

**RESPONSE TO REQUEST FOR QUOTATION FOR
CONSULTING SERVICES ON THE
PROPOSED MERGER OF FIRSTENERGY CORP. WITH
MONONGAHELA POWER COMPANY,
THE POTOMAC EDISON POWER COMPANY, AND
TRANS-ALLEGHENY INTERSTATE LINE COMPANY
PSC CASE NO. 10-0713-E-PC**

REQUEST FOR QUOTATION NO. PSC11518

SUBMITTED TO:

**Original Bid:
Department of Administration
Purchasing Division
Building 15
2019 Washington Street, East
Charleston, WV 25305-0130**

SUBMITTED BY:

**Larkin & Associates, PLLC
Certified Public Accountants
And Regulatory Consultants
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- Appendix I – Resumes and Qualifications of Larkin & Associates, PLLC Personnel
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- Appendix III – Required Forms - Signed “Request for Quotation”, “Consulting Bid Form”, signed “Vendor Preference Certificate”, and signed and notarized “Purchasing Affidavit”

I. COMPANY PROFILE

Larkin & Associates, PLLC is a firm of certified public accountants and regulatory consultants, with offices at 15728 Farmington Road, Livonia, Michigan 48154. The firm is organized as a PLLC in the state of Michigan.

In April 1970, the certified public accounting firm of Larkin, Chapski & Co., was formed by former employees of Peat, Marwick, Mitchell & Co., then a "big eight" accounting and auditing concern. In addition to the auditing, accounting, and tax work typical of CPA firms, Larkin, Chapski & Co., specialized in the area of utility regulation. In September 1982 the firm was reorganized into Larkin & Associates, a certified public accounting and consulting firm with Hugh Larkin, Jr., as senior partner. As such, Mr. Larkin has primary responsibility for all regulatory consulting work performed by the firm. Larkin & Associates performs a wide variety of auditing and accounting services, but concentrates in the area of utility regulation and ratemaking. The firm has performed regulatory consulting services for an abundant number of clients.

Larkin & Associates performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.).

Larkin & Associates currently employs eight professional staff members. Of these eight professional staff members, there are four senior professionals, two regulatory analysts and two research associates. The firm also employs secretarial/word processing personnel.

Hugh Larkin, Jr., CPA, is founder and senior partner of Larkin & Associates. As such, Mr. Larkin has ultimate responsibility for all regulatory consulting work performed by the firm and actively participates in the firm's regulatory engagements and presents testimony on a regular basis.

There are three senior regulatory consultants on the Larkin & Associates project team: Messrs. Smith and Schultz and Ms. Ramas (DeRonne). These individuals have extensive experience in a variety of public utility regulatory engagements. Each of our senior regulatory consultants is a CPA and presents expert testimony before utility regulatory commissions on a regular basis, and each have at least ten years experience testifying on revenue requirement issues involving regulated utilities. Each have also testified in several merger/acquisition cases.

The other members of our professional staff are regulatory analysts. Regulatory analysts are extensively utilized in regulatory engagements reviewing prior Commission decisions, verifying schedules and workpapers, preparing, reviewing and tracking data requests, and assisting in the preparation of reports and testimony under the supervision of the firm's senior professionals.

Resumes for Larkin & Associates' professionals participating on this project are attached to this proposal as Appendix I.

II. PROJECT SUMMARY

Background

On May 18, 2010, the Monongahela Power Company, The Potomac Edison Company, Trans-Allegheny Interstate Line Company and FirstEnergy Corp. ("Joint Applicants") filed a Joint Petition for Consent and Approval of Merger ("Joint Petition") with the Public Service Commission of West Virginia ("Commission"). Under the proposal, Allegheny Energy, Inc. – the ultimate parent company of Monongahela Power Company, the Potomac Edison Company, and Trans-Allegheny Interstate Line Company – would become a direct wholly-owned subsidiary of First Energy Corp.

FirstEnergy is a publicly held corporation with headquarters located in Ohio. FirstEnergy is presently the parent company of seven utilities in four states.

Monongahela Power Company is also an Ohio corporation which currently provides service to approximately 383,600 customers in West Virginia. Potomac Edison is a Maryland and Virginia corporation that provides electric utility service to 131,500 customers in West Virginia. These two companies operate in West Virginia under the name of Allegheny Power.

The Merger Agreement proposes to have Allegheny Power merge with Merger Sub, and as the surviving corporation of the merger, Allegheny will then become a wholly-owned direct subsidiary of FirstEnergy. If the merger is approved, FirstEnergy will remain the ultimate corporate parent of the existing FirstEnergy subsidiaries, and will become the ultimate corporate parent of Allegheny and all Allegheny subsidiaries, including West Penn, Monongahela Power and Potomac Edison.

If approved, the merger will combine ten outstanding electric utilities operating in seven states and would create the nation's largest utility holding company system based on the number of customers, with over six million customers in a service territory of 67,000 square miles.

The Joint Applicants contend that the proposed merger will have no adverse impact on West Virginia customers. The Joint Applicants also identify several potential benefits, consisting of: (1) increased scale, scope and diversification resulting in improved service, reliability and operation flexibility; (2) increased financial strength and flexibility; (3) enhanced expertise in competitive energy markets, energy technologies and regional issues; (4) enhanced customer service and reliability through deployment of "best practices"; and (5) synergies, efficiencies and cost savings.

The Company's application and supporting testimonies, while contending there are many benefits, is extremely short on details. In fact, the Consumer Advocate Division ("CAD") has recently filed a motion to dismiss the Joint Petition, indicating, among other things, that the petition is inadequate and incomplete, recommending that a new, revised application be required.

Approach to Scope of Work

Per the Request for Quotation (“RFQ”), the Consumer Advocate Division is retaining consulting services in connections with the proposed merger of FirstEnergy Corp. with Monongahela Power Company, the Potomac Edison Power Company, and Trans-Allegheny Interstate line. Co. (“Joint Applicants”).

The objective of this project entails performing a comprehensive evaluation of the proposed merger of the Joint Applicants and the issues arising out of the proposed transaction. We will evaluate the Joint Application and related information, and will engage in extensive discovery to identify, understand and evaluate each significant policy and rate impact issue resulting from the proposed merger. Based on the RFQ, the Consumer Advocate Division (CAD) will handle and address the general policy issues in the case. We propose to provide expert testimony on all other non-general policy issues that arise as a result of the proposed transaction.

Our findings concerning the sale will be presented first in the form of oral telephone discussions and drafts of testimony to CAD staff working on the case. Then, after discussion with and approval by these persons, our findings will be presented to the Commission in the form of written testimony. We will also analyze rebuttal testimony and prepare and assist in cross-examination procedures, as well as conduct additional discovery. In order to present a convincing and accurate case to the Commission, we will utilize to the fullest extent possible our accumulated expertise in utility regulation, acquisitions, mergers, accounting, taxation and utility ratemaking.

The ultimate objective of this project involves presenting our findings and conclusions, in the form of written testimony, to the Commission. Thus, we will make recommendations regarding the sale that can be effectively and convincingly supported.

Specific Tasks

The work on this project will be divided into multiple tasks that provide a sensible, chronological series of expected activities encompassing the required work areas within the established time constraints. The major tasks described below represent the anticipated approach to the overall scope of work. Interaction with CAD Staff is expected to coincide with all tasks, to provide for substantial input by these persons for the purpose of optimizing project team performance.

1. We will discuss with Staff assigned to the project, the specific approach that the Consumer Advocate Division wishes to follow in this case along with the policy positions developed to date by the CAD. This preliminary discussion will cover the areas that are of particular concern to Staff in this case and the time line for all project deadlines. As the RFQ indicates that general policy issues will be addressed by the CAD, we will discuss early in the engagement which areas CAD intends to address to ensure there is not a duplication of efforts.
2. We will perform a detailed review of the Joint Applicants’ filing and all related testimony and supporting workpapers, as well as any updates and revisions to any of

the information filed. This will include thorough analysis, review, and evaluation of all pertinent evidence filed on behalf of all parties in the current case. Based on this analysis, we will advise and recommend an approach to each specific issue that will have an impact on the utility customers located in the state of West Virginia.

3. We will conduct discovery of the Joint Applicants sufficient to make a complete analysis of the Joint Petition. We note that the CAD has already submitted a set of discovery in this case. We will take steps to ensure that our discovery is only supplemental, and not duplicative of, discovery already prepared and submitted by the CAD.
4. We will carefully analyze and evaluate the information received in steps 1 through 3, along with responses to discovery already submitted by the CAD in this case. Detailed analyses and evaluations will consider all possible material issues, which affect West Virginia ratepayers. Based on this evaluation, we will discuss our findings with the Consumer Advocate Division Staff to determine which items should form the basis for proposed adjustments as part of our formal testimony.
5. We will submit drafts of testimony and exhibits in advance of the filing date to provide Staff and Counsel assigned to the project ample time for review.
6. We will thoroughly review, verify, and correct the draft testimony and exhibits to meet the satisfaction of the Consumer Advocate Division in order to have finished copies ready for filing prior to the filing date.
7. We will assist in the drafting of cross-examination questions, as requested by counsel. The primary goal of such cross-examination will be to demonstrate weaknesses and/or errors in the utility's case, and to elicit agreement from the utility's witnesses concerning appropriate ratemaking theory.
8. We will prepare and present direct oral testimony and stand cross-examination on same. As a result of our extensive experience presenting expert testimony before regulatory boards, we believe that the best preparation for responding to cross-examination by others is to present well conceived, clearly worded and thoroughly verifiable prefiled written testimony at the onset.
9. We will analyze the written and oral testimony of other witnesses, and will prepare oral and/or written rebuttal/surrebuttal as appropriate and as allowed for in the procedural schedule.
10. We will respond to discovery directed to us.
11. We will provide technical assistance subsequent to the hearing in order to assist the CAD in the preparation of post-hearing briefs and the evaluation of issues for possible rehearing, as requested.

Substantive Work Plan

The overall objective of this assignment is to develop an assessment of the proposed merger from a consumer standpoint. Simply stated, will the net effect of this merger be to provide benefits to West Virginia consumers or will it pose significant risks? Further, if there are significant risks, are there certain conditions or alternatives that will mitigate those risks and make the merger more favorable for West Virginia utility customers? The various specific issue areas discussed below will be addressed within the context of this overall benefit-risk framework.

The first tasks of the consulting team will be to:

- (1) Undertake a careful review of the Joint Application and all aspects of the filing;
- (2) Identify with the CAD specific areas of focus;
- (3) Commence formulating comprehensive discovery on merger policy issues, including cost savings and benefits to West Virginia customers;
- (4) Review the Applicants' responses to CAD's discovery and responses to discovery of other parties.
- (5) Based on a review of this information, we will develop recommendations regarding the Joint Applicants' proposal.

The following discussion consists of specific areas that will require attention and general areas that are likely to be of concern and our approach to them. As additional issues arise, they will also be addressed. Throughout this process we will closely coordinate with the CAD staff. We note that the general policy issues will be addressed by the CAD. We will remain in close contact with the CAD to ensure there is not a duplication of efforts or a conflict in positions and recommendations. The discussion presented below is not a complete listing of all issues inherent in the case or all issues that will be addressed.

Specific Issues

The proposed merger is an all-stock transaction that the Joint Applications have purported will improve the financial metrics of the combined Company. The financing used for the merger should be examined to assure that it will not cause a material change to the present capital structure of these utilities that would likely increase the cost of capital. The credit ratings of the utilities and their respective parent companies should be examined. Expectations of how the merger will affect the utilities capital structure, credit rating, cost of debt and cost of capital should be investigated.

It is our understanding that upon announcement of the merger, two of the three ratings agencies (Moody's Investors Service, Inc. and Fitch, Inc.) affirmed the investment grade ratings and stable outlook of FirstEnergy and its subsidiaries. Standard & Poor's Rating Services, Inc. ("S&P") lowered its ratings for FirstEnergy from triple B to triple B minus and its senior unsecured debt rating for FirstEnergy from triple B minus to double B plus. It has been contended that to be consistent with S&P's traditional approach, which is to reflect a rating change for the parent company in the rating of all its subsidiary

companies, all unsecured ratings of the FirstEnergy subsidiary companies were lowered one notch, but remain at investment grade.

