on this project immediately upon being retained by the Commission and thereafter upon the filing by Concordia of its annual FRP reports. We have developed the following Action Plan and Timeline for the major activities in this proceeding. We will assist the LPSC and its Staff in the following actions:

1. Review Cooperative's request to approve proposed FRP.
2. Prepare discovery and review responses.
3. Prepare direct and cross-answering testimony, as necessary.
4. Negotiate with the Cooperative and any intervening parties, if necessary.
5. Assist in drafting a settlement agreement.
6. Prepare testimony in support of or in lieu of a settlement agreement for the request for approval of the FRP; appear at hearing, if necessary; and assist Staff Counsel in preparation for the hearing, if required.

If the request for approval of the FRP is granted, PSE will also:

7. Review each of the Company's subsequent four annual filings to determine compliance with the FRP tariff as approved in the instant Docket No. S-33917, performing Steps 2 through 6 outlined above, as necessary, as well as analyze the annual revenue requirement and determine deficiency or surplus in order to reset rates to just and reasonable levels as necessary in accordance with the Commission-approved FRP. The latter would include performing the analysis of applicable capital expenditures, revenues, and operating expenses to identify appropriate adjustments to the Cooperative's revenues and expenses as outlined in the Commission-approved FRP. Finally, PSE will assist the Commission Staff in assuring compliance tariffs filed by the Cooperative are in agreement with the Commission-approved FRP.

We anticipate that we can complete the above detailed activities within the time period stated in the Period of Representation in the accompanying RFP as issued by the LPSC, with the understanding that the time period specified is an estimate; and the actual time period for the review of the application and each of the annual filings, if the application is approved, may vary. PSE is ready to accommodate the actual time frame as the Commission may deem necessary.

Section VI: Conflicts of Interest

PSE has no known conflicts of interest in representing the LPSC and its Staff in this proceeding, and none of the Project Team members currently represent any other clients before the Commission. Additionally, Project Team members do not represent the investor-owned gas or electric utilities.

Section VII: Pricing and Contact Information

The list of hourly rates for the Project Team, as well as support staff, is shown in the table below. PSE will ensure that only charges for actual hours worked and actual expenses incurred will be billed and that our bills will not exceed the total labor and expense budgets based on the scope of work outlined. Furthermore, we acknowledge that bills will be rendered monthly in strict accordance with the Commission's billing guidelines; and any expenses charged will be within the Commission's standard expense allowances, with proof attached upon submittal.

Power System Engineering, Inc.		
2016 Hourly Fee Schedule		
Louisiana Public Service Commission		
Name	Title	Hourly Rate
Richard Macke	VP, Economics, Rates, and Business Planning	\$230
Elena Larson	Rate and Financial Analyst	\$135
Jeffrey Laslie	Senior Financial Analyst	\$205
Steven Fenrick	Leader, Benchmarking and Economic Studies	\$210
Marilyn Cuellar	Project Coordinator	\$ 92

We want to express our appreciation for the opportunity to submit a proposal on this project. Please feel free to contact Richard J. Macke, Vice President, Economics, Rates, and Business Planning, at 763-755-5122 or macker@powersystem.org if you have any questions or comments.

Section VIII: Resumes

Please see the attached resumes included on pages 11-23 for Ms. Kanaeva-Larson and Messrs. Macke, Laslie, and Fenrick.



Full Service Consultants

RICHARD J. MACKÉ

VICE PRESIDENT, ECONOMICS, RATES, AND BUSINESS PLANNING

SUMMARY OF EXPERIENCE AND EXPERTISE

- Over 19 years of experience in electric utility consulting.
- Specialized expertise in financial analyses with particular emphasis on utility finance, rate and cost of service matters, financial planning, and financial modeling.
- Frequent speaker at utility board, commission, and staff meetings.
- Expert witness for utility rate cases, including formula rate plans.

