

# CLARK HILL

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November 25, 2013

***VIA ELECTRONIC CASE FILING***

Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way  
Lansing, Michigan 48909-7721

**Re: *MPSC Case No. U-17437***

Dear Ms. Kunkle:

Enclosed for filing are the *Direct Testimony of James T. Selecky on Behalf of the Association of Businesses Advocating Tariff Equity*, along with a *Proof of Service*, in the above-referenced matter.

Very truly yours,

**CLARK HILL PLC**

Robert A. W. Strong

RAWS:llm

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \* \*

In the matter of the application of )  
DTE ELECTRIC COMPANY for )  
Approval of a Transitional Cost Recovery ) Case No. U-17437  
Plan and Retail Electric Tariffs Associated )  
with the Disposition of the City of Detroit )  
Public Lighting System. )  
\_\_\_\_\_ )

**PROOF OF SERVICE**

STATE OF MICHIGAN )  
 ) ss  
COUNTY OF OAKLAND )

Robert A. W. Strong, being first duly sworn, deposes and says that on November 25, 2013, he did cause to be served the **Direct Testimony of James T. Selecky on Behalf of the Association of Businesses Advocating Tariff Equity**, as well as this **Proof of Service**, in the above docket, via electronic mail, to the persons identified on the attached service list.

\_\_\_\_\_  
Robert A. W. Strong

Subscribed and sworn to before me  
this 25<sup>th</sup> day of November, 2013.

\_\_\_\_\_  
Linda L. McCauley, Notary Public  
Oakland County, MI  
My Commission expires: October 18, 2013  
Acting in Oakland County

**SERVICE LIST**  
**MPSC Case No. U-17437**

**Administrative Law Judge**

Peter L. Plummer  
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**Consultant for ABATE:**

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**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\_\_\_\_\_)  
In the matter on the Application of )  
DTE ELECTRIC COMPANY For )  
Approval of a Transitional Cost )  
Recovery Plan and Retail Electric )  
Tariffs Associated with the )  
Disposition of the City of Detroit )  
Public Lighting System )  
\_\_\_\_\_)

**Case No. U-17437**

Direct Testimony of

**James T. Selecky**

On behalf of

**Association of Businesses Advocating Tariff Equity**

November 25, 2013



Project 9827

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

|                                     |   |                  |
|-------------------------------------|---|------------------|
|                                     | ) |                  |
| In the matter on the Application of | ) |                  |
| DTE ELECTRIC COMPANY For            | ) |                  |
| Approval of a Transitional Cost     | ) |                  |
| Recovery Plan and Retail Electric   | ) | Case No. U-17437 |
| Tariffs Associated with the         | ) |                  |
| Disposition of the City of Detroit  | ) |                  |
| Public Lighting System              | ) |                  |
|                                     | ) |                  |

**Direct Testimony of James T. Selecky**

1    **Q    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A    James T. Selecky. My business address is 16690 Swingley Ridge Road, Suite 140,  
3    Chesterfield, MO 63017.

4    **Q    WHAT IS YOUR OCCUPATION?**

5    A    I am a consultant in the field of public utility regulation and a managing principal of  
6    Brubaker & Associates, Inc., energy, economic and regulatory consultants.

7    **Q    PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

8    A    This information is included in Appendix A to my testimony.

9    **Q    ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

10   A    I am testifying on behalf of the Association of Businesses Advocating Tariff Equity  
11   (“ABATE”), a group of businesses including many of Michigan's largest employers  
12   and energy users.

1   **Q     HAVE YOU PRESENTED TESTIMONY IN PRIOR DTE ELECTRIC COMPANY**  
2           **(“DTE ELECTRIC” OR “COMPANY”) PROCEEDINGS BEFORE THE MICHIGAN**  
3           **PUBLIC SERVICE COMMISSION (“COMMISSION” OR “MPSC”)?**

4   A     Yes. I have been involved in many prior DTE Electric proceedings before this  
5           Commission.

6   **Q     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7   A     My testimony will address DTE Electric’s request for authority to implement a  
8           Transitional Cost Recovery Plan and associated retail electric tariffs and provisions to  
9           recover net incremental revenue requirement and carrying charges associated with  
10          the City of Detroit Public Lighting Department (“PLD”) conversion plan.