While the Joint Applicants contend that the merger will produce synergies and result in overall cost savings opportunities in its application and testimonies, no factual information, analysis or studies were provided with the Joint Application in support of this assertion. Additional support and details on purported potential cost savings have been filed by the FirstEnergy in other jurisdictions in which requests for approval of the merger have been filed; however, the filing in West Virginia is lacking of any details. The potential for synergies, efficiencies and cost savings that would benefit West Virginia customers should be investigated in further detail as part of this case.

Another area of concern pertains to the projected transaction costs. The transaction costs and potential harm to West Virginia ratepayers from the incurrence of such costs by the parent company should be evaluated.

Additional costs caused by a change in ownership can represent another form of detriment to ratepayers. Substantial costs typically include expenses to implement new management systems and to integrate the newly joined companies' operations. Through discovery we will request the applicants' supporting information for the transaction and transition costs, how applicants propose to account for such costs, and whether there are any net anticipated cost savings resulting from the transaction. These costs attributable to the transaction and transition of the new ownership would be carefully reviewed. The merging companies have established transition teams to determine how the employees and utilities will be best integrated into the FirstEnergy organizational model. Currently, the transition plan is in the preliminary stage and will not be fully developed for some time.

The Company has listed the following benefits of the merger:

- (1) Increased scale and scope, diversification
- (2) Increased financial strength and flexibility
- (3) Enhanced expertise in competitive energy markets, energy technologies and regional issues
- (4) Enhanced customer service and reliability
- (5) Commitment to employees and enhanced employee opportunities
- (6) Synergies, efficiencies and cost savings
- (7) Strong leadership in local communities

Presumably, the West Virginia retail ratepayers should receive or share in the savings resulting from the change in ownership, including but not limited to the benefit of the lower corporate overhead and economies of scale. Lowering rates (lower revenues) are one way of passing the benefits of such cost reductions on to ratepayers. The change in ownership should result in a net benefit to ratepayers, otherwise the proposed transaction could fail the public interest test.

All affirmative public benefits claimed by Applicants for the transaction will need to be reviewed. Part of the analysis should focus upon tightening up applicants' claimed benefits so they are specific and enforceable commitments. In many merger/acquisition proceedings, the benefits are stated in terms of enforceable commitments by the applicants. Statements about applicants' intentions such as "for at least the near term," "present intention," "may create opportunities for efficiencies," "intends to continue," "providing opportunities for economies of scale that might not otherwise occur absent the transaction," etc. do not appear to be firm, specific, enforceable commitments of the type that would better assure that the merger does not harm customers and assures that benefits associated with the merger accrue to customers. Such provisions should be evaluated for whether they are specific, enforceable commitments. Additionally, the benefits claimed by applicants should be probed in discovery to ascertain if they are concrete verifiable benefits or just claimed benefits that may or may not materialize. We will consider potential recommendations for formulating merger conditions into specific, measurable and enforceable commitments.

General Issues

Our review would typically include the underlying due diligence documentation, discounted earnings, discounted cash flow, multiple of earnings, multiple of book value, multiple of revenues, and comparable sales in similar transactions. These valuations will be calculated using information provided by the Companies, and from publicly available information.

On other proposed utility merger/acquisition engagements, we have found that some of the most illuminating information concerning what each of the parties is really expecting from the transaction is contained within their respective due diligence documentation. Such information is usually considered "highly confidential", so we would anticipate the need to execute nondisclosure agreements in order to obtain access to such information.

Impacts from the proposed merger may be discernible from the Applicants' "due diligence" review documentation, including any investment banking advice, board and management presentations etc., which will also be requested in discovery, conducted by the Applicants. It is typical for such documentation to include initial estimates of merger savings and synergies, as well as financial projections and anticipated returns. Companies may rely on "due diligence" to forecast the financial estimates that would occur under its ownership if the transaction is approved. Our review will also request and examine any prior uncompleted merger/acquisition proposals by the utilities with other entities to the extent they exist.

Larkin & Associates' review will focus on the Joint Applicants' key assumptions and financial data, including how the utilities expect to make money from the transaction, and any assumptions being made by the utilities in their due diligence documentation, and board/ management presentations that appear to be inconsistent with the parties' presentations of the proposed transaction for purposes of obtaining regulatory approval.

The acquired utilities' pre- and post-merger Balance Sheets should be reviewed in detail for areas that could result in potential harm to Pennsylvania ratepayers. Such materials may raise several accounting and ratemaking questions, which should be investigated through discovery.

Information concerning the Companies' current and historical earnings, cash flow, book value, investment, revenues and sales should be available from public sources, including prior rate case filings before the Commission, annual filings and reports, and the accumulated informational files maintained by the Company.

We will review any applicable publicly-available data such as filings with the Commission, financial information filed with the SEC, and information from financial publications, such as Value Line, the Wall Street Journal, etc.

Accumulated Deferred Income Taxes (ADIT) are zero-cost capital. For ratemaking purposes, ADIT is deducted from rate base. (An alternative treatment is to reflect ADIT as zero-cost capital in the capital structure.) A merger/acquisition can sometimes result in ADIT on the acquired utility's books being reduced or extinguished. Extinguishment of the ADIT could result in a higher rate base in subsequent rate cases, to the detriment of ratepayers. The impact of the merger on FirstEnergy and Allegheny's ADIT should be investigated.

We will inquire through discovery details of previously recognized income tax benefits, such as accelerated tax depreciation and investment tax credits in order to identify potential issues that could crop up after the transaction has been consummated.

Work Products

Upon completion of the major work elements described above, Larkin & Associates, PLLC will submit the following work products:

1. The Consumer Advocate Division's desired number of copies of written direct and surrebuttal testimony prior to the time and date that it must be filed. In addition, we will provide copies of draft testimony prior to the filing date.
2. Oral testimony and technical support at the hearings.
3. Copies of all data requests.

III. QUALIFICATIONS

Larkin & Associates, PLLC meets the requirements specified in the RFQ and the proposed project team is highly qualified to perform this engagement for the West Virginia Consumer Advocate Division. Larkin & Associates has extensive experience in the utility regulatory field as expert witnesses in over 500 regulatory proceedings regarding a variety of issues involving numerous electric, gas, telephone and water and sewer utilities. Senior members of Larkin & Associates regularly provide written and oral testimony in regulatory proceedings.

Larkin & Associates' proposed project team is highly qualified to perform this engagement for the West Virginia Consumer Advocate Division. Members of the Larkin & Associates project team have extensive experience providing consulting expertise in public utility regulation to regulatory agencies. Our team includes expert consultants and CPAs who are thoroughly familiar with all aspects of utility regulation.

Merger/Acquisition Experience

Presented below is a listing of some of the merger and acquisition cases in which Larkin & Associates project team has participated.

1. Joint Application for Approval of Stock Transfer of Dominion Peoples, Currently owned by Dominion Resources Inc., to Peoples Hope Gas Companies LLC, an indirect subsidiary of Babcock & Brown Infrastructure Fund North America LP, Docket No. A-2008-2063737. Pennsylvania Public Utilities Commission)
2. Joint Application of Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples, For Approval of the Transfer of All Stock Rights of the Latter to the Former and for the Approval of the Transfer of All Stock of Hope Gas, Inc., d/b/a Dominion Hope, to Equitable Resources, Docket No. A-122250F5000 (Pennsylvania Public Utilities Commission)
3. Request for an Order Authorizing the Sale by Thames GmbH of up to 100% of the Common Stock of American Water Works Company, Inc. Resulting in Change of Control of California-American Water Company, A. 06-05-025 (California Public Utilities Commission)
4. Application for Authority to Sell, Assign or Transfer Utility Facilities of the Woodlands of Lake Placid, L.P. Utilities Corporation to Camp Florida Property Owners Association, Inc. Dkt. No. 030102-WS (Florida Public Service Commission)
5. MEHC Acquisition of PacifiCorp; Docket No. 05-035-54 (Utah Public Service Commission)
6. Connecticut Natural Gas Company; Docket No. 99-09-03, Phase II (Connecticut Department of Public Utility Control)
7. Southern Connecticut Gas Company; Docket No. 99-04-18, Phase III (Connecticut Department of Public Utility Control)

8. Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California Public Utilities Commission)
9. Energy East Corporation and CTG Resources; Application No. 99-08-09 (Connecticut Department of Public Utility Control)
10. Proposed Merger of the Parent Corporations of Qwest Communications Corporation, LCI International Telecom Corp., US West Communications, Inc., Docket No. T-1051B-99-0497 (Arizona Corporation Commission)
11. Energy East Corporation and Connecticut Energy Corporation; Application No. 99-07-20 (Connecticut Department of Public Utility Control)
12. Northeast Utilities and Yankee Energy System, Inc.; Docket No. 99-08-02 (Connecticut Department of Public Utility Control)
13. Consolidated Edison, Inc. and Northeast Utilities; Docket No. 00-01-11 (Connecticut Department of Public Utility Control)
14. City of Danville, Illinois - Valuation of Water System
15. Village of University Park, Illinois - Valuation of Water and Sewer System

West Virginia Experience

Larkin & Associates has also represented the CAD in previous rate case proceedings, making us familiar with West Virginia ratemaking policies and principles, along with CAD preferences. Some cases include:

- Mountaineer Gas Company, Case No. 09-0878-G-0571,
- Dominion Hope Case Nos. 08-1783-G-42T and 08-1761-G-PC
- Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power Co., Case No. 05-1278-E-PC-PW-42T
- Equitable Gas Company; Case No. 96-0059-G-GI
- Mountaineer Gas Company; Case No. 95-0011-G-42T
- Hope Gas, Inc.; Case No. 95-0003-G-42T
- Monongahela Power Company; Case No. 94-0035-E-42T
- Potomac Edison Company; Case No. 94-0027-E-42T
- Mountaineer Gas Company; Case No. 89-640-G-42T

Appendix II presents a summary of regulatory engagements in which Larkin & Associates have performed work similar to that required in this project. Each case summary conveniently lists the name of the client, a summary of the scope of work performed, and indicates the professional personnel who participated in the engagement.

Conflict Statement

Larkin & Associates, PLLC is not engaging in any cases that would be in conflict with this case. None of Larkin & Associates, PLLC's past cases would be in conflict with this case.

IV. PERSONNEL

Larkin & Associates, PLLC's professional staff assigned to this project would bring to this engagement over 100 years cumulative business, public accounting and utility related experience. Larkin & Associates has extensive experience in the utility regulatory field as expert witnesses in over 500 regulatory proceedings, including numerous electric, gas, telephone and water and sewer utilities. Our professionals are familiar with a variety of regulatory issues affecting gas, electric, telephone and water and sewer utilities. Thus, in performing our work for the Commission on this project, we will draw on knowledge gained through comparable studies performed in other utility cases. In order to present well-supported recommendations, we will utilize to the fullest extent possible our accumulated expertise in accounting, auditing, taxation and utility regulation.

Each of our senior project team members, as well as our proposed case manager and expert witness in this case, are CPA's and have over ten years experience testifying as expert witnesses on rate making and regulatory matters, consistent with the RFQ requirements.

As senior partner of Larkin & Associates, Hugh Larkin, Jr., CPA, will assume ultimate responsibility for the completion of each phase of the project and the quality of the resulting work product. Mr. Larkin has worked in the regulatory field for over 35 years and has testified in over 300 regulatory proceedings. Mr. Larkin's regulatory experience includes rate cases, management audits, and litigation assistance. On this project, Mr. Larkin will function in an advisory role. He has been included in the project team in case any issues arise where his advice on regulatory policy will be beneficial.

Helmuth W. Schultz, CPA, is a senior consultant and has over 30 years of experience with regulatory issues. Mr. Schultz has supervised many projects and presented testimony on numerous occasions. He will assist in this project on an as-needed basis.

Ralph Smith, CPA, is a senior consultant and has over 30 years of experience as a regulatory consultant. Mr. Smith is also a certified financial planner and an attorney. Mr. Smith has been a key member and presented testimony in numerous regulatory engagements involving electric, gas, and water and sewer utilities. Mr. Smith has testified in several cases involving mergers and acquisitions and has represented the CAD in several recent engagements.

