

BILLY JACK GREGG

Universal Consulting
P.O. Box 107
Hurricane, West Virginia 25526

Telephone: 304-562-3507

bjgregg@verizon.net

Fax: 304-562-4172

March 5, 2010

Department of Administration
Purchasing Division
Attention: Frank Whittaker
Building 15
2019 Washington Street, East
Charleston, West Virginia 25305-0130

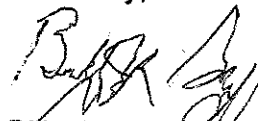
RE: **RFQ. No. PSC10516**
Proposal to Provide Consulting Services
To the Consumer Advocate Division of the
Public Service Commission of West Virginia
In Connection with Annual ENEC Rate Filings of
West Virginia Subsidiaries of American Electric Power
And Allegheny Power

Dear Mr. Whittaker:

I am pleased to submit this response to your Request for Quotation PSC10516, dated February 19, 2010. All of the work outlined in the attached proposal will be performed by me in conjunction with and under the direction of personnel of the Consumer Advocate Division. I propose to perform the services related to the two annual ENEC cases for a **not-to-exceed price of \$53,625**, based on my **billing rate of \$165.00 per hour**. The attached proposal includes a listing of related cases in which I have participated and a response to the nine (9) areas of experience listed in the RFQ. I also understand that if I am the successful bidder, I will be the Consumer Advocate Division's consultant for both 2010 ENEC cases (AEP and Allegheny), and that the Consumer Advocate Division will have the option to engage me at the same not-to-exceed price for the 2011 ENEC cases. I will be available to render services immediately.

Please let me know if you need any additional information.

Sincerely,


Billy Jack Gregg





State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
PSC10516

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF
FRANK WHITTAKER
304-558-2316

RFQ COPY

PURCHASER

Billy Jack Gregg
 Universal Consulting
 P. O. Box 107
 Hurricane, WV 25526

SHIP TO

PUBLIC SERVICE COMMISSION
 OF WEST VIRGINIA
 201 BROOKS STREET
 CHARLESTON, WV
 25301 340-0323

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
02/19/2010				

BID OPENING DATE: **03/11/2010** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20	\$165 per hr	\$53,625
<p>CONSULTING SERVICES</p> <p>THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA PUBLIC SERVICE COMMISSION CONSUMER ADVOCATE DIVISION, FOR CONSULTING SERVICES IN CONNECTION WITH THE ANNUAL RATE FILINGS OF UTILITY SUBSIDIARIES OF AMERICAN ELECTRIC POWER AND ALLEGHENY POWER BEFORE THE PUBLIC SERVICE COMMISSION, PER THE ATTACHED SPECIFICATIONS.</p> <p>ALL TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO FRANK WHITTAKER IN THE PURCHASING DIVISION VIA EMAIL AT FRANK.M.WHITTAKER@WV.GOV OR VIA FAX AT 304-558-4115. DEADLINE FOR TECHNICAL QUESTIONS IS 03/01/10. ALL TECHNICAL QUESTIONS WILL BE ADDRESSED BY ADDENDUM AFTER THE DEADLINE.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p>NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE *[Signature]* TELEPHONE **304-562-3509** DATE **3/5/2010**

TITLE *Princ. of UAC* FEIN **463-76-4468** ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.htm and is hereby made part of the agreement. Provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B destination unless alternate shipping terms are clearly identified in the quotation
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6)



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
PSC10516

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2

ADDRESS CORRESPONDENCE TO ATTENTION OF
FRANK WHITTAKER
304-558-2316

RFQ COPY

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Billy Jack Gregg
 Universal Consulting
 P. O. Box 107
 Hurricane, WV 25526

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PUBLIC SERVICE COMMISSION
 OF WEST VIRGINIA
 201 BROOKS STREET
 CHARLESTON, WV
 25301 340-0323

DATE PRINTED 02/19/2010	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
BID OPENING DATE: 03/11/2010				

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	BID OPENING TIME	UNIT PRICE	AMOUNT
<p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER:</p> <p>RFQ. NO. : 44</p> <p>BID OPENING DATE: PSC10516</p> <p>BID OPENING TIME: 03/11/2010</p> <p>1:30 PM</p> <p>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:</p> <p>----- 304-562-4172 -----</p> <p>CONTACT PERSON (PLEASE PRINT CLEARLY):</p> <p>----- Billy Jack Gregg -----</p>							

SIGNATURE *Billy Jack Gregg* SEE REVERSE SIDE FOR TERMS AND CONDITIONS
 TITLE *Principal* TELEPHONE **304-562-3507** DATE **3/5/2010**
 FEIN **467-76-4468** ADDRESS CHANGES TO BE NOTED ABOVE
 WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

PSC10516
Consumer Advocate Division
Public Service Commission
2010 and 2011 ENEC Proceedings

The Consumer Advocate Division of the Public Service Commission is soliciting proposals for the provision of consulting services in connection with the annual rate filings of utility subsidiaries of American Electric Power (AEP) and Allegheny Power (Allegheny) in 2010 and 2011. The Consumer Advocate Division will intervene in both proceedings on behalf of residential customers of AEP and Allegheny.