11           I will also address DTE Electric’s proposed Transitional Reconciliation  
12          Mechanism (“TRM”). Under the proposed TRM, all incremental revenue and revenue  
13          requirement incurred to build out DTE Electric’s distribution system in the City of  
14          Detroit will be deferred, recovered and reconciled. DTE Electric witness Don  
15          Stanczak provides an overview of the proposed transition of PLD retail electric  
16          distribution customers to DTE Electric retail electric customers.

17           Finally, my testimony will address why DTE Electric’s proposed TRM should  
18          not be approved and how the proposed TRM requires existing distribution ratepayers  
19          to subsidize the former PLD customers.

20   **Q     PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

21   A     My conclusions and recommendations are summarized as follows:

22          1. The Commission should reject DTE Electric’s proposed TRM.

- 1 2. The TRM is nothing more than a subsidy mechanism that requires other  
2 ratepayers to support the net incremental revenue requirement for serving the  
3 former PLD customers.
- 4 3. The TRM allows DTE Electric to recover not only the power supply cost recovery  
5 (“PSCR”) costs authorized by the Commission but also the loss of DTE Electric’s  
6 Wholesale for Resale contract with PLD. This adds approximately \$16.5 million of  
7 additional annual expense or costs that DTE Electric will apply against the  
8 collected net revenues from the PLD customers.
- 9 4. The cost of the capital upgrades that DTE Electric is proposing for the build-out of  
10 the existing distribution system that serves PLD electric retail customers is  
11 insignificant when compared to DTE Electric’s forecasted level of capital  
12 expenditures. As a result, the TRM is not justified and does not qualify for special  
13 ratemaking treatment.
- 14 5. DTE Electric’s proposed TRM results in the existing distribution ratepayers  
15 subsidizing the current PLD customers who will become DTE Electric customers.  
16 Depending on the treatment afforded line extension costs and behind-the-meter  
17 costs the subsidy would exist long after the transition period ends.
- 18 6. DTE Electric should not be allowed to recover \$40 million of behind-the-meter  
19 cost incurred to serve PLD customers from any other ratepayers.
- 20 7. If DTE Electric’s TRM is approved the results will be unjust and unreasonable  
21 rates for all other DTE Electric customers who are already paying some of the  
22 highest electric rates in the Midwest.

23 **Q COULD YOU PLEASE SUMMARIZE WHAT DTE ELECTRIC IS REQUESTING IN**  
24 **THIS PROCEEDING?**

25 A Yes. DTE Electric is requesting authority to implement a subsidy plan for the benefit  
26 of current customers of PLD. To accomplish this objective DTE Electric is proposing  
27 the following:

- 28 1. A Transitional Tariff for former PLD customers, which will include a  
29 discounted tariff rate and a modified line extension provision.
- 30 2. An incremental cost and revenue reconciliation procedure. Under this  
31 procedure DTE Electric will calculate the difference between the net  
32 incremental revenues it receives from former PLD customers and the  
33 incremental costs or revenue requirement to build out the existing PLD  
34 distribution system and behind-the-meter customer installations. This  
35 difference will be recovered through the TRM from all distribution  
36 ratepayers.

1    **Q**    **IN YOUR PREVIOUS ANSWER, YOU MADE REFERENCE TO A TRANSITIONAL**  
2           **TARIFF. COULD YOU PLEASE BRIEFLY DESCRIBE DTE ELECTRIC'S**  
3           **PROPOSED TRANSITIONAL TARIFF?**

4    A    Before current PLD customers become customers of DTE Electric, the rates that  
5           these PLD customers are currently paying are significantly lower than DTE Electric's  
6           tariff rates. In order to moderate the financial impact of moving to DTE Electric's  
7           distribution service, DTE Electric is proposing a Transitional Tariff that will limit the  
8           base increases to 5% per year. The Transitional Tariff will expire in approximately 5  
9           to 7 years. Because some of these customers will not be paying rates approved for  
10          all DTE Electric's current customers, the other existing DTE Electric ratepayers will be  
11          forced to subsidize service at discounted prices to new customers through the  
12          implementation of the TRM.