PROFESSIONAL EXPERIENCE

Power System Engineering, Inc. - Minneapolis, MN (1999-present)

Vice President, Economics, Rates, and Business Planning (June 2011-present)

Vice President, Rates and Financial Planning (July 2010-May 2011)

Leader, Rates and Financial Planning (April 2008-June 2010)

Senior Rate and Financial Analyst (2002-March 2008)

Rate and Financial Analyst (1999-2002)

As Vice President of the Economics, Rates, and Business Planning Department at PSE, responsibilities include managing the firm's economic and rate practice areas and providing senior level consulting services to clients in the areas of cost of service, rate design, including formulaic rates, financial planning and forecasting, merger and acquisition analysis, and support. Additional responsibilities include strategic planning, litigation support, regulatory compliance, capital expenditure, and operational assessments and advisement.

Energy & Resource Consulting Group, LLC - Denver, CO (1998-1999)

Senior Analyst

Senior Analyst for financial, engineering, and management consulting firm. Performed consulting services related to electric, gas, and water rate studies. Part of the Financial and Engineering Advisor Team contracted to the City Council of the City of New Orleans, LA to assist in various electric and gas utility matters. Provided expert testimony and participated in various regulatory proceedings involving the City Council, the Public Utilities Commission of Texas, and the Public Utilities Commission of Nevada. Provided general financial, management, and public policy support to clients.

Power System Engineering, Inc. - Blaine, MN (1996-1998)

Financial Analyst

Financial Analyst in Utility Planning and Rates Division. Emphasis on retail rate studies, including revenue requirements, and bundled/unbundled cost of service studies. Provided analysis used to support testimony, mergers and acquisitions cases, and financial forecasting.

RICHARD J. MACKE

EDUCATION

University of Minnesota, Minneapolis, MN

Masters of Business Administration (emphasis on Finance and Strategic Management),
2007

Bethel University, St. Paul, MN

Bachelor of Arts Degree in Business (emphasis on Finance and Marketing),
Minor: Economics, 1996

ADDENDUM REFERENCES - EXPERT TESTIMONY

Case or Jurisdiction	Docket No.	Description
Kansas	16-MKKEE-023-TAR	Mid-Kansas Electric Company, application for approval of individual 34.5kV formula-based rates. Filed on behalf of Prairie Land, Southern Pioneer, Victory, and Western.
Kansas	15-SPEE-519-RTS	Southern Pioneer Electric Company, Annual Filing for approval to make certain changes to its charges for electric services pursuant to the Debt Service Coverage Formula Based Ratemaking Plan Approved in Docket No. 13-MKKEE-452-MIS. Testimony filed on behalf of Southern Pioneer.
Kansas	15-SPEE-161-RTS	Southern Pioneer Electric Company, application for approval to make certain changes to its Local Access Charge Rate. Testimony filed on behalf of Southern Pioneer.
Kansas	14-SPEE-507-RTS	Southern Pioneer Electric Company, Annual Filing for approval to make certain changes to its charges for electric services pursuant to the Debt Service Coverage Formula Based Ratemaking Plan Approved in Docket No. 13-MKKEE-452-MIS. Testimony filed on behalf of Southern Pioneer.
Kansas	13-MKKEE-452-MIS	Mid-Kansas Electric Company, LLC, application for approval of a Debt Service Coverage Ratemaking Pilot Plan. Filed on behalf of its member-owner, Southern Pioneer Electric Company.
Kansas	11-MKKEE-380-RTS	Mid-Kansas Electric Company, LLC, application for revised rates, tariffs, and rate design changes. Filed on behalf of its member-owner, Southern Pioneer Electric Company.
Kansas	11-MKKEE-491-RTS	Mid-Kansas Electric Company, LLC, application for revised rates, tariffs, and rate design changes. Filed on behalf of its member-owner, Western Cooperative Electric Assn., Inc.