The rate filings will concern changes to each utility's "Expanded Net Energy Charge" or "ENEC" in West Virginia. Each case will involve a review of actual ENEC costs for the historical review period. Each case will also include a consideration of projected ENEC costs for the year that the new ENEC rates are to be in effect. AEP will file its ENEC request on March 1 and Allegheny will file its request on September 1. The consultant will be expected to provide expert testimony on all cost and revenue issues involved in the ENEC proceedings and appear as an expert witness before the Public Service Commission of West Virginia on behalf of the Consumer Advocate Division.

The successful contractor must be available to render services within one week of the award of the contract. The minimum requirements, qualifications and expertise include all of the following 9 (nine) requirements and are to be provided upon request

1. Experience testifying in at least 2 proceedings before the West Virginia Public Service Commission (PSC) on issues pertaining to ratemaking for electric utilities.
2. Ability to certify that the consultant has reviewed each of the PSC prior rulings in ENEC proceedings over the last 10 years.
3. Experience testifying in at least 2 regulatory proceedings on issues involving coal markets and coal transportation in Appalachia.
4. Experience testifying in at least 2 regulatory proceedings on issues involving each utility's coal procurement practices over the last 10 years.
5. Experience testifying in at least 2 regulatory proceedings on the impact of AEP's Interconnection Agreement and its impact on the costs incurred by AEP's

West Virginia utilities.

6. Experience testifying in at least 2 regulatory proceedings on issues related to wholesale electricity markets.
7. Experience testifying in at least 2 regulatory proceedings on the impact of participation in PJM on the costs incurred by electric utility members of PJM.
8. Experience testifying in at least 2 regulatory proceedings on issues utility purchase power contracts including but not limited to contracts with independent power producers.
9. At least 10 years experience reviewing utility coal purchase contracts.

Attached to this RFQ is a bid form to be used in submitting your quotations. Each bidder needs to submit a list of employees and/or job titles for persons working on this case, their estimated hours and their hourly rates. The hourly rates need to be all-inclusive (i.e. there will be no separate reimbursement for expenses or travel). The bid will be awarded based upon the estimated not to exceed total price. The consultant will only be reimbursed up to the total number of hours estimated for each employee and/or job title.

The contract with the consultant will allow the CAD to engage the consultant in 2010, and at the CAD's option, to engage the consultant at the same not to exceed total price in 2011.

PSC10516 - CONSULTING BID FORM			
Employee/Title	Not to Exceed Number of Hours*	Hourly Rate	Extended Price
Billy Jack Gregg JJ	325	\$ 165	\$ 53,625
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		Total	\$ 53,625

Bidder / Vendor Information:

Name: Billy Jack Gregg _____
 Universal Consulting
 Address: P. O. Box 107 _____
 Hurricane, WV 25526 _____

Phone #: 304-562-3507 _____

Email Address: bjgregg@verizon.net _____

Contact Coordinator Information:

Name: Same as above _____

Address: _____

Phone #: _____

Email Address: _____

The Consultant will not be reimbursed for hours that exceed the total hours for each Employee/Title

State of West Virginia VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code, §5A-3-37*. (Does not apply to construction contracts). *West Virginia Code, §5A-3-37*, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable

- 1. **Application is made for 2.5% resident vendor preference for the reason checked:**
 Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
- 2. **Application is made for 2.5% resident vendor preference for the reason checked:**
 Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
- 3. **Application is made for 2.5% resident vendor preference for the reason checked:**
 Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
- 4. **Application is made for 5% resident vendor preference for the reason checked:**
 Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
- 5. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
- 6. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years:

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential

Under penalty of law for false swearing (*West Virginia Code, §61-5-3*), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Billy Jack Gregg Universal Consulting Signed: [Signature]
 Date: 3/5/2010 Title: Principal

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

RFQ No. PSC10516

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon

"Debtor" means any individual, corporation, partnership, association, Limited Liability Company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement

Under penalty of law for false swearing (*West Virginia Code §61-5-3*), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: Billy Jack Gregg Universal Consulting

Authorized Signature: [Signature] Date: 3/11/2010

State of West Virginia

County of Putnam, to-wit:

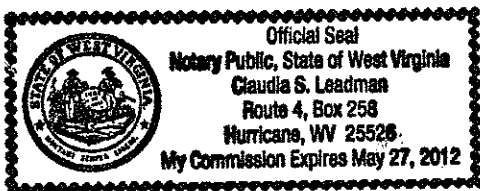
Taken, subscribed, and sworn to before me this 11 day of March, 2010

My Commission expires May 27, 2010

AFFIX SEAL HERE

NOTARY PUBLIC

[Signature]



BILLY JACK GREGG

Universal Consulting

P.O. Box 107

Hurricane, West Virginia 25526

Telephone: 304-562-3507

bjgregg@verizon.net

Fax: 304-562-4172

PROPOSAL TO PROVIDE CONSULTING SERVICES TO THE CONSUMER ADVOCATE DIVISION OF THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

2010 EXPANED NET ENERGY CHARGE PROCEEDINGS FOR THE WEST VIRGINIA SUBSIDIARIES OF AMERICAN ELECTRIC POWER AND ALLEGHENY POWER

REQUEST FOR PROPOSAL: By letter dated February 19, 2010, the Purchasing Division of the West Virginia Department of Administration requested a quotation for the provision of consulting services to the Consumer Advocate Division of the Public Service Commission ("CAD" or "Consumer Advocate") in connection with the 2010 Expanded Net Energy Charge ("ENEC") proceedings for the West Virginia subsidiaries of American Electric Power ("AEP") and Allegheny Power ("APS"). The CAD requested assistance in reviewing the ENEC filings of each company and in determining the appropriate amount of ENEC expenses to include in West Virginia retail rates, with particular attention to coal contract and wholesale electric market issues.

WEST VIRGINIA ENEC PROCEEDINGS: Under Public Service Commission ("PSC") procedures, each year AEP and APS file separate proceeding to review existing ENEC rates and establish new ENEC rates for each company. The AEP filing is made annually no later than March 1 and covers the ENEC rates of West Virginia subsidiaries Appalachian Power Company and Wheeling Power Company, which together serve approximately 500,000 retail customers in West Virginia. CAD testimony in the AEP proceeding is typically due in mid-May, with a hearing in late May or early June. A final order is typically entered by June 30, establishing new rates for the next twelve months. The APS filing is made no later than September 1 of each year and covers the ENEC rates of West Virginia subsidiaries Monongahela Power Company and The Potomac Edison Company, which together also serve approximately 500,000 retail customers in West Virginia. CAD testimony in the APS proceeding is typically due in mid-November with hearing scheduled for early December. A final order is typically entered by December 31, establishing new rates for the next twelve months.

DESCRIPTION OF AEP'S ENEC FILING OF MARCH 1, 2010

On March 1, 2010, AEP-WV filed a petition seeking to establish new ENEC rates for the period July 1, 2010 to June 30, 2011. AEP-WV's proposed ENEC rates would increase electric rates for West Virginia customers by \$96.2 million, or 8.2%. According to Company testimony, the requested increase is made up of the following components:

ENEC Forecast Costs	\$ 66,968,087
Prior Period Underrecovery	<u>\$282,412,011</u>
Net ENEC	\$349,380,098
Allowed Under Phase-In	\$ 85,870,000
Construction Surcharge	\$ 10,312,815
Musser Acquisition Charge	\$ 0
Reliability Expenditures	\$ 0
REQUESTED REVENUE INCREASE	\$ 96,182,815

AEP-WV's requested increase follows a request for \$442 million in last year's ENEC, the largest electric rate increase in West Virginia history. In its Order in the 2009 ENEC case, the PSC recognized that the increase was too large to be absorbed by West Virginia customers in one year, and adopted the CAD's proposal for a four-year phase-in. As a result, rates were increased by \$124 million annually on November 1, 2009. The \$96 million requested in this year's case is the second year of the four-year phase-in, and incorporates the fact that forecasted ENEC rates have declined slightly from last year. Nevertheless, ratepayers will face an additional two years of ENEC increases, as well as a major increase in base rates resulting from a rate filing AEP-WV is scheduled to make in the second quarter of 2010. As a result of these expected increases in rates, it is critically important that current ENEC rates be kept at the lowest reasonable level.

DESCRIPTION OF THE PROJECT: Billy Jack Gregg Universal Consulting ("Consultant") proposes to examine each of the component parts making up the overall ENEC increase in detail in order to determine whether the levels of these expenses are reasonable. Following discovery, Consultant will prepare testimony supporting all recommendations.