13   **Q**    **WOULD YOU PLEASE EXPLAIN DTE ELECTRIC'S TRM?**

14   A    Under the proposed TRM, all incremental net revenues and all incremental revenue  
15          requirements incurred to build DTE Electric's distribution system in the City of Detroit  
16          and to convert customers from PLD electric distribution service to DTE Electric  
17          distribution service will be deferred and reconciled. DTE Electric will calculate the  
18          difference between the net revenues received from the PLD customers and the  
19          revenue requirement associated with the incremental investment needed to serve  
20          these customers. This difference will generate a credit or a surcharge that will be  
21          refunded to or paid by all other distribution ratepayers.

22                    The first reconciliation will be for the year or partial year in which the customer  
23                    conversion date occurs and each calendar year thereafter until the end of the system

1 conversion period and the time when all incremental revenue requirements and  
2 revenues are reflected in DTE Electric's base rates.

3 **Q WHAT NET REVENUES WILL BE REFLECTED IN THE TRM?**

4 A Net revenues will include, but are not limited to, normal tariffs and discounted  
5 transitional tariffs paid to DTE Electric by former PLD customers, excluding all fuel,  
6 purchased power and all other surcharge revenues associated with the PLD  
7 customers becoming DTE Electric customers.<sup>1</sup> The net revenues are the revenues  
8 collected from the PLD customers under the Transitional Tariff less the Commission's  
9 authorized PSCR costs, other applicable surcharges and the costs associated with  
10 the elimination of DTE Electric's Wholesale for Resale contract with PLD.

11 **Q WHAT INCREMENTAL REVENUE REQUIREMENT OR COSTS WILL BE**  
12 **REFLECTED IN THE TRM?**

13 A The incremental revenue requirement in the TRM is the revenue requirement that  
14 DTE Electric will incur to build out the distribution system needed to serve the former  
15 PLD customers. In addition, the revenue requirement will include all costs that are  
16 incurred behind each customer's meter. The revenue requirement will consist of a  
17 return of and on investment, associated taxes and all non-fuel operation and  
18 maintenance ("O&M") expense.

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<sup>1</sup>Direct Testimony of Paul Horgan, page 6, lines 11-13.

1   **Q     HAS DTE ELECTRIC PROVIDED ANY INFORMATION AS TO THE SIZE OF THE**  
2           **POTENTIAL CHARGES TO EXISTING DTE ELECTRIC DISTRIBUTION**  
3           **CUSTOMERS OVER THE TRANSITIONAL PERIOD?**

4   **A     No.** Although DTE Electric contends there could be refunds if the net revenues  
5           exceed the incremental revenue requirement, this is pure speculation. In fact, a  
6           review of the information provided indicates that the TRM will likely add cost to DTE  
7           Electric's existing distribution customers.

8                   DTE Electric witness Paul Horgan provided an example in Exhibit A-2 that  
9           displays the net incremental revenue requirement calculation. The net incremental  
10          revenue requirement is the difference between the net revenues received from the  
11          former PLD customers and the incremental revenue requirement associated with  
12          providing distribution service to these customers.

13                   Mr. Horgan's analysis shows that the cost to other ratepayers will grow over  
14          time. In fact, this growth should be significant because the incremental revenue  
15          requirement will grow at a rate more rapidly than the growth in the net revenues  
16          received from the former PLD customers. It should be noted that although  
17          Mr. Horgan describes his analysis as illustrative it appears to reflect what might  
18          actually happen. For example, his net revenue figure is consistent with information  
19          provided in data responses. Also, the incremental revenue requirement will increase  
20          over time as the actual build-out costs increase. The end result will be an increasing  
21          surcharge to existing distribution customers.

1   **Q     HAS DTE ELECTRIC PROVIDED AN ESTIMATE OF THE COST THAT IT**  
2   **EXPECTED TO INCUR TO UPGRADE PLD'S DISTRIBUTION SYSTEM?**

3   A     Yes. As indicated in the Direct Testimony of DTE Electric witness Karen Whitman,  
4     the estimated cost would be approximately \$275 million in capital upgrades to  
5     connect PLD's current electric customers to the DTE Electric distribution system. It is  
6     estimated that these costs will be incurred over approximately five to seven years.  
7     That is, DTE Electric annual capital requirements will be approximately \$45 million.