RICHARD J. MACKE

ADDENDUM REFERENCES - EXPERT TESTIMONY - continued

Kansas	11-MKKEE-439-RTS	Mid-Kansas Electric Company, LLC, application for revised rates, tariffs, and rate design changes. Filed on behalf of its member-owner, Wheatland Electric Cooperative, Inc.
Kansas	09-MKKEE-969-RTS	Mid-Kansas Electric Company, LLC, application for approval to make certain changes in the charges for electric services. Filed on behalf of Mid-Kansas and its member-owners: Lane-Scott Electric Cooperative, Inc.; Prairie Land Electric Cooperative, Inc.; Southern Pioneer Electric Company; Victory Electric Cooperative Association, Inc.; Western Cooperative Electric Association, Inc.; and Wheatland Electric Cooperative, Inc.
Kansas	09-PNRE-563-RTS	Pioneer Electric Cooperative, Inc., application to increase rates. Testimony filed on behalf of Pioneer.
Kansas	09-WHLE-681-RTS	Wheatland Electric Cooperative, Inc., application to increase rates. Testimony filed on behalf of Wheatland.
Minnesota	E-111/GR-03-261	Dakota Electric Association, application to increase rates. Testimony filed on behalf of Dakota.
South Carolina	2014-246-E	Testimony in support of the Settlement Agreement submitted by the parties to the Commission as the generic net metering methodology required by S.C. Code §58-40- 20(F)(4) of Act 236 on behalf of Central Electric Power Cooperative, Inc. and the Electric Cooperatives of South Carolina.
Texas	2150	North Star Steel, appropriateness of settlement rates being charged by Entergy Gulf States, Inc. Testimony filed on behalf of North Star Steel before the Public Utilities Commission of Texas.



Full Service Consultants

ELENA E. KANAIEVA-LARSON

RATE AND FINANCIAL ANALYST

SUMMARY OF EXPERIENCE AND EXPERTISE

- Possesses working knowledge of various rate, economic, financial, and policy issues prevalent in the electric utility industry.
- Published numerous written reports, recommendations, and direct testimony on a variety of technical and policy matters.

PROFESSIONAL EXPERIENCE

Power System Engineering, Inc. – Minneapolis, MN (2013-present)

Rate and Financial Analyst

Emphasis on performing complex financial analysis, such as rate studies consisting of determination of revenue requirements, cost of service analysis, and rate design, including formula rates. Other responsibilities include assisting with regulatory filings, including formula rate plan proceedings, performing analysis of special programs, financial forecasting, and other financial analysis for various PSE clients, as well as presenting at the various industry events.

Kansas Corporation Commission – Topeka, KS (2009-2012)

Energy Analyst, promoted to Senior Utility Rate Analyst

Analyzed financial and technical data filed by over a dozen different jurisdictional investor-owned and cooperative electric and gas utilities. Evaluated compliance reports containing companies' field operations performance statistics to help ensure the achievement of the industry and/or Commission-established quality of service and reliability benchmarks. Issued written reports, recommendations, and/or testimony in over thirty dockets addressing multiple topics related to utility costs and rates.

- Co-authored the rules and regulations fulfilling the state Net Metering and Easy Connect Act for the renewables.
- Developed and documented process for comprehensive auditing for the applications submitted by the jurisdictional electric providers for the change in their wholesale retail transmission formula rates.

EDUCATION

Ashford University, Clinton, IA
Master of Business Administration, 2008

Washburn University, Topeka, KS
Bachelor of Science Degree in Mathematics, 2001

Continuing Education Courses:

- Class Cost of Service and Rate Design for Electric Utilities
- Electric Transmission Cost Allocation/Rate Design

ELENA E. KANAIEVA-LARSON

- Financing Transmission Expansion for Renewable Energy
- Electricity Pricing
- Electric Quality of Service/Distribution Reliability Indices
- Reactive Power, Voltage Stability, and Control
- Wind Power Project Siting