Donna Ramas (DeRonne), CPA is a senior consultant. She has over 18 years experience as a regulatory consultant and has supervised numerous projects. Ms. Ramas provided testimony in numerous regulatory cases, including many electric cases, several merger and acquisition cases, and several cases in West Virginia.

We propose that either Mr. Smith or Ms. Ramas serve as project manager and lead consultant on the case. Each has well over ten years of experience testifying on revenue requirement issues involving regulated utilities and both have testified in merger and acquisition cases, thus meeting the requirement specified in the Request for Qualifications. The project manager coordinates the work efforts of all professional staff,

monitors the progress of the project and ensures that all deadlines are met. The project manager will also serve as the expert witness in the case.

Mark Dady, CPA and Tina Miller are regulatory analysts. They have prepared calculations, performed analyses and prepared schedules, exhibits, and reports on several Larkin & Associates' engagements. Mr. Dady has also filed testimony in several recent regulatory engagements and has experience assisting in West Virginia cases on behalf of the CAD. It is anticipated that either Mr. Dady or Ms. Miller will perform analytical work, prepare data requests and exhibits, draft and edit written reports, and verify data.

Dawn Bisdorf and John Defever are research analysts with Larkin & Associates. Ms. Bisdorf and Mr. Defever assist with the review and analysis of regulatory filings by preparing computer spreadsheets and models, and performing accounting and regulatory research. Either Ms. Bisdorf or Mr. Defever will provide technical assistance on this project.

Resumes detailing the education and experience are being provided for each of our project team members as Appendix I, attached to this proposal.

V. PRICE PROPOSAL

Larkin & Associates, PLLC proposes to complete the revenue requirement project for a price not to exceed \$29,650. This includes all professional fees and expenses. The hourly rate of the project manager/expert witness on this case is \$125. Consistent with the RFQ, the hourly rate includes all expenses, including travel.

For billing purposes, we will use the following hourly rates for each of our professional Staff. We will not bill separately for expenses or secretarial costs, as expenses have been factored into the hourly rates presented below.

Our proposed prices are as follows:

Professional	Title	Hours	Hourly Rate	Total
Larkin/Smith/Ramas/Schultz	Senior Regulatory Analysts	140	\$ 125	\$ 17,500
Mark Dady/Tina Miller	Regulatory Analysts	120	\$ 90	\$ 10,800
D. Bisdorf/J. Defever	Research Associates	30	\$ 45	\$ 1,350
Total Project Bid				<u>\$ 29,650</u>

In Appendix III, attached to this proposal, we have included the "Consulting Bid Form" that was provided with the RFQ, containing the above pricing information.

APPENDIX I
BACKGROUND & QUALIFICATIONS - RESUMES OF
KEY PROJECT PERSONNEL

The personnel Larkin & Associates proposes for this project are ideally suited to the project's requirements. The project team includes professionals with educational backgrounds in accounting, finance, economics, statistics, business management, taxation, law and computers as well as expertise in addressing regulatory issues for gas, electric, telecommunications, water and sewer utilities.

Members of this team have extensive experience providing consulting to regulatory agencies concerning a wide range of issues affecting public utilities. The professionals proposed for this project have worked as consultants on numerous projects for regulatory commission staffs and intervenors, and have provided litigation assistance on behalf of law firms representing utilities and others. Our team includes expert consultants and CPAs who are thoroughly familiar with the issues in utility regulatory consulting engagements.

Resumes detailing our extensive regulatory and utility industry experience, for the professionals proposed for this project follow:

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HUGH LARKIN, JR.....	1
RALPH C. SMITH	11
HELMUTH W. SCHULTZ, III.....	23
DONNA M. RAMAS	29
MARK S. DADY	36
TINA MILLER.....	41
DAWN BILDORF	43
JOHN DEFEVER	45

HUGH LARKIN, JR.

Mr. Larkin is a certified public accountant, founder and senior partner of Larkin & Associates. He is thoroughly versed in independent auditing, as well as the design and review of accounting systems and the presentation of data for management and financial reporting. Mr. Larkin is licensed in the states of Michigan and Florida.

For over 29 years, Mr. Larkin has concentrated in the field of public utility regulation. He has served as project leader for numerous financial and compliance audits and regulatory consulting engagements, and has testified as an expert witness on issues dealing with public utility management and regulation in over 300 proceedings. His testimony has been sponsored by public utility/service commission staffs, state attorneys general, groups of municipalities, a district attorney, people's counsel, public counsel, and other such entities. Jurisdictions in which Mr. Larkin has presented expert testimony include: Alabama, Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Vermont, Utah, Washington, Wisconsin, West Virginia, FERC and Canada.

Relevant Regulatory Experience

Following are examples of electric regulatory cases in which Mr. Larkin has participated.

Electric Cases

- Project Member in the review of Avista Utilities application for a rate increase. Issues addressed in testimony included: production property adjustment, labor (non-executive), labor (executive), capital additions, asset management, information services, CDA Tribe Settlement costs, Colstrip Mercury O&M, incentive compensation, O&M plant expense, insurance expense, Board of Directors meeting costs, Board of Directors fees, customer deposits, injuries and damages reserve, and interest synchronization.
- Project Member in the review of Tampa Electric Company's request for an increase in rates. Issues addressed in Mr. Larkin's testimony included: transmission base rate adjustment clause, annualization of plant-in-service, plant in service projections, CIS upgrades, dredging O&M amortization, plant held for future use, construction work in progress, working capital, storm damage accrual, uncollectible expense, and capital structure.
- Project Member in the review of Florida Public Utilities Company's review of 2007 electric infrastructure storm hardening plan filed pursuant to Rule 25-6.0342. Issues addressed in Mr. Larkin's testimony included: other property and investments, cash, special deposits-electric, customer accounts receivable, accumulated provision for uncollectibles, prepaid insurance, unbilled revenue, regulatory asset-retirement plan, temporary services, deferred debits-rate case expense, regulatory treatment of over and under recovery of fuel and conservation costs, storm reserve, interest accrued-customer deposits, forfeited discounts, rate case expense, other informational advertising, tree replacement, inspection and testing of substation equipment, economic development expense, postage expense, supervisory training expense, travel for compliance accountant, BDO Seidman increase, uncollectible accounts, revisions to projection factors, staff audit findings, storm hardening expenses, and taxes.
- Project Member in the review of Entergy Gulf States, Inc. ("EGS-La") and Entergy Louisiana, Inc.'s (ELI) d/b/a Entergy Louisiana, LLC (ELL) (collectively referred to as "the Companies") request for interim and permanent recovery in rates of costs related to Hurricanes Katrina and Rita. Larkin & Associates addressed the appropriate methodology for determining the amount to be recovered from customers. Issues addressed in Mr. Larkin's testimony included: incremental cost recovery method, insurance proceeds, Community Block Development Grants, and storm recovery cost cut-off date.

Resume of Hugh Larkin, Jr., CPA, continued

- Project Member in the review of Florida Power & Light Company's request for recovery of storm restoration costs. Larkin & Associates addressed the appropriate methodology for determining the amount to be recovered from customers. Issues addressed in testimony included: Company's accounting for storm damage costs, the use of variances or estimates of costs included in base, financial statements, Company's method of cost recovery, Company's budget process, lost revenue, other costs which should be excluded from storm cost recovery, storm restoration request, payroll, labor, items covered under warranty, remaining contingencies, joint use poles, plant repair estimates, advertising and communications costs, capital items, proceeds received for loan of personnel and equipment, and cut-off date. Project Member in the review of Gulf Power's petition for cost recovery for storm damages. Issues addressed in Mr. Larkin's testimony included: incremental cost recovery method, voluntary addition to storm reserve, true-up, 2005 storm cost recovery date, servicing and administrative fees, and accounting entries associated with storm-recovery financing.
- Project Member in the review of Appalachian Power Company and Wheeling Power Company's rate request. Issues addressed by Larkin & Associates in testimony included: utility plant held for future use, prior period accumulated depreciation, prepayments, cash working capital, inactive to zero usage material and supplies inventory, self funded reserve accruals, rate base related asset retirement obligation adjustments, pole rental expense, remodeling expense, airplane costs, club initiation fees, written off obsolete inventory, incentive compensation, rate case expense, life insurance premiums, public relations expense, Edison Electric Institute Dues, Other Membership Dues, Three-Year Amortization from Loss on Sale of Bluefield and Wheeling Office Buildings, Amortization of Deferred RTO Formation, Service Company Billings, Institutional Advertising Expense, Interest on Customer Deposits, Expanded Net Energy Cost (ENEC), T&D Management, Consolidated Income Taxes, Interest Synchronization, Depreciation & Amortization Related to Asset Retirement Obligations, Maintenance of Boiler Plant Account 512, Maintenance of Electric Plant Account 513, and Income Tax Expense.
- Project Leader and Expert Witness in a review of Central Hudson Company's request for an increase in electric rates. Issues addressed in testimony filed by Larkin and Associates included pension expense, other post employment benefits expense, site investigation and remediation costs for manufactured plant, right of way maintenance/storm damage expense.
- Project Leader and Expert Witness in a review of New York State Electric & Gas Company's request for an increase in electric rates. Issues addressed in testimony filed by Larkin and Associates included payroll, capital expenditures, pension expense, other post employment benefits expense, supplemental executive retirement plan, hydraulic power generation, legal services, regulatory commission expense, rent expense allocated from USSC, outside services, tree trimming, and stray voltage.
- Project Leader in Civil Action No. C2-05-360 where Larkin & Associates was retained by the U.S. Department of Justice to review American Electric Power Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. 04-34-KSF where Larkin & Associates was retained by the U.S. Department of Justice to review East Kentucky Power Cooperative's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. IP99-1693 C-M/S where Larkin & Associates was retained by the U.S. Department of Justice to review Cinergy Corporation's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. C2-99-1182, C2-99-1250 (consolidated) where Larkin & Associates was retained by the U.S. Department of Justice to review American Electric Power

Resume of Hugh Larkin, Jr., CPA, continued

Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.

- Project Leader in Civil Action No. 1:00 CV 1262 where Larkin & Associates was retained by the U.S. Department of Justice to review Duke Power Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Leader in Civil Action No. C2-99-1181 where Larkin & Associates was retained by the U.S. Department of Justice to review Ohio Edison Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Manager in a review of the 2004 Cost of Service Application of San Diego Gas and Electric Company as it pertained to the Company's electric operations. Issues addressed in testimony included: miscellaneous revenues, employee level and compensation, pensions, employee benefits, directors and officers liability insurance, workers compensation, injuries and damages, accumulated deferred income taxes, customer advances for construction, capitalization policy changes and allocated corporate center costs.
- Project Director in the review of Florida Power & Light Company's proposed revenue requirement. The case settled prior to filing testimony and the firm actively assisted in settlement discussions.
- Key Project Member in the review of Florida Power & Light Company's earnings, including effects of a proposed acquisition of Florida Power Corporation by Carolina Power & Light. Issues presented in testimony included an overall recommendation and a capital structure-CR3 Adjustment, merger synergies/acquisition adjustment, closed business offices, and operating income adjustments: miscellaneous service revenues, other electric revenues, salaries and wages expense, employee benefits-medical expense, FAS 106, FAS 112, miscellaneous benefits-change in control cash payment, power marketing expense, general advertising expense, nuclear property and liability insurance credits, nuclear materials and supply inventory, rate case expense, nuclear energy institute dues-lobbying, Tiger Bay regulatory asset, nuclear decommissioning expense, property tax expense and effects of Company updates to its filing.
- Project Director in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues addressed in testimony included: incentive compensation, payroll, pensions/post-retirement benefits, working capital, Bridger Coal Company Rate Base, Environmental Settlements, Revenue Normalization Correction, Distribution Expense Correction, Accounting Write-Offs, Assets under construction write-off, Cholla Assets Under Construction Write-Off, Additional Assets Under Construction Written Off, Obsolete Inventory Write-Offs/Reserve, FERC Contingency Write-Off, Blue Sky Program, Stoel Rives Pricing Settlement, Transition Team Costs, Miscellaneous Outside Service Expense, Annualization of Contract Cost Savings, Dave Johnston (Glenrock) mine closure, systems applications and products software (SAP), re-engineering, 1997 computer software write-down, Company's proposed 1999 software write-off, uncollectible expense, and potential updates (pending additional information from the Company).
- Project Director in an investigation of over-earnings by the Connecticut Light & Power Company. Issues presented in testimony included: over-earning standards, cause of over earnings, treatment of over-earnings, impact of over-earnings on conditions of NU/ConEd Merger, and the Company's proposed initiatives.
- Project Director and expert witness in the analysis of the submission of PacifiCorp d/b/a Utah Power & Light Company's semi-annual report for the year ended December 31, 1997. Mr. Larkin recommended a reduction in UP&L's rates, along with a recommended refund of past over-earnings, as the revenues collected during 1997 were set as interim by the Utah legislature. Mr.