ENEC Costs: It is obvious that the largest portion of the increase centers on the underrecovery experienced during the period ending December 31, 2009,

totaling \$177.5 million (cumulative underrecovery \$282.4 million). This underrecovery was caused primarily by high coal and purchased power costs that began in 2008 and continued into 2009. Accordingly, more effort will go into this area of the filing.

Although the increase in forecasted costs is less than in past years, there are two expense items which make up almost two-thirds of the increase in forecasted costs and which will have to be closely examined to determine a reasonable level to include in retail ENEC rates beginning July 1, 2010:

Forecast increase in Wheeling purchased power	\$ 24.7 million
Forecast increase in wind power purchases	\$ 17.4 million
TOTAL	\$ 42.1 million

Construction Surcharge: AEP-WV is requesting a \$10.3 million increase in the currently effective construction surcharge. This increase is based on investment at year-end 2009 and is driven primarily by continued construction of scrubbers at AEP-WV's Amos plant. Over half of the increase in the construction surcharge - \$5.2 million - is related to projected O&M expenses for the Amos Unit No. 2 FGD project. Consultant will examine all aspects of the requested surcharge to ensure that the surcharge is kept at the lowest reasonable level.

Reliability expenditures: AEP-WV is requesting continuation of a surcharge of \$4,782,000 for reliability expenditures made during 2009. Pursuant to the terms of the 2006 rate settlement, AEP-WV is entitled to defer up to \$4.782 million annually if it spends at least \$18.66 million on reliability (tree trimming) and does not achieve its authorized return of 10.5%. According to the ENEC filing, AEP-WV earned only a 4.719% return on equity during 2009, and had average reliability expenditures of \$18.88 million over the 2007-2009 period. Consultant will review reliability expenditures to ensure that continuation of the surcharge is justified.

Musser Acquisition Charge: AEP-WV has been allowed to include a surcharge to recover expenses and investments related to improvements to certain McDowell County utilities acquired from the Musser Companies. According to the testimony of AEP-WV witness Ferguson, the upgrade of these acquired properties was completed in the past year and all expenses and investments related to this project will be rolled into base rates in APCo's upcoming rate case. Even though this is a relatively minor aspect of the overall ENEC case, AEP-WV's actual expenditures will be reviewed for reasonableness.

PLAN OF WORK: Following the filing of each company's ENEC request and testimony, Consultant will immediately prepare data requests and follow-up data requests as necessary. At least one on-site visit will be made to each company's headquarters to review fuel information and other confidential materials. Consultant will prepare written testimony and exhibits, answer all data requests related to his testimony, and appear at hearing to undergo cross-examination related to his testimony. Consultant will assist CAD personnel in preparing for hearing and in preparing post-hearing briefs. Consultant will review the final order in the case and assist in any reconsideration and appeals.

PRICE OF PROJECT: Consultant proposes to perform the above activities for a not-to-exceed price of \$53,625, based on a billing rate of \$165 per hour. All billing is done on a quarter hour basis. The not-to-exceed price includes all expenses, including all required trips to Columbus, Ohio, and Greensburg, Pennsylvania, the headquarters of AEP and APS respectively. The not-to-exceed price is based on the following breakdown of estimated hours, based on Consultant's work on ENEC proceedings during 2008 and 2009.

Activity	Hours
Review of direct and rebuttal testimony	8.0
Preparation and review of data requests	26.0
Visits to company headquarters for review of materials	24.0
Preparation of testimony	50.0
Preparation of cross	16.0
Attendance at hearings	18.5
Preparation of briefs	<u>20.0</u>
TOTAL	162.5

The estimated hours are the same for each case, resulting in total estimate of 325 billable hours per annum for both cases together. Because each proceeding is unique, the time expended on each case each year will vary from the estimates above. However, the total price for consulting services for both cases each year will never exceed \$53,625. All activities will be performed by Billy Jack Gregg, principal of Billy Jack Gregg Universal Consulting.

Attached are a resume of Billy Jack Gregg and a description of Billy Jack Gregg's prior experience in ENEC-related cases.

BILLY JACK GREGG

Universal Consulting

P.O. Box 107

Hurricane, West Virginia 25526

Telephone: 304-562-3507

bjgregg@verizon.net

Fax: 304-562-4172

EXPERIENCE WITH WEST VIRGINIA ENEC CASES

Except for the cases listed below in which he appeared as a witness, Billy Jack Gregg served as the attorney in every fuel, net energy charge ("NEC") and ENEC case on behalf of the West Virginia Consumer Advocate Division from 1982 until ENEC cases were suspended in 2000. ENEC cases commenced again with Appalachian Power's 2006 rate case. Billy Jack Gregg also handled Appalachian Power's 2007 ENEC case for the West Virginia Consumer Advocate Division. This amounts to a total of 38 ENEC cases in which he served as attorney.