ADDENDUM REFERENCES - EXPERT TESTIMONY

Case or Jurisdiction	Docket No.	Description
Kansas	16-MDWE-023-TAR	Application of Midwest Energy, Inc. Seeking to Update Attachment H of its Open Access Transmission Tariff (Transmission Formula Rate)
Kansas	15-PLCE-161-RTS	Application of Prairie Land Electric Cooperative, Inc. Seeking Commission Approval to Update Its Local Access Delivery Service Tariff (COS for sub-transmission service).
Kansas <i>filed on behalf of Commission Staff</i>	12-MKEE-380-RTS	Application of Mid-Kansas Electric Company, LLC for Approval to Make Certain Changes in its Charges for Electric Services in the Geographic Service Territory Served by Southern Pioneer Electric Company.
Kansas <i>filed on behalf of Commission Staff</i>	12-WSEE-112-RTS	Joint Application of Westar Energy, Inc. and Kansas Gas and Electric Company for Approval to Make Certain Changes in Their Charges for Electric Service
Kansas <i>filed on behalf of Commission Staff</i>	11-GBEE-624-COC	Application of Grain Belt Express Clean Line LLC for a Limited Certificate of Public Convenience to Transact the Business of Public Utility in the State of Kansas.
Kansas <i>filed on behalf of Commission Staff</i>	11-GIME-597-GIE	General Investigation Into the Classification as Transmission of Distribution of Certain 34.5 kV Facilities Owned by Certain Members of Mid-Kansas Electric Company, LLC and Into Certain Agreements Relating to the Provision of Wholesale Service by Mid-Kansas Electric Company, LLC to Kansas Power Pool and Kansas Electric Power Cooperative, Inc. on Such Facilities

ELENA E. KANAIEVA-LARSON

Involvement in other proceedings:

- 16-MKEE-023-TAR
Before Kansas Corporation Commission
Assisted in drafting testimony for the application to approve FRP for sub-transmission service for electric distribution cooperatives and a non-profit company. Populated revenue requirement templates and drafted FRP Protocols submitted with the application.
- 16-SPEE-306-TAR, 15-SPEE-267-TAR, 14-PLCE-312-TAR, 14-SPEE-297-TAR
Before Kansas Corporation Commission
Calculated annual update for the Property Tax Surcharge Rider for a non-profit electric distribution company and cooperatives; revised the tariffs submitted with the application.
- 15-SPEE-519-RTS, 14-SPEE-507-RTS
Before Kansas Corporation Commission
Assisted in drafting testimony for the application to approve First and Second Annual Updates of a non-profit distribution company's FRP. Populated revenue requirement templates and updated retail rate tariffs submitted with the application.
- 15-SPEE-161-RTS
Before Kansas Corporation Commission
Assisted in drafting testimony for the application to approve COS for sub-transmission service for electric distribution non-profit company. Calculated revenue requirement and updated retail tariffs submitted with the application.
- 15-SPEE-357-TAR
Before Kansas Corporation Commission
Assisted in drafting testimony and tariffs submitted with the application to approve the Demand Response Peak Time Rebate Pilot Program for a non-profit electric distribution company.
- 12-MDWE-489-GIE, 11-MDWE-763-TAR, 11-WSEE-599-TAR, 11-KCPE031-COM, 10-MDWE-733-TAR, 10-KGSG-644-COM, 10-KGSG-535-COM, 10-WSEE-507-TAR, 10-BHCG-409-COM, 09-KGSG-927-COM
On Behalf of the Kansas Corporation Commission
Authored Report and Recommendations and tariff revisions on behalf of the Commission Staff.



JEFFREY C. LASLIE, CPA SENIOR FINANCIAL ANALYST

SUMMARY OF EXPERIENCE AND EXPERTISE

- Over 40 years of experience in the utility industry and consulting.
- Extensive experience with generation and transmission as well as distribution cooperative rate, financial, and planning matters.
- Numerous appearances as an expert witness and participation in state and federal commission interventions.
- Licensed Certified Public Accountant.