8             In addition, DTE Electric is also proposing to collect from other ratepayers  
9     approximately \$40 million in potential behind-the-meter costs. Since these costs may  
10    not be capitalized this would add an annual cost requirement of approximately  
11    \$7 million.

12   **Q     WHAT LEVEL OF CAPITAL EXPENDITURES IS DTE ELECTRIC FORECASTING**  
13   **TO MAKE OVER THE NEXT FIVE YEARS?**

14   A     DTE Electric reported in its Form 10K for Fiscal Year Ended December 31, 2012, the  
15    following:

16             Our utility business requires significant base capital investment each  
17     year in order to maintain and improve the reliability of their asset basis,  
18     including power generation plants, distribution system, storage fields  
19     and other facilities and fleets. DTE Electric's capital investment over  
20     the 2013-2017 period are estimated to be \$4.7 billion for base  
21     infrastructure, \$1.2 billion for mandated environmental compliance and  
22     \$500 million for energy and energy efficiency expenditures.  
23     (December 31, 2012 Form 10K, page 29)

24             It is clear over the five-year span from 2013 through 2017 DTE Electric is  
25    planning to expend for capital projects approximately \$1.2 billion per year.

1    **Q     GIVEN THIS EXTENSIVE LEVEL OF CAPITAL PROJECTS, IS IT APPROPRIATE**  
2           **TO ALLOW DTE ELECTRIC TO RECOVER THE REVENUE REQUIREMENT**  
3           **ASSOCIATED WITH THESE CAPITAL EXPENDITURES THROUGH ITS SPECIAL**  
4           **TRANSITIONAL TARIFF?**

5    A     No. Irrespective of the issue of who pays for these costs between rate cases, these  
6           costs should not be collected through a special ratemaking mechanism. These  
7           capital expenditures comprise less than 4% of DTE Electric's annual budget.  
8           Because of the relative insignificant level of these capital expenditures, DTE Electric  
9           should not be afforded any special rate treatment.

10                 It is unreasonable to single out these capital expenditures as being unique  
11                 and not part of DTE electric's normal business. That is, the revenue requirement  
12                 associated with these capital expenditures, which include pre-tax rate of return,  
13                 depreciation, property tax, incremental O&M expense and incremental uncollectable  
14                 expense, should not be recovered through DTE Electric's proposed TRM, but  
15                 charged to customers in a normal ratemaking fashion.

16   **Q     SINCE THE LEVEL OF CAPITAL EXPENDITURES DOES NOT WARRANT**  
17           **INCLUSION IN THE TRM, IS THERE STILL A NEED FOR A TRM?**

18   A     Absolutely not. The level of proposed capital expenditures is not sufficient enough to  
19           require special ratemaking through a TRM. Also, the TRM requires DTE Electric  
20           existing distribution customers to provide a subsidy for the new PLD customers. This  
21           is in conflict with Public Act 286. Existing DTE Electric ratepayers should not be  
22           required to pay any difference between the full DTE Electric tariff revenues and the  
23           revenues collected through the Transitional Tariff.

1    **Q     BECAUSE DTE ELECTRIC COULD HAVE IN PLACE A TRANSITIONAL TARIFF**  
2           **AT THE TIME OF ITS NEXT RATE CASE, DO YOU HAVE ANY**  
3           **RECOMMENDATIONS REGARDING HOW THE TRANSITIONAL TARIFF**  
4           **REVENUES SHOULD BE TREATED?**

5    A     Yes. If DTE Electric files a rate case before the Transitional Tariff expires the  
6           customers on the Transitional Tariff should be priced out at full tariff prices. If this is  
7           not done, the PLD customers who are on the Transitional Tariff will be receiving a  
8           subsidy from the other ratepayers. This appears to be in conflict with Public Act 286.