Larkin investigated issues and presented testimony. Larkin & Associates filed testimony on the following issues: refund calculation methodology; out-of-period adjustments for a future mine closure, mine reclamation costs, software write-down, re-engineering program, future dam removal and computer mainframe write-downs; plant held for future use; cash working capital; prepaid interest; employee costs including payroll, incentive compensation, FAS 112 and FAS 106; advertising; solar amortization; environmental settlement handled by an affiliated company; uncollectibles; relocation expense; black lung excise taxes; property taxes; and income taxes.

- Project Director and expert witness in charge of addressing revenue requirement issues presented in the June 1998 filing by Georgia Power Company (GPC). Larkin & Associates' testimony addressed the determination of Staff's adjusted rate base and net operating income for GPC, and the adjustments to GPC's rate base and net operating income being proposed by Staff. Issues addressed in testimony included: accelerated amortization of gain/loss on reacquired debt, accelerated amortization of vacation pay "regulatory asset", accelerated amortization of OPEB "regulatory asset", depreciation expense, revenues based on sales forecast, uncollectibles expense, contract labor, Year 2000 Project expense, non-recurring costs charged to GPC from affiliates, performance divided plan, performance pay plan and performance incentive plan, Commission-ordered adjustments, expiring amortizations, rate case expense normalization, promotional load building program, Rocky Mountain pumped storage plant disallowance, payroll tax expense, cash working capital and interest synchronization.
- Project Director in the review of the revenue requirement aspects of the Application for Approval of Alternative Regulatory Plan presented by Virginia Electric Power Company. Conducted a review of Virginia Power's 1995 and 1996 earnings, with particular focus on the revenue requirement for Virginia Power in each of those years. Mr. Larkin determined that the Company received excess earnings in each of those years. Recommended a refund of past over-earnings and recommended a reduction in the Company's rates. Mr. Larkin also recommended accounting methods to be employed during a proposed three-year rate freeze period. Adjustments which impacted revenue requirement were addressed in the following areas: projected plant-in-service; deferred capacity expense; payroll; incentive compensation; vision 2000 plan cost savings; employee benefits including pensions and OPEB; outside directors' stock accumulation plan; lost margins on wholesale sales; EVANTAGE affiliate allocations; credit support payments from affiliates; lease expense; advertising; storm damage; dues expense; outside consulting fees; depreciation expense; and deferred capacity mechanism. The case was ultimately settled subsequent to the filing of direct testimony. The settlement resulting in a significant rate decrease, substantial refunds and an alternative regulatory plan incorporating rate freeze provisions.
- Project Director in the review of the application and filing made by Nevada Power Company for an increase in its base tariff energy rates to reflect increased fuel and purchased energy costs and for a reduction in its deferred energy accounting adjustment credits for clearance of its deferred energy accounts. Mr. Larkin's testimony addressed fuel and purchased power cost, including coal and gas supply contracts and spot market purchases. Specific issues and recommended adjustments included: over-pricing of supplier "F" gas purchases, diesel costs (current) for Sunrise and Sunpeak gas turbines, unpaid gas cost accrual expense, May 1997 start-up fees and sale of emission allowances.
- Project Director on behalf of the Department of the Navy to provide answers to specific questions raised by the Hawaiian Public Utilities Commission in its pre-hearing order and to respond to the direct testimony of the witnesses of the utilities. The purpose of the case was to address whether or not the Hawaiian public utilities should be permitted to establish a self-insured property damage reserve and, if so, how such reserve should be treated for both financial and regulatory purposes. Main issues addressed included: whether or not a reserve should be established; alternatives to a self-funded reserve; appropriate accounting if a reserve is established; whether or not amounts collected should be funded; treatment of reserve for tax purposes; and appropriate qualifications on use of the reserves.

Resume of Hugh Larkin, Jr., CPA, continued

- Project Director in the review of specific issues pertinent to Entergy Gulf States' filing for an increase in base rates. Specifically, Larkin & Associates was retained to review costs directly charged and allocated by Entergy Services, Inc. (ESI) and Entergy Operations, Inc. (EOI) to Entergy Gulf States. ESI and EOI are nonregulated affiliates of Entergy Gulf States. In addition, Larkin & Associates was retained to review the weather normalization adjustment calculated by Entergy Gulf States.
- Project Director retained by the New Jersey Division of Ratepayers Advocate to participate in the examination of issues related to the recovery of capacity costs in base rates and in the Levelized Energy Adjustment Clause.
- Project Director in the review of the rate increase request by the Monongahela Power Company. Mr. Larkin investigated issues including revenue requirement, rate base, scrubber O&M expenses, Clean Air Act Amendment compliance and costs, storm damage expense, cash working capital, salary expenses, savings plan expenses, right of way maintenance, medical expense, pension (FAS 87) expense and meter socket expense.
- Project Director on behalf of Energy Consumers for Choice in Mississippi in a generic docket before the Mississippi Public Service Commission to consider competition in the provision of retail electric service. Mr. Larkin performed analytical work on this project, prepared written testimony and testified at hearings. His testimony addressed criteria that should be in place upon implementation of competition and the position that competition can be beneficial to all ratepayers and the Company if it is structured and implemented appropriately. Mr. Larkin also took the position that stranded costs should not automatically be flowed 100% to ratepayers, rather, a sharing between ratepayers and shareholders should be considered. Mr. Larkin has filed numerous comments to the Commission regarding specific electric industry restructuring issues.
- Project Director in the review of the rate increase request by the Potomac Edison Company. Mr. Larkin analyzed issues including revenue requirement, rate base, scrubber O&M expenses, Clean Air Act Amendment compliance and costs, customer deposits, salary expenses, right of way maintenance, medical expense, payroll incentive awards and pension expense.
- Project Director in the review of the administrative and general expenses encompassed within Southern California Edison Company's general rate case. His testimony addressed the following issues: severance payments, environmental litigation expense, regulatory commission expense, medical malpractice insurance, blanket crime insurance, directors' retirement plan, miscellaneous Board of Directors expense, employee volunteer program, High Five Service Program, employee meetings expense, EEI dues, and franchise fees.
- Project Director retained by the Mississippi Public Service Commission to review the rate increase filing made by Mississippi Power and Light Company. He reviewed rate base, revenues and expenses. Mr. Larkin's participation in the settlement discussions led to the resolution of this case.
- Project Director retained by the Connecticut Office of Consumer Counsel to review the rate increase request by the Connecticut Light and Power Company. Issues addressed in his testimony included: nuclear plant phase-ins, nuclear performance enhancement program costs, cash working capital, KWH sales, transmission revenues, fossil/hydro outage costs, merger costs, salaries and wages including benefits, CIAC deferral, capacity costs, and depreciation.
- Project Director hired by the Florida Office of Public Counsel to review the Tampa Electric Company's request for an increase in rates. Areas he analyzed were: CWIP, plant in service, accumulated depreciation, plant held for future use, working capital, tree trimming expense, advertising expense, rate case expense, payroll, fringe benefits, supplemental executive retirement program, depreciation expense, FAS 106, and interest synchronization.

Resume of Hugh Larkin, Jr., CPA, continued

- Project Director in the review of the rate increase request by the United Illuminating Company. Issues reviewed by Mr. Larkin included: working capital, accrued vacations, sales, late payment charges, transmission revenues, operating rents, electric property, transmission charges, generating expense, Steel Point Decommissioning, Seabrook Unit 1 - expenses, Connecticut Yankee expense, Millstone Unit 3 expense, payroll, 401(K), group health and life insurance expenses, post retirement benefits, pension expense, rate case expense, lease expense, inflation adjustment, and property taxes.
- Project Director in the review of the rate increase request filed by Florida Power Company. Major issues discussed in his testimony included: CWIP, flight equipment, revenues, tree trimming expense, advertising expense, payroll, fringe benefit expense, and Performance Reward.
- Project Director in the comprehensive review of the Hawaiian Electric Company's application for an increase in revenues. Subjects addressed in testimony included: projected work force growth, employee benefits, integrated resource planning expense, rate case expense, affiliated charges, plant additions, property held for future use, fuel oil inventory, accounts payable related to electric materials and supplies.
- Lead Consultant retained by the Florida Office of Public Counsel to review the issue related to Florida Power Corporation's inclusion of a hypothetical income tax cost in the cost-plus fuel charges which Florida Power Corporation pays to an affiliate, Electric Fuels Corporation.
- Project Director in the review of System Energy Resources, Inc., tax accounting and allocation methods used and the resulting impacts of such methods on rates.
- Lead Consultant retained by the Illinois Office of Public Counsel to evaluate and make recommendations on Central Illinois Lighting Company's ratemaking treatment of costs associated with coal tar clean-up.
- Key project team member in the evaluation of Central Vermont Public Service Corporation's request for an increase in rates. Mr. Larkin analyzed capital structure, cost of capital - short term debt, common equity component of capital structure, capital stock expense, Allied Power and Light Company adjustment, non-utility investment, rate base - accumulated deferred income tax, accumulated depreciation, Poultney 3-bay Garage, CWIP, working capital allowance, operating expense - transmission station expenditures, salaries and wages, 401(K) match, management incentive plan, pensions, EEI committee meetings, property taxes, outside services, depreciation expense, conservation and load management, utility incentives, income taxes, gross revenues and fuel gross receipts tax.
- Project Director in the review of the rate increase filing of the Southern California Edison Company. Post retirement benefits other than pensions and property taxes were the primary issues in this case.
- Project Director in the comprehensive review of costs allocated by Systems Energy Resources, Inc. to its utility ratepayers located in the states of Mississippi, Louisiana, and Arkansas. The review focused on the appropriate funding period over which to allocate decommissioning expenses, the propriety of transferring inventory costs from Grand Gulf Unit 2, an abandoned nuclear plant, to Grand Gulf Unit 1, and the appropriate method to compute rent expense charged to ratepayers.
- Key project team member in the review of cost of service and rate base analysis of Green Mountain Power Corporation. Specific issues addressed included: budget variances, post-retirement benefits, power costs, advertising, plant additions, CWIP in rate base, investments in affiliates, the appropriateness of the amortization and rate base treatment of various projects and demand side management programs.