PROFESSIONAL EXPERIENCE

Power System Engineering, Inc. – Indianapolis, IN (1997-present)

Senior Financial Analyst

Provides consulting service to the electric utility industry in financial and strategic planning, rate and cost of service (COS) analysis, regulatory assistance, key account strategy, and related areas.

- Prepared COS studies with consideration of competitive position, regulatory constraints (where applicable), and utility objectives.
- Developed new traditional, time-differentiated, seasonal, and other innovative rate structures with consideration of competitive position, regulatory constraints (where applicable), and utility objectives.
- Prepared revenue requirement and other financial forecasting studies.
- Developed new rates for and assisted in negotiations with large industrial loads.
- Developed net metering, net billing and other rate structures for distributed generation applications.
- Assisted with reviewing and revising other utility policies and charges relating to line extensions, pole contacts, and other charges.
- Assisted large industrial users with reviewing and intervening in supplier rate increases filed at state regulatory commissions.
- Assisted statewide associations with reviewing and commenting on new policies, regulations, and statutes proposed by legislatures and/or regulatory commissions.
- Prepared COS studies for electric utility owned natural gas operations.

J. Laslie and Associates – Greenfield, IN (1995-1997)

Owner

Provided consulting and high level support services to electric distribution and other small utilities. Services were directed towards the financial, regulatory, and planning issues as well as implications of competition, customer choice, and other aspects of the evolving electric industry.

JEFFREY C. LASLIE, CPA

- Developed new retail and economic development rates.
- Reviewed wholesale power rates.
- Prepared revenue requirements and COS studies with consideration of competitive position.
- Researched and gave advice on various regulatory and financial issues.

Wabash Valley Power Association (WVPA) – Indianapolis, IN (1980-1995)

Manager of Rates

Involved in all rate matters affecting WVPA. This included developing and implementing rates, analyzing wholesale rate filings made by power suppliers of WVPA before the Federal Energy Regulatory Commission (FERC), and preparing various rate and regulatory investigations as directed by WVPA's management in conjunction with responsibilities relating to the administration of WVPA's rates. Provided assistance to member-systems concerning rate filings, 30-day filings, new customer negotiations, and various other financial and regulatory matters.

- Prepared Power Supply Cost Recovery filings required in the State of Michigan.
- Prepared Wholesale Power Cost Tracker and fuel adjustment filings submitted to the Indiana Utility Regulatory Commission (IURC) by WVPA's member-systems located in Indiana.
- Supervised preparation of WVPA's fuel cost charge filings and Wholesale Power Cost Tracker filings before the IURC.

McCullough and Associates – Indianapolis, IN (1975-1980)

Staff Accountant

Responsible for data collection and preparation of rate and financial reports for municipal gas, water, and electric utilities, municipal sewage works, and private gas utilities. Assisted in preparation and presentation of official statements to the appropriate municipal governing body for issuance of municipal utility revenue bonds and preparation of COS studies for municipal water and electric utilities.

EDUCATION

Ball State University, Muncie, IN

Bachelor of Science Degree in Accounting

- Continuing Education Courses sponsored by:
- Indiana CPA Society
- Electric Power Research Institute
- Rural Electrification Administration
- University of Nebraska-Lincoln
- National Rural Electric Cooperative Association (MIP and other conferences)
- Indiana Utility Regulatory Commission

PROFESSIONAL MEMBERSHIPS

Indiana CPA Society

American Institute of Certified Public Accountants (AICPA)