Appearance as Witness:

1. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 87-072-E-GI et al.
2. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 88-082-E-GI et al.
3. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 91-213-E-GI et al.
4. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 97-183-E-GI et al.
5. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 98-0101-E-GI et al.
6. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 99-072-E-GI et al.
7. *Appalachian Power Company and Wheeling Power Company*
West Virginia PSC Case No. 08-0278-E-GI.
8. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 08-1511-E-GI.
9. *Appalachian Power Company and Wheeling Power Company*
West Virginia PSC Case No. 09-0177-E-GI.
10. *Monongahela Power Company and The Potomac Edison Company*
West Virginia PSC Case Nos. 09-1485-E-GI.

Prior to working as Director of the Consumer Advocate Division, Billy Jack Gregg served as Senior Staff Attorney for the Office of Surface Mining in Charleston, West Virginia, enforcing federal surface mining regulations in the states of Virginia, West Virginia, Maryland and Pennsylvania. As a result of this past experience, Billy Jack Gregg is intimately familiar with coal and coal purchasing, as well as the procedures and issues involved in West Virginia ENEC cases.

RESPONSE TO MINIMUM REQUIREMENTS, QUALIFICATIONS AND EXPERTISE

At page 3 of the RFQ there is a listing of nine minimum requirements, qualifications and expertise for responding to the RFQ. A response to each of the requirements is set forth below.

1. Experience testifying in at least 2 proceedings before the West Virginia Public Service Commission (PSC) on issues pertaining to ratemaking for electric utilities.

As shown on the attached resume, Consultant has testified in over 40 proceedings before the West Virginia Public Service Commission, including 10 previous ENEC proceedings.

2. Ability to certify that the consultant has reviewed each of the PSC prior rulings in ENEC proceedings over the last 10 years.

As described above, Consultant has participated in each of the ENEC proceedings before the PSC over the last 10 years and has reviewed each of the rulings of the PSC.

3. Experience testifying in at least 2 regulatory proceedings on issues involving coal markets and coal transportation in Appalachia.

As described above, Consultant has testified in 10 previous ENEC proceedings involving coal markets and coal transportation in Appalachia.

4. Experience testifying in at least 2 regulatory proceedings on issues involving each utility's coal procurement practices over the last 10 years.

As described above, Consultant has testified in 10 previous ENEC proceedings involving AEP and APS' coal procurement practices.

5. Experience testifying in at least 2 regulatory proceedings on the impact of AEP's Interconnection Agreement and its impact on the costs incurred by AEP's West Virginia utilities.

As described above, Consultant has testified in AEP's last two ENEC proceedings concerning the impact of AEP's Interconnection Agreement and its impact on costs incurred by AEP's West Virginia utilities.

6. Experience testifying in at least 2 regulatory proceedings on issues related to wholesale electricity markets.

As described above, Consultant has testified in AEP and APS' last two ENEC

proceedings on issues related to wholesale electricity markets.

7. Experience testifying in at least 2 regulatory proceedings on the impact of participation in PJM on the costs incurred by electric utility members of PJM.

As described above, Consultant has testified in AEP and APS' last two ENEC proceedings on the impact of participation in PJM on the costs incurred by electric utility members of PJM.

8. Experience testifying in at least 2 regulatory proceedings on issues related to utility purchase power contracts including but not limited to contracts with independent power producers.

As described above, Consultant has testified in AEP and APS' last two ENEC proceedings on issues related to utility purchase power contracts including contracts with independent power producers.

9. At least 10 years experience reviewing utility coal purchase contracts.

As described above, Consultant has over 25 years experience reviewing utility coal purchase contracts.

BILLY JACK GREGG

Attorney at Law

P.O. Box 107

Hurricane, West Virginia 25526

Telephone: 304-562-3507

bjgregg@verizon.net

Fax: 304-562-4172

RESUME

Billy Jack Gregg has over thirty years of legal and regulatory experience, with emphasis in the areas of telecommunications and energy.