Resume of Hugh Larkin, Jr., CPA, continued

- Project Director in the review of the rate case of Wheeling Power Company. Specific issues examined included: other operating revenue, including rent from electric property, forfeited discounts, storm damage expense, injuries and damages expense, postage expense, uncollectible expense, rate case expense, inflation adjustment, EEI-Media Communication Fund, advertising expense and income taxes.
- Project Director in the review of the Hawaiian Electric Company's rate filing package. Issues addressed included: Operating income: Advertising Expense; Uncollectibles; Employee Benefits; Employee Discounts on Electric Service; Performance or Incentive Bonuses; Depreciation Expense; Wage Rollback; Projected Work Force Growth; Integrated Resources Plan; Customer Deposit Interest. Rate Base: Plant in Service; Joint Pole Contributions; Depreciation; PHFFU; Materials and Supplies; CIAC; Customer Advances; Customer Deposits; ADIT; Unamortized Investment Tax Credit; Accounts Payable Related to Electric Materials and Supplies; Accounts Payable Related to Construction Work in Progress; Gain on Sale of Utility Property; Cash Working Capital.
- Project Director in the review of Jersey Central Power & Light Company's rate filing. Issues included: normalized revenues, revenue-based taxes and assessments, expenses for customer growth, non-pension post retirement benefits, depreciation expense, decommissioning expense, nuclear O&M expense, depreciation expense, amortization of deferred capacity cost, TMI fault settlement cost annuity, design basis documentation cost, loan management programs, gain on disposition of rate base property, association dues, affiliate allocations, storm damage expense, rate case expense, donations, T&D information management system, income tax expense, plant in service, accumulated deferred income taxes, accumulated depreciation and working capital.
- Project Director in the analysis of Gulf Power Company's filing in regard to a proper revenue requirement. Issues addressed in the direct testimony of Mr. Larkin include: plant in service, depreciation, JDITC balance, non-electric plant, PHFFU, acquisition adjustment, unit power and retail sales and interest synchronization.
- Project Director in the examination of the petition of the Philadelphia Electric Company for a rate increase. Issues addressed included: Measure of Value: Limerick 1 Early Window Cost in Measure of Value; Fuel Inventory; Materials and Supplies; Cash Working Capital Requirement; Accumulated Deferred Income Taxes. Operating Income: Revenue Annualization; Building Rental Income; Limerick 1 Early Window Amortization; Amortization of Damaged Fuel; EEI Media Communications Advertising; Industry Association Dues; Pension Expense; Uncollectibles; Payroll; Stockholders Meeting Expense; Management Audit Cost Amortization; Loss on Retired Computer Facilities; Decommissioning Cost; Pennsylvania Job Creation Tax Credit; Research & Development Expense; Rent Expense; Electric T&D Expenses; Financial Department O&M Overbudgeting; Interest Synchronization; Unprotected Deferred Income Taxes.
- Project Director in the analysis of the settlement agreement between United Illuminating Company and Consumer parties. Issues involved: cash working capital, FCA credits overstated, nuclear fuel expense, overstatement of fuel costs, capacity sales, transmission charges, payroll overstatement, pension expense, overhaul expense, rate case expense, professional fees, advertising expense, inflation adjustment, EPRI dues, conservation costs, storm damage expense, DFIS computer system, personal use of company automobiles, depreciation expense, property tax and tax expense.
- Project Director in the examination of the rate case filing of Central Maine Power Company. Issues included: Net Operating Income: Customer Service System; Pension Expense; Storm Cost Normalization; Energy Management Program Expenses; Wages and Salaries; Union Actual vs. Contract Increases; Incentive Bonus Plan; Payroll Taxes; Employee Benefits; EPRI; Gains on Property that Had Been in Rate Base; Excess Deferred Income Taxes. Rate Base: Customer Service System; Employee Residences; PHFFU; Cash Working Capital; Unamortized Balances.

Resume of Hugh Larkin, Jr., CPA, continued

- Lead Consultant in the examination of the filing by the Puget Sound Power & Light Company to increase rates. Issues specifically addressed include: property sales, late payment charges, lease income, conservation program additions, retirement plan, investment in nuclear project, and tax benefits.
- Project Director in the analysis of Jersey Central Power & Light Company. Included in the analysis were the following: fuel clause filing, capacity adjustment clause and (1) whether three purchased power contracts were in the public interest and reasonably necessary to provide adequate and proper service to JCP&L's customers, (2) whether the costs associated with the purchases under the three contracts are reasonable and prudently incurred, and (3) whether the PJM/GPU reserve capacity charges and the capacity costs associated with the three contracts should receive deferred accounting treatment with subsequent recovery of deferred costs in a rate case. Mr. Larkin also presented testimony on ratemaking principles for capacity additions.
- Project Director in the review of Gulf States Utilities Company filing to increase rates. Issues included: River Bend costs, electric sales, calculation of revenues, electric sales to other utilities, fuel over/under recovery, nuclear fuel cost included in 1987 projections, and O&M expenses, excluding payroll and employee benefits.
- Project Director in the detailed review of Georgia Power Company's rate case filing. Our task involved performing a detailed review of Georgia Power Company's operating budget for fiscal year 1987 and for the budgetary test year used in conjunction with the Company's rate case. The scope of our task involved focusing not only upon the process used for resource planning and budgeting at Georgia Power Company, but also examining the costs contained in the operating budget. With respect to costs included in the budget, we attempted to ascertain what support existed for the inclusion of such costs in the budget, to obtain an understanding of why the Company had included specified costs in its budget, and, to the extent possible from the information provided by the Company, to evaluate such costs for reasonableness and for the effective use of personnel, materials, and other inputs in order to produce, transmit and distribute electricity to the retail consumer at the lowest price consistent with reliable service.
- Project Director in the examination of Long Island Lighting Company for a basis for rate relief. Areas examined included: austerity program, LILCO's cash flow projections, adjusted cash flow projections, cash available at beginning of rate year, understatement of cash balance, omission of dividends, New York gross earnings - dividend tax, increase in sales, interest savings during rate year, prepayment of bank debt, increase in interest payments, additional self-help measures, research and development programs, wage and salary freeze, NEIL insurance, "Golden Parachute Program", officers' salaries, cost of center for stress and pain, directors and officers liability insurance, Federal income taxes, possibility of an imminent LILCO bankruptcy, late payment charge, storm damage reserve, refinancing and rate relief recommendation.
- Project Director in the review of Carolina Power & Light Company's request for an increase in rates. Major issues addressed included: application of the terms of FASB Statement No. 92 to the Utility's Harris Nuclear Plant capacity buy-back levelization plan, appropriate value of pre-commercial test energy produced, proper coal inventory level, pension expense recoverable under FASB Statement No. 87 and reduction to test year payroll costs resulting from work force reductions and abnormal overtime.
- Project Director in the examination of El Paso Electric Company's request for a rate increase. Issues addressed in Mr. Larkin's testimony were as follows: revenue surplus, capital structure, reallocation of common facilities, assignment of PV Unit 2 Texas AFUDC credits as an offset to plant in service, removal of penalties from plant in service, accumulated depreciation, nuclear fuel in process and CWIP, deferred carrying costs and adjustment to deferred income tax liability, unbilled revenues, O&M expense, purchased power expense, salaries and wages, pension expense, employee benefits, nonrecurring expense, account 567, advertising expense, outside service, insurance expense, directors and officers liability and excess liability insurance, regulatory commission expense, city rate case expense, ANPP prudence audit costs, prudence

Resume of Hugh Larkin, Jr., CPA, continued

hearing expenses, general advertising expense, line of credit fees, employees transferred to Pasotex Corporation, other O&M expense, miscellaneous expense, deferred O&M expense, deferred Palo Verde Unit 2 lease payments and sale leaseback transaction costs, depreciation expenses, amortization of deferred carrying costs, interest of customer deposits, property taxes, deferred Palo Verde taxes, NRC reactor fee, Texas franchise tax, FICA taxes, Federal income tax expense, Federal income tax expense, sale and leaseback of Palo Verde Unit 2, accounting adjustments to incorporate recommendations of MHB Technical Associates and Ben Johnson Associates, Inc. and revenue surplus with a 50% disallowance of Palo Verde costs.

- Lead Consultant retained by the Illinois Office of Public Counsel to present schedules showing the fixed charge revenue requirement of Byron 1 under two different scenarios: (1) fixed charge revenue requirements based on as-built scenario with an in-service date of October 31, 1985, and (2) a rate base adjustment reflecting the AFUDC method with an in-service date of June 30, 1984 for the Commonwealth Edison Company.
- Project Director in the review and analysis of the filing of Gulf Power Company for a rate increase. The following issues were addressed in testimony by Mr. Larkin: plant in service, depreciation, non-electric plant, unit power sales, CWIP, retail sales, budgeting process, labor costs, plant expenses, transmission line rental, uncollectibles, renovations, and obsolete materials.

Previous Positions

- Employed by the international certified public accounting firm Peat, Marwick, Mitchell and Company from 1963 through 1969. Supervised major audits of the Detroit office.
- Partner in the public accounting firm of Tischler & Lipson, 1969-1970.
- Formed the certified public accounting firm of Larkin, Chapski and Company in 1970 (reorganized in 1982 as Larkin & Associates).

Education

- Bachelor of Science, Accounting, Michigan State University, East Lansing, Michigan, 1960.
- Certified Public Accountant, 1966.
- Continuing professional education necessary to maintain CPA license.

Professional Affiliations

- Michigan Association of Certified Public Accountants.
- American Institute of Certified Public Accountants.

References

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RALPH C. SMITH

Mr. Smith's professional credentials include being a certified financial planner™ professional, a licensed certified public accountant and an attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving gas, telephone, electric, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Relevant Regulatory Experience

Following are examples of electric regulatory cases in which Mr. Smith has participated.

- Project Manager in a research project for the Arkansas Public Service Commission Staff regarding innovative approaches to rate base, rate of return ratemaking. Larkin & Associates analysis focused on annual earnings reviews, formula rates, recovery of extraordinary storm damage expenses, plant acquisitions and construction costs of new facilities.
- Project Manager and Expert Witness in the review of Puget Sound Energy's application for an increase in rates. Issues addressed in Mr. Smith's testimony were: Wild Horse Expansion Project, ADIT associated with 2009 Bonus Tax Depreciation associated with the Wild Horse Expansion Project, Tax Benefits of American Recovery and Reinvestment Act ("ARRA"), significant change in tax accounting, pension expense and supplemental executive retirement plan expense.
- Project Manager and Expert Witness in the an investigation of issues presented in Entergy Arkansas, Inc.'s (EAI or Company) proposed Annual Earnings Review Procedure Tariff (Rider AER). Issues discussed in Mr. Smith's testimony included: No Separate Capacity Acquisition Rider, Annual filing and review process, Nature of the Rate Adjustment, Determination of the AER Rate, Reevaluations for the cost rate for common equity, Provisions for Other Rate Changes, Term of Rider AER, Calculation of the Revenue Deficiency or Excess, Rate of Return and other differences.
- Project Manager and Expert Witness in the Investigation of Entergy Arkansas Inc.'s March 2006 Entergy Cost Recovery Rider Annual Update. Mr. Smith provided additional information concerning EAI's dispute with one of the railroads concerning delivery of coal from the Powder River Basin (PRB) in Wyoming to EM'S Arkansas generating plants and comment on other issues raised by the Arkansas Attorney General ("AG") and the Arkansas Electric Energy Consumers, Inc. ("AEEC"). Mr. Smith also addressed the continuation of EAI's Energy Cost Recovery Rider ("ECR") in his testimony.
- Project Manager and Expert Witness in the investigation of issues presented in Entergy Arkansas, Inc.'s (EAI or Company) request for approval of the acquisition of new capacity to serve its retail customers. Mr. Smith's testimony addressed the following issues relevant to this phase of the Docket: Recovery of Capacity Costs and EAI'S proposal for a Capacity Acquisition Rider (Rider CA), EAI'S proposed modification of Rider ECR to include costs for a Long-Term

Service Agreement (LTSA).

- Project Manager and Expert Witness in the investigation of selected issues presented in Entergy Arkansas, Inc.'s (EM) rate case application. Mr. Smith's testimony addressed the following issues: Recovery of Capacity Costs and EAI's proposal for a Capacity Management Rider, EAI's Energy Cost Recovery Rider, and Affiliate Charges to EM from Entergy Services, Inc.
- Project Manager and Expert Witness in the review of energy policy issues pertaining to EAI. One of the projects involved a review of EAI's fuel procurement, including the supply of coal to EAI's White Bluff and Independence Steam Electric Station generating units. The Commission established this docket to investigate the Interim Revision to the Energy Cost Recovery Rider filed by Entergy previously in Docket 96-360-U.
- Project Manager in an engagement to address energy policy issues. Larkin & Associates assisted with the preparation of comments before the Commission which included a general discussion of the major issues and some specific recommendations on the Commission's Proposed Resource Planning Guidelines (Guidelines) in the form of a mark-up to those Guidelines.
- Project Manager in the review of Southwest Power Pool's (SPP) Application for a Certificate of Public Convenience and Necessity (CCN) and waiver of certain Arkansas statutes and other issues relating to the operation of SPP as an RTO, including the Cost-Benefit Analysis that SPP submitted in this proceeding. In addition, the project team reviewed the filings of Oklahoma Gas and Electric Company (OG&E), Southwestern Electric Power Company (SWEPCO), and The Empire District Electric Company (Empire) in Docket Nos. 04-111-U, 04-143-U, and 05-132-U, respectively, i.e., to participate in the SPP RTO and transfer functional control of certain transmission assets to SPP which were consolidated with this docket. Testimony filed by Larkin & Associates addressed SPP's request for a CCN and waiver of certain Arkansas Statutes and a discussion of the Cost-Benefit Analysis that SPP submitted and various nonquantitative Factors related to SPP's functioning as an RTO and transfer of functional control of certain transmission assets to SPP.
- Project Manager in an engagement to assist the Arkansas General Staff with developing comprehensive resource planning guidelines for electric utilities. Larkin & Associates reviewed comments filed by the other parties before the Federal Energy Regulatory Commission and participated in collaborative meetings with the Public Service Commission Staff
- Project Manager and Expert Witness in Appalachian Power Company's application for an increase in rates. Issues addressed in Mr. Smith's testimony included: self-funded reserve accruals, rate base update, materials and supplies, customers deposits, deferred fuel balance, ADIT, prepaid pension asset, fuel stock inventory, plant held for future use, accounts receivable factoring, mountaineer carbon capture demonstration project, blanket funded capital projects, third-party transmission service revenue, capacity equalization expense, environmental consumables, transmission equalization expense credit, transmission reliability expense, distribution reliability expense, PJM administrative and ancillary fees, emission allowances, Edison Electric Institute dues, obsolete inventory, interest synchronization, New Source Review Settlement, pension expense, interest on customer deposits, depreciation expense, property tax expense, legal expense related to AEP subsidiaries, charitable contributions, stock awards, non-fuel production O&M expense and income tax expense.
- Project Manager and Expert Witness in the review of Hawaiian Electric Company Inc.'s rate filing package. Issues addressed in testimony included: customer information system, cash working capital, accumulated deferred income taxes, general inflation, Ward Base Yard capitalization, vehicle fuel cost, expiring amortization, community service activities expense, income taxes, depreciation and amortization, average test year employees, pension and OPEB cost, normalize research and development expenses, research and development tax credit, FUTA tax reduction, international financial reporting standards, rent expense and emission fees.