JEFFREY C. LASLIE, CPA**ADDENDUM REFERENCES - EXPERT TESTIMONY (SINCE 2002)**

Case or Jurisdiction	Docket No.	Description
Indiana	42473	Northeastern Rural Electric Membership Corporation, Revised Rates for Sale of Electricity
Michigan	U-13345	Cloverland Electric Cooperative, Revised Rates for Sale of Electricity
Michigan	U-14370	Midwest Energy Cooperative, Revised Rates for Sale of Electricity
Michigan	U-14516	Cherryland Electric Cooperative, Revised Rates for Sale of Electricity
Michigan	U-14637	Presque Isle Electric & Gas Cooperative, Revised Rates for Sale of Electricity
Michigan	U-14790	Great Lakes Energy Cooperative, Revised Rates for Sale of Electricity
Michigan	U-15331	Presque Isle Electric & Gas Cooperative, Determination of Rates for Retail Sale of Gas - Village of Hillman
Michigan	U-15342	Presque Isle Electric & Gas Cooperative, Determination of Rates for Retail Sale of Gas - Township of Allis
Michigan	U-15774	Presque Isle Electric & Gas Cooperative, Determination of Rates for Retail Sale of Gas - Village of Hillman
Michigan	U-15813	Alger Delta Cooperative Electric Association, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-15815	Cherryland Electric Cooperative, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-15816	Cloverland Electric Cooperative, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-15817	Great Lakes Energy Cooperative, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-15818	Midwest Energy Cooperative, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges

JEFFREY C. LASLIE, CPA

ADDENDUM REFERENCES - EXPERT TESTIMONY (SINCE 2002) - continued

Michigan	U-15819	Ontonagon County Rural Electrification Association, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-15820	Presque Isle Electric & Gas Cooperative, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-15821	Thumb Electric Cooperative, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-15822	Tri-County Electric Cooperative, Compliance with PA286 and 295 of 2008 - Determination of Energy Optimization Surcharges
Michigan	U-16678	Alger Delta Cooperative Electric Association, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-16681	Cloverland Electric Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-16682	Great Lakes Energy Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-16683	Midwest Energy Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-16684	Ontonagon County Rural Electrification Association, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-16685	Presque Isle Electric & Gas Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-16686	Thumb Electric Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-16687	Tri-County Electric Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges

JEFFREY C. LASLIE, CPA

ADDENDUM REFERENCES - EXPERT TESTIMONY (SINCE 2002) - continued

Michigan	U-17778	Alger Delta Cooperative Electric Association, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-17781	Cloverland Electric Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-17782	Great Lakes Energy Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-17783	Midwest Energy Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-17784	Ontonagon County Rural Electrification Association, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-17785	Presque Isle Electric & Gas Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-17786	Thumb Electric Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges
Michigan	U-17787	Tri-County Electric Cooperative, Compliance with PA286 and 295 of 2008 - Update Energy Optimization Surcharges

STEVEN A. FENRICK

LEADER, BENCHMARKING AND ECONOMIC STUDIES

SUMMARY OF EXPERIENCE AND EXPERTISE

- Leader of PSE's Economics and Market Research group which conducts research in the fields of performance benchmarking, incentive regulation, value-based reliability planning, DSM, load research and forecasting, and survey design and implementation.
- Manages PSE's cost, productivity, and reliability performance benchmarking practice.
- Directs research on value-based reliability planning efforts for electric utilities.
- Expert in performance-based ratemaking and incentive regulation.
- Directs economic research on investigating the impacts and costs/benefits of DSM programs and designing statistically robust pilot designs.

PROFESSIONAL EXPERIENCE

Power System Engineering, Inc. – Madison, WI (2009 to present)

Leader, Economics and Market Research

Responsible for providing consulting services to utilities and regulators in the areas of reliability and cost benchmarking, incentive regulation, value-based reliability planning, demand-side management including demand response and energy efficiency, load research, load forecasting, end-use surveys, and market research.

- Leads research, on an annual basis, with over a dozen electric utilities in evaluating cost, productivity, and reliability performance and uncovering methods to improve their operations.
- Benchmarking consultant to the Ontario Energy Board regarding their 3rd Generation Incentive Regulation Plan for the last two years.
- In the process of designing and analyzing DSM pilot projects at over 25 electric utilities across the country.
- Testimony experience regarding performance value-based reliability planning, benchmarking and productivity analysis.
- Has given several presentations on performance benchmarking and productivity analysis, costs and benefits of DSM programs, and measurement and verification (M&V) techniques.
- Key speaker at EUCI conferences regarding cost and reliability performance evaluation and productivity analysis of distribution utilities.