EDUCATION:

J.D. **University of Texas School of Law**
Austin, Texas
May 1974

B.A. **Austin College**
Sherman, Texas
History and Government
May 1971

University of Glasgow
Glasgow, Scotland, U.K.
October 1969 – May 1970

EMPLOYMENT:

2007 - Present

Billy Jack Gregg Universal Consulting
Hurricane, West Virginia

- Legal and consulting services in the areas of telecommunications and energy
- Specialty in topics of universal service, intercarrier compensation and broadband
- Arbitration and mediation of disputes among telecommunications carriers

1981 - 2007

Director, Consumer Advocate Division
Public Service Commission of West Virginia
Charleston, West Virginia

- Director of Consumer Advocate Division; responsible for all policies and personnel decisions
- Managed yearly budget of approximately \$1 million
- Represented West Virginia ratepayers in hundreds of proceedings involving electric, telephone, gas and water rates
- Presented testimony in numerous rate proceedings in West Virginia; also testified in Georgia

- Testified before state legislatures of West Virginia and Tennessee
- Testified before committees of both houses of Congress
- Argued appeals before West Virginia Supreme Court
- Argued appeals before Federal 4th Circuit and D.C. Circuit Court of Appeals

1978 - 1981

**Senior Staff Attorney, Field Solicitors Office
U.S. Department of Interior
Charleston, West Virginia**

- Enforced Surface Mining Control and Reclamation Act of 1977 (SMCRA) in states of Virginia, West Virginia, Maryland and Pennsylvania
- Testified on surface mining issues before legislative committees in Virginia and Pennsylvania
- Lead attorney in Federal District Court hearing on constitutionality of SMCRA
- Lead attorney on first consideration of a petition to designate lands unsuitable for mining under Section 522 of SMCRA
- Participated in drafting initial rules to implement SMCRA

1977 - 1978

**Billy Jack Gregg
Attorney at Law
Hurricane, West Virginia**

- General practice of law
- Tried case before West Virginia Public Service Commission involving certification of high-voltage power line; established national precedents for conditions on such lines

1974 – 1977

**Assistant Attorney General
Attorney General of West Virginia
Charleston, West Virginia**

- Assigned as attorney for the West Virginia Human Rights Commission
- Handled numerous cases involving allegations of discrimination in employment, housing and public accommodations
- Argued numerous appeals to Circuit Courts and West Virginia Supreme Court

1974

**Reed & Gregg
Attorneys at Law
Hurricane, West Virginia**

- General practice of law
- Argued appeal in West Virginia Supreme Court one week after being admitted to practice

BOARDS

2002 - 2007

Federal-State Joint Board on Universal Service Washington, DC

- Recommended policies to the Federal Communications Commission concerning the \$7 billion Federal Universal Service Fund
- Participated in numerous recommended decisions to expand support to low-income customers and rationalize support in high-cost areas

2004 - 2006

Intercarrier Compensation Task Force National Association of Regulatory Utility Commissioners Washington, D.C.

- Served on national task force investigating reform of intercarrier compensation among telecommunications carriers
- Became familiar with intercarrier compensation on an interstate and intrastate level throughout the United States

2002

Board of Directors Universal Service Administrative Company Washington, D. C.

- Served on national board representing all sectors of the telecommunications industry
- USAC responsible for collection, distribution and administration of \$7 billion annual fund aimed keeping rates for telecommunications affordable throughout the United States

2000 – 2009

Board of Directors National Regulatory Research Institute Columbus, Ohio

- Served on national board with other state utility commissioners and subject matter experts to recommend policies for research institute
- Appointed as Treasurer January 1, 2008

1998 - 2000

Rural Task Force Federal-State Joint Board on Universal Service Washington, D.C.

- Served on national task force which recommended policies concerning rural carriers to Joint Board
- Became familiar with conditions facing rural carries throughout the United States
- Principal editor of final recommended decision of Task Force

1990 - 1997

**Executive Committee
National Association of State Utility Consumer Advocates
Washington, D.C.**

- Served on Board which established policy for national organization representing utility consumers
- Served as Treasurer from 1992 - 1996

PUBLICATIONS:

- B. J. Gregg, A Survey of Unbundled Network Element Prices in the United States, National Regulatory Research Institute (2000-2006)
- B. J. Gregg, The Use of Per Line Support Benchmarks to Guide State Public Interest Determinations, WV CAD (2005)
- B. J. Gregg & S. Gregg, The Telecommunications Act of 1996: A Guide for Educators, AEL, Inc. (1996)

AWARDS:

- Robert F. Manifold Lifetime Service Award, National Association of State Utility Consumer Advocates (2007)

LANGUAGE SKILLS: Conversational in German.

APPENDIX A

BACKGROUND AND QUALIFICATIONS OF

BILLY JACK GREGG

Q. WHAT IS YOUR EDUCATION BACKGROUND?

A. As an undergraduate I attended Austin College in Sherman, Texas, and the University of Glasgow, Scotland. I received my B.A. degree in history and government from Austin College in 1971. I attended the University of Texas School of Law in Austin, Texas and received a J.D. degree from that institution in 1974. I was admitted to the West Virginia Bar the same year.