9    **Q     DO YOU HAVE ANY OTHER CONCERNS ABOUT SUBSIDIES THAT MAY EXIST**  
10           **AFTER THE TRANSITION IS COMPLETED?**

11   A     Yes. In response to data request ABDE-4.31/31, DTE Electric provided the following  
12           insights to the line extension costs:

13           Question: Will a former PLD customer pay less for a line extension  
14                           under Exhibit A-7, if approved by the Commission, than  
15                           non-former PLD customers with like contemporaneous  
16                           service, the same billing determinants and an  
17                           equal-distance line extension? If not, please explain in  
18                           detail.

19           Answer: Yes, but former Public Lighting Detroit (PLD) customers  
20                           are unique and are not experiencing "like and  
21                           contemporaneous service" with other DTE Electric  
22                           customers.

23           As indicated, former PLD customers will be paying less for line extension  
24           costs than normal DTE Electric customers. I assume that this difference will be  
25           placed in rate base and all customers will be paying for the line extension costs that  
26           should have been recovered from the PLD customers. This will result in a subsidy  
27           being provided by existing DTE Electric distribution customers based solely on a  
28           different treatment of line extension costs.

1           It should be noted also that DTE Electric has never offered any of its current  
2 customers the same customer site conversion cost opportunity that is going to be  
3 provided to the PLD customers. (Data Response ABDE-4.32/32). Therefore, the  
4 Commission should require DTE Electric to identify these costs that are in excess of  
5 its existing line extension policy and exclude these costs from future general  
6 ratemaking procedures.

7 **Q    IF THE COMMISSION REJECTS THE TRM COULD DTE ELECTRIC'S**  
8 **ACCOUNTING TREATMENT OF THE BEHIND-THE-METER COSTS RESULT IN A**  
9 **SUBSIDY BEING PAID BY EXISTING DISTRIBUTION CUSTOMERS?**

10 A    Yes. DTE Electric estimates that the behind-the-meter costs will be approximately  
11 \$40 million. As previously noted, these costs are not included in the build-out costs of  
12 \$275 million. First, as indicated in data response ABDE-1.7/7, under the current rules  
13 and regulations any behind-the-meter costs are the sole responsibility of the new  
14 customers and are not paid for by the other regulated customers of DTE Electric.  
15 Therefore, these costs should not be included under any circumstances in future  
16 rates.

17           However, it is unclear as to what type of accounting treatment DTE Electric is  
18 going to apply to these costs. In response to ABDE-1.11/11, DTE Electric provided  
19 the following response:

20           Given the estimated \$40 million in behind-the-meter costs are  
21 expected to be recorded as operating expenses and not capital costs,  
22 these costs will **not** be carried forward into a future general rate case  
23 filing for inclusion in retail rates at the conclusion of the system  
24 conversion period. They will be handled as part of the Transition  
25 Recovery Mechanism and its annual reconciliations.

26           However, in the prefiled Direct Testimony of DTE Electric witness Theresa  
27 Uzenski, she states the following:

1 It is anticipated that the costs for converting or remediating certain  
2 customer facilities behind their meter in order to enable the customer's  
3 attachment to DTE Electric services, will be recorded as operating  
4 expense; however, once the Company determines the specific work  
5 involved, we will evaluate the cost to determine if any of the  
6 expenditures are more appropriately classified as capital as defined in  
7 the Uniform System of Accounts. (Page 6, lines 10-15).

8 If any of the behind-the-meter costs are capitalized and are not isolated it is  
9 likely that these costs will be included in rate base and cost recovery will be paid by  
10 all of DTE Electric's distribution customers. Therefore, the Commission should  
11 protect future ratepayers from a continued subsidy and require that these costs not  
12 be included in rates.

13 **Q IF THE COMMISSION APPROVES DTE ELECTRIC'S PROPOSED TRM, DO YOU**  
14 **HAVE A PROPOSED REVISION TO THE TRM?**

15 A Yes. The TRM is piecemeal ratemaking that will enhance DTE Electric's earnings  
16 between rate cases. As a result, the Commission should require DTE Electric to track  
17 the total TRM revenues that have been collected from ratepayers during the  
18 transitional period. The Commission should require DTE Electric to return to  
19 ratepayers all of the TRM revenues that it has recovered from ratepayers during the  
20 transitional period. The return of these revenues should occur after the first rate case  
21 after the transitional period has concluded. The return of these TRM revenues should  
22 not be included in DTE Electric's Commission-approved revenue requirement.