Pacific Economics Group – Madison, WI (2001 - 2009)

Senior Economist

Co-authored research reports submitted as testimony in numerous proceedings in several states and in international jurisdictions. Research topics included statistical benchmarking, alternative regulation, and revenue decoupling.

STEVEN A. FENRICK

EDUCATION

University of Wisconsin - Madison, WI

Master of Science, Agriculture and Applied Economics

University of Wisconsin - Madison, WI

Bachelor of Science, Economics (Mathematical Emphasis)

Publications & Papers

- “Cost and Reliability Comparisons of Underground and Overhead Power Lines”, *Utilities Policy*, March 2012. (With Lullit Getachew).
- “Formulating Appropriate Electric Reliability Targets and Performance Evaluations”, *Electricity Journal*, March 2012. (With Lullit Getachew)
- “Enabling Technologies and Energy Savings: The Case of EnergyWise Smart Meter Pilot of Connexus Energy”, November 2012. (With Chris Ivanov, Lullit Getachew, and Bethany Vittetoe)
- “Estimation of the Effects of Price and Billing Frequency on Household Water Demand Using a Panel of Wisconsin Municipalities”, *Applied Economics Letters*, 2012, 19:14, 1373-1380.
- “Altreg Rate Designs Address Declining Average Gas Use”, *Natural Gas & Electricity*. April 2008. (With Mark Lowry, Lullit Getachew, and David Hovde).
- “Regulation of Gas Distributors with Declining Use per Customer”, *Dialogue*. August 2006. (With Mark Lowry and Lullit Getachew).
- “Balancing Reliability with Investment Costs: Assessing the Costs and Benefits of Reliability-Driven Power Transmission Projects.” April 2011. *RE Magazine*.
- “Ex-Post Cost, Productivity, and Reliability Performance Assessment Techniques for Power Distribution Utilities”. Master’s Thesis.

Expert Witness Experience

- Docket No. 6690-CE-198, Wisconsin Public Service Corporation, “Application for Certificate of Authority for System Modernization and Reliability Project”.
- Docket No. EB-2012-0064, Toronto Hydro’s Incremental Capital Module (ICM) request for added capital funding.
- Docket No. 09-0306, Central Illinois Light rate case filing.
- Docket No. 09-0307, Central Illinois Public Service Company rate case filing.
- Docket No. 09-0308, Illinois Power rate case filing.

Section IX: Company and Department Overview

Company Overview

Power System Engineering, Inc. (PSE) is a full-service consulting firm serving clients in the utility industry, including regulatory entities and electric cooperatives. Some of the services we provide include:

Communications	Operations Consulting
Demand Response	Rates and Cost of Service, including formula rate plans.
Energy Efficiency	Resource Planning
Engineering Studies	Statistical Performance Measurement (Benchmarking)
Financial Planning	Substation Design
Line Design	Utility Automation
Load Forecasting	Value of Service
Market and Load Research	Workshops and Seminars
Other Economic Studies	Mergers and Acquisitions Analysis

PSE was established in 1974 and is registered in the State of Wisconsin as a Subchapter S Corporation. Our headquarters is located in Madison, Wisconsin (1532 W. Broadway, Madison, WI 53713). We have branch offices located in:

- Indianapolis, Indiana (6919 E. Tenth Street, Suite E-1A, Indianapolis, IN 46219).
- Marietta, Ohio (2327-A State Route 821, Marietta, OH 45750).
- Minneapolis, Minnesota (10710 Town Square Drive NE, Suite 201, Minneapolis, MN 55449).
- Prinsburg, Minnesota (609 3rd Street, Prinsburg, MN 56281).
- Sioux Falls, South Dakota (2307 W. 57th Street, Suite 102, Sioux Falls, SD 57108).
- Topeka, Kansas (3321 SW 6th Street, Topeka, KS 66606).