Q. WHAT IS YOUR JOB EXPERIENCE?

A. From 1974 to 1977 I was employed as an assistant attorney general assigned to the West Virginia Human Rights Commission. From 1977 to 1978 I was in private practice in Hurricane, West Virginia. From 1978 to 1981 I was senior staff attorney for the U.S. Department of Interior Field Solicitor's Office in Charleston, West Virginia, assigned the primary duty of enforcing the Surface Mining Control and Reclamation Act of 1977. In such capacity I became familiar with the coal mining practices and regulations in the states of West Virginia, Virginia, Maryland and Pennsylvania, as well as acquiring working knowledge of national and international coal markets. In 1981 I was appointed first director of the Consumer Advocate Division, charged with the responsibility of representing residential utility ratepayers in West Virginia. In this capacity I became familiar with virtually every aspect of electric, gas, telephone and water service in the State, as well as with Federal actions which affect State regulation of utility service. In 2007 I retired from the Consumer Advocate Division and became an independent consultant and principal in the firm Billy Jack Gregg Universal Consulting. I offer consulting services in the areas of energy and telecommunications, with emphasis in the areas of universal service, intercarrier compensation and broadband.

Q. HAVE YOU HELD ANY POSITIONS IN NATIONAL ORGANIZATIONS?

A. Yes. I served as the Treasurer of the National Association of State Utility Consumer Advocates from 1996 to 2000, and served on the Executive Committee of that organization from 1992 to 2000. In 1998 I was appointed to the Rural Task Force of the Federal-State Joint Board on Universal Service, and served on that body until its work was completed in 2001. I served on the Board of Directors of the Universal Service Administrative Company in 2001 and 2002. From March 2002 until my retirement in 2007 I served as a member of the Federal-State Joint Board on Universal Service. From 2000 through 2009 I served on the Board of Directors of the National Regulatory Research Institute (NRRI).

Q. HAVE YOU EVER TESTIFIED BEFORE LEGISLATIVE BODIES?

A. Yes. I have testified numerous times over the years before the West Virginia Legislature, and before committees of both houses of Congress. In addition, I have testified before committees of the legislatures of Virginia, Pennsylvania and Tennessee.

Q. HAVE YOU EVER TESTIFIED BEFORE UTILITY REGULATORY AGENCIES?

A. Yes, I have testified in the following cases:

Public Service Commission of West Virginia

General Telephone of the Southeast, Case No. 81-612-T-42T; (Rate Case Settlement)

C&P Telephone Co. of W. Va., Case No. 83-383-T-42T; (Rate Case Settlement)

Wheeling Electric Company, Case No. 84-191-E-42T; (Rate Case Settlement)

C&P Telephone Company of W. Va., Case No. 84-755-T-T; (Party-line Elimination)

Monongahela Power Co., Case No. 87-072-E-GI et al. (Fuel Review);

Hope Gas, Inc., Case No. 87-434-G-30C (Purchased Gas Adjustment);
MCI Telecommunications Co., Case No. 83-259-T-SC *et al.* (Flexible Regulation Plan);
Monongahela Power Co., Case No. 88-082-E-GI, *et al.* (Fuel Review);
C&P Telephone Co. of W.Va., Case No. 88-589-T-A (Winfield Plan);
C&P Telephone Co. of W.Va., Case No. 89-041-T-PC (Exemption Petition);
U.S. Sprint Communications Company LP, Case No. 89-596-T-P *et al.* (Annual Reports);
In the Matter of Certification of Competitive Telecommunications Services,
Case No. 90-477-T-GI;
C&P Telephone Co. of W. Va., Case No. 90-424-T-PC; (Cost Allocation Manual)
C&P Telephone Co. of W.Va., Case No. 90-613-T-PC, (Incentive Regulation Plan);
West Virginia Cellular Telephone Co., Case No. 90-659-C-PC (Deregulation Petition);
Monongahela Power Co., Case No. 91-213-E-GI *et al.* (Fuel Review);
GTE South, Inc. and Contel of West Virginia, Case No. 93-0425-T-PC (Incentive Plan);
C&P Telephone Company of W.Va., Case No. 93-0957-T-GI (Seven Digit Dialing Plan);
Bell Atlantic-West Virginia, Inc., Case No. 94-0725-T-PC (Incentive Regulation Plan);
General Investigation into IntraLATA Competition in West Virginia,
Case No. 94-1103-T-GI;
West Virginia-American Water, Case No. 95-1202-W-CN (Plant Certificate
Application);
Monongahela Power Company, Case No. 97-0183-E-GI *et al.* (Fuel Review);
Bell Atlantic-West Virginia, Inc., Case No. 97-1461-T-PC (Incentive Regulation Plan);
Monongahela Power Company, Case No. 98-0101-E-GI *et al.* (Fuel Review);
West Virginia Power Gas Company, Case No. 98-0448-G-PC (Safety Related
Surcharge);
Bell Atlantic-West Virginia, Inc. Case No. 98-1091-T-T (National Directory Assistance);