23 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

24 A Yes, it does.

**Qualifications of James T. Selecky**

1    **Q     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A     James T. Selecky. My business address is 16690 Swingley Ridge Road, Suite 140,  
3         Chesterfield, MO 63017.

4    **Q     PLEASE STATE YOUR OCCUPATION.**

5    A     I am a consultant in the field of public utility regulation and am a managing principal  
6         with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory  
7         consultants.

8    **Q     PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL**  
9         **EMPLOYMENT EXPERIENCE.**

10   A     I graduated from Oakland University in 1969 with a Bachelor of Science degree with  
11         a major in Engineering. In 1978, I received the degree of Master of Business  
12         Administration with a major in Finance from Wayne State University.

13             I was employed by DECo in April of 1969 in its Professional Development  
14         Program. My initial assignments were in the engineering and operations divisions  
15         where my responsibilities included evaluation of equipment for use on the distribution  
16         and transmission system; equipment performance testing under field and laboratory  
17         conditions; and troubleshooting and equipment testing at various power plants  
18         throughout the DECo system. I also worked on system design and planning for  
19         system expansion.

20             In May of 1975, I transferred to the Rate and Revenue Requirement area of  
21         DECo. From that time, and until my departure from DECo in June 1984, I held

1 various positions which included economic analyst, senior financial analyst,  
2 supervisor of the Rate Research Division, supervisor of the Cost-of-Service Division  
3 and director of the Revenue Requirement Department. In these positions, I was  
4 responsible for overseeing and performing economic and financial studies and book  
5 depreciation studies; developing fixed charge rates and parameters and procedures  
6 used in economic studies; providing a financial analysis consulting service to all  
7 areas of DECo; developing and designing rate structure for electrical and steam  
8 service; analyzing profitability of various classes of service and recommending  
9 changes therein; determining fuel and purchased power adjustments; and all aspects  
10 of determining revenue requirements for ratemaking purposes.

11 In June of 1984, I joined the firm of Drazen-Brubaker & Associates, Inc.  
12 (“DBA”). In April 1995 the firm of Brubaker & Associates, Inc. (“BAI”) was formed. It  
13 includes most of the former DBA principals and staff. At DBA and BAI I have testified  
14 in electric, gas and water proceedings involving almost all aspects of regulation. I  
15 have also performed economic analyses for clients related to energy cost issues.

16 In addition to our main office in St. Louis, the firm also has branch offices in  
17 Phoenix, Arizona and Corpus Christi, Texas.

18 **Q HAVE YOU PREVIOUSLY APPEARED BEFORE A REGULATORY**  
19 **COMMISSION?**

20 **A** Yes. I have testified on behalf of DECo in its steam heating and main electric cases.  
21 In these cases I have testified to rate base, income statement adjustments, changes  
22 in book depreciation rates, rate design, and interim and final revenue deficiencies.

23 In addition, I have testified before the regulatory commissions of the States of  
24 Colorado, Connecticut, Georgia, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland,

1 Massachusetts, Minnesota, Missouri, New Hampshire, New Jersey, North Carolina,  
2 Ohio, Oklahoma, Oregon, Tennessee, Texas, Utah, Washington, Wisconsin, and  
3 Wyoming, and the Provinces of Alberta, Nova Scotia and Saskatchewan. I also have  
4 testified before the Federal Energy Regulatory Commission. In addition, I have filed  
5 testimony in proceedings before the regulatory commissions in the States of Florida,  
6 Montana, New York and Pennsylvania and the Province of British Columbia. My  
7 testimony has addressed revenue requirement issues, cost of service, rate design,  
8 financial integrity, accounting-related issues, merger-related issues, and performance  
9 standards. The revenue requirement testimony has addressed book depreciation  
10 rates, decommissioning expense, O&M expense levels, and rate base adjustments  
11 for items such as plant held for future use, working capital, and post test year  
12 adjustments. In addition, I have testified on deregulation issues such as stranded  
13 cost estimates and rate design.

14 **Q ARE YOU A REGISTERED PROFESSIONAL ENGINEER?**

15 **A** Yes, I am a registered professional engineer in the State of Michigan.

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