Currently, PSE has 87 employees (78 full-time, 9 part-time) as follows:

Administration and Business Office - 7

Economics, Rates, and Business Planning Department - 15

Power Delivery Planning and Design - 46

Utility Automation and Communications Department - 19

The project will be completed by the Economics, Rates, and Business Planning Department and will not include the use of any contractors. For additional information, we invite you to visit our website: <http://www.powersystem.org/rates-financial-planning>.

PSE's Mission, Core Focus, and Primary Differentiator

PSE's Mission

PSE is successful by having great people provide engineering and other professional services that are important to our clients to achieve their business goals. In achieving our business purpose and mission, we adhere to the following core values:

- We care about our clients and strive to ensure that our clients are continuously satisfied with our services.
- We create an environment that encourages our employees to achieve their goals and perform to their greatest potential.
- We provide client services in a timely, economical, cooperative, and professional manner.

PSE's Core Focus

PSE's core focus is to provide high quality cost effective professional consulting services to the stakeholders in the electric utility industry. PSE's Economics, Rates, and Business Planning Department provides services related to economics, rates, and business planning to regulators, utilities, industry associations, and customers throughout North America and beyond. Other PSE departments assist utility clients with resource planning, power delivery planning, power delivery design, and utility automation and communications.

PSE's Primary Differentiator

PSE is employee-owned and independent, which gives our clients the confidence that our team is motivated to satisfy their needs and represent their interests. We have set high standards in terms of character, integrity, reputation, judgment, experience, and efficiency. Regardless of the project, you will find our team to be professional, experienced, and dedicated to quality work.

Department Overview

The Economics, Rates, and Business Planning department at PSE has been completing rate design and COS studies for our clients in the utility industry for over 35 years. Our staff includes former regulatory and utility rate analysts, a former utility CFO, and CEO, a PhD economist along with a number of MBAs and CPAs. The team holds various degrees in mathematics, accounting, business, law, and economics. We regularly attend and present at industry events concerning rate

design, including formulaic rates, COS, accounting, and financial matters and have conducted training seminars for domestic and international utilities and organizations. Collectively, the Rate and Financial Planning team within our department has approximately 130 years of experience working for or consulting with regulatory bodies and electric utilities on rate, COS, accounting, and financial matters. Over the past five years, PSE has completed approximately 135 electric utility rate and financial projects, spanning 14 states. PSE's rate and financial analysts are experienced working with utility trial balances, billing systems, financial statements, equity management plans, financial forecasts, and budgets to help establish the proper level of operating expenses and margin requirements to be recovered by rates. PSE has a diverse understanding of how various system or consumer peaks are measured and contribute to the utility's revenue requirement so that costs are fairly and equitably allocated to the classes. Through project work, attending and conducting seminars, PSE has the experience needed to conduct the review as requested by LPSC's Staff.

FRP analysis often times involves competing objectives to consider. In completing FRP design, review, and updates, as well as hundreds of rate and COS study projects with a diverse client base, PSE has extensive experience helping regulators and utilities navigate the complex issues involved and building consensus among various stakeholder groups. We are qualified to assist LPSC Staff and will provide an objective recommendation to ensure that the Cooperative's rates, while financially adequate, are fair and equitable and reflect the goals and objectives advocated by the Commission and its Staff.

An important success factor in completing the requested analysis beyond technical competence is project management. At PSE, we place great emphasis on clearly defining the project's key deliverables and communicating the intermediate results of our analysis throughout the course of the project. We have established processes and models in place so that we can conduct robust analyses efficiently on behalf of our clients. Our approach to project management will help ensure that the project is completed on time and that it meets or exceeds Commission Staff's expectations.

Account Management

PSE conducts its projects using a team approach. This generally includes Client Liaison, Project Manager, Analyst, and Technical Review personnel. We assure you our team will proceed with the tasks associated with this project in accordance with the Commission and its Staff's determination.