- Project Manager and Expert Witness in the review of Arizona Public Service Company's Application for an Interim Increase in rates. Issues addressed in Mr. Smith's testimony in the interim rate relief requested by APS were: criteria for interim rate relief, ordinary regulatory lag does not justify APS' requested interim rate relief, alleged emergency circumstances, whether APS requires an interim rate increase during the processing of its general rate case, an alternative basis for determining an amount of interim rate increase for APS should the Commission be inclined to grant an increase, and rate design
- Project Manager and Expert Witness in the review of Tucson Electric Power Company's General Rate Application. Issues addressed in testimony included: Depreciation Rates, Plant Held for Future Use, Luna Plant Facility, Luna Plant Facility Accumulated Deferred Income Taxes, "Implementation Cost Regulatory Asset", Working Capital, Fuel Inventory, Accumulated Depreciation and ADIT Related to Cost of Removal, Accumulated Depreciation Related to Unauthorized Depreciation Rate Changes, Miscellaneous Accumulated Deferred Income Tax, Account 190, Other Deferred Credits, Customer Care & Billing System, Springerville Unit 1, Luna Facility Depreciation and Property Tax Expense, San Juan Coal Contract, Bad Debt Expense, Edison Electric Institute Dues, Incentive Compensation, Supplemental Executive Retirement Program Expense, Workers' Compensation Expense, Short-Term Sales, Wholesale Trading Activity, Gain on Sale of SO2 Emission Allowances, Property Tax Expense Interest Synchronization, Depreciation Rates Adjustment, Customer Care & Billing System, Markup Above Cost for Charges from Affiliate, Southwest Energy Services, PPFAC Adjustment, Postage Expense, Miscellaneous Service Revenue, Cash Working Capital, Normalize Affiliate Charges to TEP, Legal Expense Related to Motion to Amend Decision No. 62103, Legal Expense Related to California Proceedings, West Connect Charges Related to Regulatory Asset, Other TEP Changes to Operating Income and Rate Base, Purchased Power and Fuel Adjustment Clause, TEP's Historical Misuse of Previous Fuel Adjustment Mechanism, Staffs Proposed PPFAC, TEP's Proposed PPFAC, Costs to Be Included in the PPFAC, Credits to PPFAC Costs Effective Date for PPFAC, PPFAC Forward-Looking and True-Up Components, Carrying Costs on PPFAC bank balance, Filing and Reporting Requirements, Whether Sharing and Cap Provisions Should be Imposed, Requirement for Commission approval of PPFAC, and rate changes.
- Project Manager and Expert Witness in the review of revenue requirement and selected other issues, including new depreciation rates, and rules and regulation changes proposed by UNS Electric. Issues discussed in Mr. Smith's testimony included construction work-in-process, plant in service addition subject to reimbursement, cash working capital, accumulated deferred income tax, revenue adjustment for CARES discount, depreciation and property taxes for CWIP, depreciation and property taxes for CWIP found to be in service in the test year, fleet fuel expense, postage expense, normalize injuries and damages, incentive compensation, supplemental executive retirement program expense, stock based compensation, property tax expense, rate case expense, Edison Electric Institute Dues, other membership and industry association dues, interest synchronization, depreciation rates correction, emergency bill assistance expense, markup above cost for charges from affiliate, Southwest Energy Services, depreciation rates, changes to purchased power and fuel adjustment clause, and the Company's proposed ratemaking treatment for a new peaking unit, Black Mountain Generating Station.
- Project Manager and Expert Witness in the review of Puget Sound Energy application for an increase in rates. Issues addressed in Mr. Smith's testimony included: storm damage cost recovery and wire zone vegetation management expense.
- Project Manager and Expert Witness in the Hawaiian Electric Company Inc.'s rate filing package. Issues addressed in testimony included: pension asset, cash working capital, accumulated deferred income taxes for AFUDC in CWIP, June 2007 updates, known and measurable rate changes, amortization of pension asset, Edison Electric Institute dues, security services expense, Community Process expense, Income Taxes – Interest Synchronization, Research, Development and Demonstration Expenses in Miscellaneous O&M, Average Test Year Employees, HECO's Proposed Pension Tracking Mechanism and HECO's Proposed OPEB Tracking Mechanism.

Resume of Ralph C. Smith, CPA continued

- Project Manager and Expert Witness in Appalachian Power Company's application for an increase in rates. Issues addressed in Mr. Smith's testimony included: self-funded reserve accruals, prepayments, rate base update, prepaid pension asset, inactive or zero usage materials & supplies inventory, accumulated deferred income taxes, deferred fuel balance, off-system sales margin, customer revenues for growth through June 2006, interest on customer deposits, donations, written off obsolete inventory, rate case expense, environmental consumable and allowances, depreciation expense, public relations expense, Edison Electric Institute Dues, other membership dues, service company billings, interest synchronization, adjustment to tax expense for parent company debt, vegetation management program expense, vehicle fuel expense, normalize remodeling expense, estimated property tax increases, and income tax expense.
- Project Manager and Expert Witness in Hawaiian Electric Company Inc.'s rate filing package. Issues addressed in testimony included net plant in service update, rate base updates, property held for future use, pension asset, unamortized HRS system development costs, cash working capital, fuel inventory placeholder, other operating revenue, removal of DSM costs, standard labor rates and test year overtime, average test year employees, fuel related expense, production operations and maintenance expense, customer service expense-reorganization, depreciation and amortization expense, administrative and general expense, other taxes-SUTA, income taxes-interest synchronization, electric sales revenue and fuel update placeholder, King Street lease.
- Project Manager and Expert Witness in Consumers Energy Company's application for authority to increase rates for the generation and distribution of electricity. Testimony presented by Mr. Smith included amortization of pension funding contribution/request for a regulatory asset, property insurance expense, customer operations: low income energy efficiency fund (LIEEF), active and retired employees insurance, electric property taxes, electric system operations expense: forestry, incentive compensation, and other adjustments. Other issues addressed included CECO's proposal for single-issue ratemaking for pension expense variations, other post employment benefits expense variations, and financing cost recommendation if either pension or OPEB deferral plan is adopted.
- Project Manager and Expert Witness in the review of Appalachian Power Company and Wheeling Power Company's rate request. Issues addressed by Larkin & Associates in testimony included: utility plant held for future use, prior period accumulated depreciation, prepayments, cash working capital, inactive to zero usage material and supplies inventory, self funded reserve accruals, rate base related asset retirement obligation adjustments, pole rental expense, remodeling expense, airplane costs, club initiation fees, written off obsolete inventory, incentive compensation, rate case expense, life insurance premiums, public relations expense, Edison Electric Institute Dues, Other Membership Dues, Three-Year Amortization from Loss on Sale of Bluefield and Wheeling Office Buildings, Amortization of Deferred RTO Formation, Service Company Billings, Institutional Advertising Expense, Interest on Customer Deposits, Expanded Net Energy Cost (ENEC), T&D Management, Consolidated Income Taxes, Interest Synchronization, Depreciation & Amortization Related to Asset Retirement Obligations, Maintenance of Boiler Plant Account 512, Maintenance of Electric Plant Account 513, and Income Tax Expense.
- Project Manager and Expert Witness in Delmarva Power and Light Company's Application for Approval of a Change in Electric Distribution Base Rates and Miscellaneous Tariff Changes. Mr. Smith's testimony focuses on Delmarva's proposed depreciation rates for Distribution Plant. Issues addressed in testimony included: objective of depreciation expense, book depreciation expense, depreciable utility plant, accumulated depreciation, impact on the company's revenue requirement, negative net salvage, FAS 143 regulatory liability, remaining life depreciation, whole life depreciation rate, excessive depreciation rate, asset retirement obligations (AROs), FERC Order 631, cost of removal, plant in service, five-year average net salvage allowance approach, and five year rolling average.
- Project Manager and Expert Witness in a review of Arizona Public Service Company's (APS) application for an emergency interim rate increase. Issues addressed in Mr. Smith's testimony

Resume of Ralph C. Smith, CPA continued

included: the \$776.2 million cap on recovery of fuel and purchased power expenses, the emergency relief requested by APS and whether APS is experiencing a "financial emergency", and whether requirements should be placed on the Company as conditions for approval of all or part of its emergency request, operation of the PSA as it relates to APS' request for an emergency rate increase.

- Project Manager for Larkin & Associates, acting as a subcontractor to Energy Ventures Analysis, Inc. on the Financial and Management/Performance Audit of the Fuel and Purchased Power Rider of the Cincinnati Gas & Electric Company (CG&E). Larkin & Associates performed the Financial Audit portion of the project covering CG&E's quarterly FPP filings for January through June 2005, in a joint report dated October 7, 2005, and Mr. Smith sponsored Chapter 5 of the report in expert testimony at hearings before the Public Utilities Commission of Ohio on November 1, 2005.
- Project Manager of a multi-firm and multi-disciplinary team investigating fuel procurement of Entergy Arkansas, Inc. on behalf of the Arkansas Public Service Commission Staff. Primary focus of the investigation is on coal procurement of EAI's White Bluff and Independence Steam Electric Stations.
- Project Manager of a multi-firm and multi-disciplinary team investigating issues involving the proposed transfer of operational control of transmission facilities by the Arkansas PSC jurisdictional utilities to the Southwest Power Pool (SPP) Regional Transmission Organization (RTO) including evaluation of the SPP's cost-benefit study and individual utility information.
- Project Manager in the review of a series of Fuel Cost Recovery (FCR) Allowance filings by Georgia Power Company (GPC). Issues addressed by Mr. Smith in his testimony included: Projected Fuel Costs, Projected Recovery of Fuel Costs from Wholesale Customers, Opportunity Energy Sales Profits, Financing Costs, Projected Retail Sales for the Test Period, Derivation of the New FCR Rate, Significant Unplanned Outages and Cost of Replacement Power, GPC's Gas and Oil Hedging Program, the Amount of Fuel and Purchase Power Cost GPC Is Requesting, and the Projection Period Used By GPC.
- Project Manager in the review of a series of Fuel Cost Recovery (FCR) Allowance filings by Savannah Electric & Power Company (SEPCO). Issues addressed in Mr. Smith's testimony included: the Company's Proposed FCR Allowance, Financing Charges, Deferred Fuel Balance and Amortization Period, Fuel Transloader, SEPCO's Gas Hedging Program, the Amount of Fuel and Purchase Power Cost SEPCO Is Requesting, Other Non-Fuel Costs, Coal Cost Increases, The Projection Period Used By SEPCO, SEPCO's Request for Clarification of NOX Allowances, and SEPCO's Residential Rate Differential Proposal.
- Project Manager the review of the rate case reopener for Connecticut Light & Power Company. Issues addressed in Mr. Smith's brief included: CL&P's claim for unrecognized pension gain, Incentive Compensation, and Affiliate Rent Expense.
- Project member in a project where Larkin & Associates was retained by the New Jersey Department of Law and Public Safety to assist in submitting comments to the Environmental Protection Agency regarding the EPA's proposed rule published on December 31, 2002 at 67 Federal Register 80290 entitled, "Prevention of Significant Deterioration (PSD) and Non-attainment New Source Review (NSR): Routine Maintenance, Repair and Replacement." L&A assisted the NJ Department of Law with research and drafting of the comments submitted to the EPA.
- Project Manager the Traditional Standard Offer reopener case for Connecticut Light & Power Company. Issues addressed in Mr. Smith's brief included: Specific Corrections to CL&P's Filing and Mitigation Measures Recommended by OCC, Financing Costs Should Be Calculated on Net-of-Tax Balances, the Cost Rate CL&P Uses To Compute Financing Charges Is Too High, the Devon 7 and 8 RMR Costs Included By CL&P for 2005 Were for a Contract that Terminated on