General Investigation, Case No. 98-1531-T-GI (Cross-LATA Local Calling);
Monongahela Power Company, Case No. 99-0261-E-GI *et al.* (Fuel Review);
Citizens Telecommunications, Case No. 99-1530-T-PC, (Incentive Regulation Plan);
Bell Atlantic-West Virginia, Case No. 99-1620-T-GI, (Disposition of Additional
Universal Service Funds);
Bell Atlantic-West Virginia, Case No. 99-1633-T-PC, (Cross-LATA Local Calling);
Verizon-West Virginia, Inc., Case No. 00-0705-T-PC, (Incentive Regulation Plan);
Easterbrooke Cellular Corp., Case No. 03-0935-T-PC (Eligible Telecommunications
Carrier);
Verizon-West Virginia, Inc., Case No. 04-0292-T-PC (Petition to Cease Regulation);
MCI Communications Services, Inc., Case No. 05-1233-T-GI (Billing Line Items);
Verizon-West Virginia, Inc., Case No. 06-0481-T-PC (Petition to Cease Regulation);
General Investigation, Case No. 06-0708-E-GI (Electric Net Metering and
Interconnection Standards);
Appalachian Power Company and Wheeling Power Company, 08-0278-E-GI (ENEC);
Monongahela Power Company and The Potomac Edison Company, 08-1511-E-GI
(ENEC);
Appalachian Power Company and Wheeling Power Company, 09-0177-E-GI (ENEC);
Frontier Communications Corporation, New Communications Holding Company, Inc.,
and Verizon Communications, Inc., et al., 09-0871-T-PC (Transfer of Control).
Monongahela Power Company and The Potomac Edison Company, 09-1485-E-GI
(ENEC)

Federal Communications Commission

In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45,

(1998 *en banc* panel of the Federal-State Joint Board on Universal Service on the issues of affordability and consumer issues);

In the Matter of Implementation of Section 224 of the Act, WC Docket No. 07-245 (2008 declaration on the issue of pole attachment rates).

Alaska Public Service Commission

In the Matter of Investigation into the Impact on Alaska Consumers and Carriers of Inter-carrier Compensation Reform by the Federal Communications Commission, Case No. R-06-6 (2006 testimony on Missoula Plan).

Georgia Public Service Commission

Universal Service Proceeding, Case No. 5825-U (2000 testimony on structure of state universal service fund).

Illinois Commerce Commission

Frontier Communications Corporation, Verizon Communications, Inc., et al, Docket No. 09-0268 (Transfer of Control).

Ohio Public Utilities Commission

Frontier Communications Corporation, New Communications Holding Company, Inc., and Verizon Communications, Inc., et al, Docket No. 09-454-TP-ACO (Transfer of Control).

Washington Utilities and Transportation Commission

In the matter of the Joint Application of Verizon Communications Inc. and Frontier Communications Corporation, Docket No. UT-090842 (Transfer of Control).

Q. BESIDES CASES IN WHICH YOU HAVE TESTIFIED, HAVE YOU PARTICIPATED IN REGULATORY CASES AS AN ATTORNEY?

Yes, as Director of the West Virginia Consumer Advocate Division and as Senior Attorney in the Field Solicitor's Office, I handled hundreds of regulatory cases as an attorney.

Q. HAVE DONE UTILITY CONSULTING IN OTHER COUNTRIES?

A. Yes. In 2003 I participated in utility regulatory training in Abuja, Nigeria, for the West African Telecommunications Regulators Association (WATRA) as part of NetTel@Africa. In 2008 I completed a contract with the International Telecommunications Union (ITU) in Banjul, Gambia, to review and make recommendations concerning interconnection rates in the nation of Gambia.

Q. DO YOU HAVE ANY PUBLICATIONS?

A. Yes. From April 2001 to March 2006 I published semi-annually through the National Regulatory Research Institute *A Survey of Unbundled Network Element Prices in the United States*.¹ In 1996 I co-authored *The Telecommunications Act of 1996: A Guide for Educators*, through Appalachia Education Laboratory, Inc.

¹ The UNE Surveys are available on-line through the University of Florida's Public Utility Research Center at <http://www.cba.ufl.edu/purc/research/UNEdata.asp>

Q. HAVE YOU RECEIVED ANY AWARDS?

A. Yes. In 2007 I received the *Robert F. Manifold Lifetime Service Award* from the National Association of State Utility Consumer Advocates.