September 30, 2004, and Should Be Removed, CL&P's Current 2005 Sales Forecast Should Be Used to Develop 2005 Rates, the CTA Rate Should Be Temporarily Reduced To the Level Needed To Finance Rate Reduction Bonds, the 2004 CTA and SBC Over-Recoveries Should Be Used to Mitigate the Rate Increase, the Distribution Over-Earnings for 2004 Should Be Used to Mitigate the Rate Increase Scheduled for May 1, 2005 When An Existing CTA Credit Expires, CL&P's Deferred 2003 FMCC Costs and Under-Collected Nonbypassable 2004, FMCC Costs Should Not Be Allowed Into Rates Until Such Costs Are Audited, CL&P Has Access to Financing Necessary to Finance OCC's Recommended Mitigation Measures, the Increase in FMCCs Should Be Subject To A Detailed Review, CL&P's Rates Should Not Be Increased At This Time For Additional RMR Contracts Filed at FERC That Have Not Yet Been Approved, the Proper Use of the EAC Requires Distinct Procedural and Substantive Requirements which the Department Has Not Met, the DPUC Should Examine CL&P's TSO Energy Procurement Process More Closely, and CL&P's Latest Request for a Transmission Rate "Tracker" Should Be Rejected.

- Project Manager in the review of South Carolina Electric & Gas Company's Application for an Increase in its Electric Rates and Charges. A brief submitted by Mr. Smith on behalf of the Department of the Navy addressed the following issues: the Company's request for retail rate recovery of GridSouth costs, fossil fuel inventory, long-term disability (FAS 112) amortization, annualize account 924, A&G expense-property insurance, new internal positions for compliance with new NERC standards, and levelized allowance for other major maintenance expense.
- Project Manager in an engagement where Larkin & Associates assisted the Arkansas Public Service Commission Staff with developing comprehensive resource planning guidelines for electric utilities. Larkin & Associates reviewed comments filed by the other parties before the Federal Energy Regulatory Commission and participated in collaborative meetings with the Public Service Commission Staff.
- Project Manager in the proceeding involving Southern California Edison Company's (E-3338-E) Application for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze tariffs, Docket No. 00-11-038, Pacific Gas and Electric Company's Emergency Application to Adopt a Rate Stabilization Plan, Docket No. 00-11-056, and The Utility Reform Network's Petition for Modification of Resolution E-3527, Docket No. 00-10-028. Testimony submitted by Mr. Smith addressed whether it was reasonable to provide the utilities further interim rate relief based on the outcome of the auditors' (KPMG and Barrington-Wellesley Group) reports and the reasonableness of using net generation revenues to offset the procurement cost and appropriate tracking of transition cost through the TCBA and TRA.
- Project Member in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues specifically addressed in testimony included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project Manager in the review of Chesapeake Electric Corporation's application for approval of a cost accounting manual and code of conduct. Mr. Smith submitted testimony summarizing his conclusions regarding the Company's code of conduct and cost accounting manual as well as a recommended code of conduct and a suggested corporate organizational structure for study and evaluation by the Company.
- Project Manager in United Illuminating Company's rate case. Larkin & Associates was retained by the Connecticut Office of Consumer Counsel to address the calculation of the revenue

requirement and adjustments to the calculations of rate base and net operating income presented in UI's filing. Larkin & Associates also addressed the sharing proportions that should be applied if the Department adopts a multi-year rate plan for UI in this proceeding. Issues discussed in testimony included rate plan, over-earnings sharing proportions, subsidiary income tax expense, starting point for 2002 rate year rate base, customer deposits, materials and supplies, rate-a-meter timers, injuries and damages reserve, severance expense, rate case expense, other O&M expense increase, ADIT on pension liability and Bad Debt reserve, accrued vacation and related ADIT, Steel Point remediation, depreciation expense, income tax expense correction, interest synchronization, property tax expense, accelerated amortization.

- Project Manager in the review of Georgia Power Company's application to increase the fuel cost recovery allowance. Mr. Smith analyzed financing charges, recovery of deferred fuel balance, amortization period, major factors which contributed to an increase in the deferred balance, adjustments to the deferred balance to be amortized, GPC fuel and purchased power cost projection, cost of summer energy strips, coal and gas cost increases, change in intercompany interchange contract and other changes in GPC's filing.
- Project Manager in the review of Savannah Electric & Power Company's application to increase the fuel cost recovery allowance. Mr. Smith investigated financing charges, recovery of deferred fuel balance, amortization period, major factors which contributed to an increase in the deferred balance, adjustments to the deferred balance to be amortized, SEPC fuel and purchased power cost projection, cost of summer energy strips, gas cost increases, gas cost volatility, change in intercompany interchange contract and other changes in SEPC's filing.
- Project Manager in the review of Georgia Power Company's M&S inventory. Mr. Smith reviewed monthly reports, issued data requests, reviewed responses to data requests, had discussions with Staff, and reviewed an inventory turnover analysis prepared by Staff under our direction. Mr. Smith issued a report discussing relevant issues including: Turnover Analysis – Follow Through on Zero and Low Turnover Inventories (Fossil Plant Inventories, Nuclear Inventories, CT and Hydro Inventory), and Inventory Sharing/Transactions With Affiliates. Two reports were issued to Staff. Portions of the analysis became the basis for adjustments to the M&S balance in a GPC rate case.
- Project Manager in the investigation of GPC/SEPC's fuel and purchased power procurement practices. The analysis included testing FCR cost calculations and following up on differences discovered, investigating GPC/SEPC coal and gas purchases, investigating purchased power including summer energy strips, system purchases, and off-system purchases, off system sales, coal and gas price increases, gas price volatility, and changes to system agreements. We are also reviewing the results of Staff conducted analyses (SEPC/GPC FCR rates used on bills, invoices, intern prepared calculations), and investigating other issues from FCR cases and GPC rate cases affecting fuel and purchase power cost, and the exclusion of non-retail items, etc.
- Project Manager in the review of Upper Peninsula Power Company's application for a Supply Cost Recovery Plan and Authorization of Monthly Power Supply Cost Recovery Factors for the Calendar Year 2001. Testimony presented by Mr. Smith addressed projected hydro generation, replacement power for a hydro unit outage, economic dispatch and various reductions to the Company's proposed 2001 power costs, affiliated purchase power contracts, and recommendations concerning competitive bidding procedures for power purchases.
- Project Manager in the review of Wisconsin Public Service Corporation's application for a Supply Cost Recovery Plan and Authorization of Monthly Power Supply Cost Recovery Factors for the Calendar Year 2001. Mr. Smith's testimony addressed adjustments to the energy loss factor, additional coal costs for new coal contracts, forecast and historical analysis of hydro plant generation, and DOE Decontamination and Decommissioning Expense.
- Project Manager in the review of SEPC's proposal for a natural gas procurement and natural gas/oil risk management program to reduce and manage exposure to gas price volatility. Mr.

Smith investigated issues including hedging, physical purchases versus financial instruments, and the benefits of hedging, limits on hedging activities, and incentives to promote effective hedging. After a number of rounds of discussions, SEPC revised its hedging proposal to address Staff's concerns and resubmitted a hedging proposal that Staff endorsed.

- Project Manager in the review of Citizens Utilities Company, Kauai Electric Division's rate filing package as it relates to the operating income, rate base, and overall revenue requirement in this case. Larkin & Associates formulated an opinion concerning the reasonableness of amounts included within the Company's application for rate increases. Special emphasis was placed on addressing deferrals made by the Company as a result of a major hurricane, Hurricane Iniki. Hurricane related deferrals addressed in testimony include: AFUDC on Restoration plant; AFUDC rate, cut-off date and on inventory; Iniki related bonuses; shareholder responsibility for restoration plant; deferred expenses; lost gross margins; uncollectibles; joint pole contributions; and accumulated deferred income taxes. Non-hurricane related issues addressed in testimony include: other operating revenues; DSM/IRP expenses on related sales reductions; payroll; incentive compensation; benefits; non-pension postretirement benefits; training expense - Target: Excellence; internal legal and audit costs; rate case expense; administrative office charges; rent expense; disaster recovery inventory; accounts payable related to materials and supplies; and check clearing lag in cash working capital.
- Project Manager in the analysis of Consolidated Edison Company. We were responsible for summarizing all of CPB's proposed adjustments. Mr. Smith addressed and incorporated adjustments on the following issues: Mid-Hudson Generating Site; Accumulated Depreciation; Materials & Supplies projection; Plant Held for Future Use; Accumulated Deferred Income Taxes; Cash Working Capital; labor cost projection and productivity offset; Management Incentive Compensation; Strike Contingency cost; General Escalation and inflation rates used; Alliance for a New New York (ANNY) expense; ratemaking treatment for Indian Point Steam Generators; Con Edison's proposals for accelerated amortization of Plant; ratemaking treatment for the Net Unrecovered Cost of Certain Generating Units; Payroll Taxes; Environmental Protection Agency (EPA) Auction Proceeds; Write-Off of Obsolete M&S; Site Remediation/environmental expense; Real Estate Taxes; Employee Welfare Expenses; Nuclear Decommissioning cost estimates and current expense levels; Unbilled Revenue; Miscellaneous Expenses; IPP Purchases and NUG Buy-Outs; Federal Income Tax Audit Adjustments; and Amortization of Excess Taxes Accrued.
- Project Manager in the review of Central Maine Power Company. Mr. Smith addressed the following issues: Rate Base: Cash Working Capital; O&M Expense Lag; Net Operating Income: Severance Payments; Incentive Compensation; Directors' Pension Plan Expense; Retirement of Company Officer; Employee Residences; Advertising Expense; Miscellaneous Expenses; Edison Electric Institute Dues.
- Project Manager in the review of Metropolitan Edison Company. Larkin & Associates was hired by the Pennsylvania OCA to review Metropolitan Edison Company's (Met-Ed) request to increase its rates. We prepared testimony supporting adjustments to Met-Ed's rate base, including: plant held for future use; plant in service; construction work in progress; materials and supplies; and fuel inventories. We recommended adjustments to net operating income, including: non-pension postretirement benefits; charitable contributions; EEI dues; payroll expense; employee benefits; pilot customer assistance program; and depreciation expense.
- Project Manager in the review of Long Island Lighting Company. Larkin & Associates provided comprehensive technical and consulting assistance to the New York Consumer Protection Board ("CPB") in analyzing issues relating to a request for a \$114.6 million increase in electric rates filed by the Long Island Lighting Company ("LILCO" or "Company"). Our review focused heavily on O&M expenses, such as R&D, other employee compensation, insurance, payroll inflation, and property tax expense. In addition, we reviewed rate base issues including plant in service, accumulated depreciation, fuel inventory, and accumulated deferred income taxes.

- Project Manager retained by the Department of the Navy and all Other Federal Executive Agencies to assist in the development of comments related to the Transition Costs of Nevada's Vertically Integrated Electric Utilities. Mr. Smith was responsible for analyzing and commenting on types of potential transition costs such as generation assets, qualifying facilities contracts and renewable resource generation, assets associated with potentially competitive services, regulatory assets and liabilities, corporate structure and organization, allocation issues, implementation costs and workforce impacts due to restructuring. Larkin & Associates also analyzed and rendered comments on the following issues: determining recoverable costs, accounting issues and methods of cost recovery.
- Project Manager in the review of revenue requirement issues presented in the June 1998 filing by Georgia Power Company (GPC). Issues addressed in testimony included: accelerated amortization of gain/loss on reacquired debt, accelerated amortization of vacation pay "regulatory asset", accelerated amortization of OPEB "regulatory asset", depreciation expense, revenues based on sales forecast, uncollectibles expense, contract labor, Year 2000 Project expense, non-recurring costs charged to GPC from affiliates, performance divided plan, performance pay plan and performance incentive plan, Commission-ordered adjustments, expiring amortizations, rate case expense normalization, promotional load building program, Rocky Mountain pumped storage plant disallowance, payroll tax expense, cash working capital and interest synchronization.
- Project Manager in the review of revenue requirement issues relative to the financial and operational review of Connecticut Light & Power Company (CL&P) by the Department of Public Utility Control. Based upon the analysis performed, Larkin & Associates adjusted for the removal of the Millstone replacement power and a number of other above average expenses. After applying a reasonable rate of return, it was apparent that CL&P had a substantial excess revenue. Issues addressed in testimony included: Millstone replacement power and outage related expenses, Millstone non-used and useful plant, transmission repair costs, EPRI dues, telephone expense, sales promotion expense, normalization of management audit cost, outside services expense, pension expense, fuel inventory build-up related to Millstone outages, Connecticut State corporation income tax reduction and interest synchronization. Larkin & Associates' review in this case resulted in the Company having to file a rate case.
- Project Manager in the review of Delaware Electric Cooperative's Restructuring Plan for Retail Competition. Larkin & Associates was retained by the Delaware Public Service Commission (DPSC) to provide consulting services to the Hearing Examiner of the DPSC. Duties included: review of filings and briefs of the parties, review of the transcript of the hearing, summarize the positions of the parties, and assist in the preparation of the Hearing Examiners Report.
- Project member in the review of Delmarva Power & Light's billing system conversion problems. Consulting services were provided to the Hearing Examiner of the Delaware Public Service Commission. Relevant issues addresses included: compensation and economic damages to customers, proration, arbitration procedures. Non-economic issues included: "reaching back" problem, budget plans, tariff rates on bills, high bill parameters, PriceWaterhouseCoopers audit report, payment posting sequence, emergency phone number, issue list, lost customers, walk-in offices, and a summit for unresolved issues.
- Project Manager retained by Delaware Public Service Commission to assist the Hearing Examiner in his review of Delmarva Power & Light Company's application seeking approval of a Cost Accounting Manual and Code of Conduct. These proposals recognized the expansion of Delmarva and/or its affiliates into competitive markets. Larkin & Associates reviewed these proposals to ensure that the procedures would prevent cross-subsidization of Delmarva's competitive ventures by its regulated business and that Delmarva's status as a regulated utility would afford its competitive activities no unfair advantages in competitive markets. Additional responsibilities included summarizing all testimony filed by Delmarva and other parties, summarizing the issues for the Hearing Examiner, attending the hearing and developing bench requests and drafting the technical sections of the Commission Order.

- Larkin & Associates was retained by the Department of the Navy to participate in several phases of the California electric industry restructuring proceedings. Mr. Smith presented expert written testimony in Phases 1 and 2 of the proceedings. Phase 1 discussed the appropriate definition of items to be included in the Transition Costs in general terms and discussed certain qualifications that should be placed on the determination of market valuation and items to be included in the transition costs. Phase 2 addressed company specific items which the utilities sought to include in the statement of eligible transition costs, addressing both the appropriateness of inclusion of certain items along with actual calculations. Testimony also addressed whether the items for which the utilities were seeking recovery through the transition charges met the requirements set forth in prior phases, previous Commission statements and Assembly Bill 1890 of the California legislature.
- Project Leader in the electric industry restructuring proceedings in Arizona on behalf of the Navy and Department of Defense. Mr. Smith's testimony addressed several issues in regards to competition in the provision of retail electric service throughout the state of Arizona. The questions addressed included: Should the electric competition rules be modified regarding stranded costs, and, if so, how? When should "Affected Utilities" be required to make a stranded cost filing? What costs should be included as part of stranded costs and how should these costs be calculated? Should there be a limitation on the time frame over which stranded costs are calculated? Should there be a limitation on the recovery time frame for stranded costs? Should there be a true-up mechanism and, if so, how should it be calculated? Should there be price caps or a rate freeze imposed as part of the development of a stranded cost recovery program and, if so, how should it be calculated? What factors should be considered for "mitigation" of stranded costs? Mr. Smith prepared testimony in regards to these issues and provided recommendations for each.
- Project Manager in Larkin & Associates' analysis of PECO Energy Company's application, including its testimony, exhibits and workpapers. Mr. Smith presented testimony on behalf of the Navy representing the Department of Defense and all other Federal Executive Agencies to address PECO Energy Company's claim for stranded costs, competitive transition charge ("CTC") and adjustments to PECO's claimed amounts. Also addressed PECO's mitigation efforts and the need for additional mitigation to reduce PECO's stranded cost claim and the CTC included in the Company's filing. Specific stranded cost issues addressed include: net investment in existing generating plants, SFAS No. 109 deferred tax asset, nuclear design basis documentation, Limerick & Peach Bottom Chemistry systems, FAS 106 and Pension (FAS 87) over and under-funding, compensated absences, nuclear decommissioning and fossil plant decommissioning. We also addressed the following in testimony: accounts receivable financing, adjusted return for stranded generation-related assets, reserve accounts, market valuation, depreciation reserve shift and mitigation efforts.
- Larkin & Associates was retained to provide technical assistance to the Residential Utility Consumer Office, and subsequently by the Arizona Corporation Commission Staff, by performing a comprehensive analysis of the application filed by Citizens Utilities Company and its affiliates that requested an alteration to the Arizona Corporation Commission's Decision No. 58360, and requests approval of Citizens' proposed procedure for computing an Allowance for Funds Used During Construction ("AFUDC") and for accrual of AFUDC on unspent balances of Industrial Development Revenue Bond funding, pursuant to FERC Accounting Release No. 13 ("AR-13"). It was our responsibility to assess an appropriate method of computing AFUDC for Citizens. Our review thoroughly analyzed Citizen's proposed method of accruing AFUDC and AR-13 costs, and resulted in proposing preferable alternatives from the perspective of CUC's ratepayers. Mr. Smith testified in this case.
- Key project team member in Larkin & Associates' review of Citizens Utilities Company, Arizona Electric Division's request for an increase in rates. Specific issues addressed in Mr. Smith's testimony included: construction work in progress; Stamford Administrative Office common plant balance; materials and supplies; cash working capital; accumulated deferred income taxes;

Resume of Ralph C. Smith, CPA continued

demand side management costs; revenue annualizations; purchased power costs; payroll expense; incentive compensation; employee benefits expense; FAS 106 expense; property taxes; rate case expense; CARES program; Target: Excellence expense; insurance expense; injuries and damages expense; rent expense; Stamford Administrative Office expenses; Phoenix Administrative Office expense; lump sum pension expense; uncollectible accounts expense; income tax expense and investment tax credit amortization. Mr. Smith also addressed Citizens' purchased power and fuel adjustment clause.

- Key project team member in the review of specific issues pertinent to Entergy Gulf States' filing for an increase in base rates. Specifically, Larkin & Associates was retained to review costs directly charged and allocated by Entergy Services, Inc. (ESI) and Entergy Operations, Inc. (EOI) to Entergy Gulf States. ESI and EOI are nonregulated affiliates of Entergy Gulf States. In addition, Larkin & Associates was retained to review the weather normalization adjustment calculated by Entergy Gulf States.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, Mr. Smith was involved in utility regulatory consulting, tax planning and research for businesses and individuals, tax return preparation and review, independent auditing, review and preparation of financial statements. Installed computerized accounting system for a realty management firm.

Education

- Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.
- Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.
- Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.
- Continuing education required to maintain CPA license and CFP certificate.
- Received CPA certificate in 1981 and certified Financial Planning certificate in 1983.
- Admitted to Michigan and Federal bars in 1986.

Professional Affiliations

- Michigan Association of Certified Public Accountants, Committee on Management Consulting Services.
- Michigan Bar Association
- American Bar Association, sections on public utility law and taxation.

References

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HELMUTH W. SCHULTZ, III

Helmuth ("Bill") Schultz, a certified public accountant and management consultant, was employed with Larkin & Associates' predecessor firm, Larkin, Chapski & Company, in 1975. He is presently a Larkin & Associates partner and, as such, is responsible for all the accounting and much of the auditing work done by the firm. Mr. Schultz has evaluated numerous issues affecting regulated public utilities including capital structure, cost of capital, rate base, sales, fuel and purchased power expenses, O&M expenses, taxes of all types, and management controls over operations and expenses. Made projections in the areas of sales, required generation, capital structure, rate base, overhead, O&M expenses, taxes, and cost of debt. Mr. Schultz had performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, counties and consumer groups concerning regulatory matters before regulatory agencies in Alaska, Arizona, California, Connecticut, Florida, Georgia, Iowa, Kentucky, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania, Texas, Vermont, and Virginia. Mr. Schultz has testified as an expert witness in numerous regulatory proceedings.

Relevant Regulatory Experience

Following are examples of electric regulatory cases in which Mr. Schultz has participated.

Electric Cases

- Project Manager and Expert Witness in the review of Progress Energy Florida's application for an increase in rates. Issues addressed in Mr. Schultz's testimony included: nuclear fuel balance, storm reserve accrual and reserve balance, ARO adjustment working capital, compensation, incentive pay, employee benefits, rate case expense, transmission O&M expense, distribution O&M expense, power operations O&M expense, directors and officers liability insurance, injuries and damages expense adjustment, budget analysis, O&M expense productivity adjustment and other OPC witness adjustments.
- Project Manager and Expert Witness in the review of Consolidated Edison's application for an increase in rates. Mr. Schultz's testimony addressed the following issues: labor, other compensation expense, payroll tax expense, employee welfare expense, directors and officers' liability insurance expense, substation operations O&M programs, system & transmission O&M programs, electric operations O&M programs, shared services, customer operations, interference costs, escalation and austerity.
- Project Member in the review of Tampa Electric Utility's application for a rate increase. Issues addressed by Mr. Schultz included: payroll, benefits, incentive compensation, D&O liability, tree trimming, pole inspections, transmission inspections, substation preventive maintenance, generation maintenance, rate case expense and office supplies.
- Project Member in the review of United Illuminating Company's application for an increase in distribution rates. Issues addresses in testimony included Incremental CL&M investment, Central Facility, compensation expense, employee benefits, corporate costs, line clearance, professional services, legal services, audit and accounting expense, allocated A&G, insurance expense, reconnect service fees, security and safety expense, customer service expense, data security expense, distribution advertising expense, membership dues, uncollectibles, facility rent expense, postage increase, travel, education and training expense.
- Project Member in the review of Consolidated Edison's application for a rate increase. Mr. Schultz and Ms. (DeRonne) Ramas' testimony addressed the following issues: labor, employee welfare expense, insurance, MGP/Superfund, substation operations O&M programs, substation & transmission O&M programs, electric operations O&M programs, facilities expense, customer operations, steam operations, interference costs, storm costs, escalation and plant-in-service retirements.
- Project Member in the review of Connecticut Light & Power Company's application for an increase in rates. Issues addressed in testimony included: storm reserve and incremental

expense, insurance expense, tree trimming, overhead maintenance, underground maintenance, payroll, employee and officer compensation, employee benefits, supplemental retirement 401(k) expense, non supplemental retirement 401(k) expense, payroll tax expense, and property tax expense.

- Project Member in the review of United Illuminating Company's application for an increase in distribution rates for the four year period, 2006 through 2009. Issues addressed in testimony included gross revenue conversion factor, additions to plant in service, central facility, compensation expense, medical expense, dental expense, 401(k) expense, pension expense, OPEB-Medical expense, training expense, storm expenses & reserve, DOL insurance, sublease income, membership dues, postage, advertising expense, line clearance expense, outside services-environmental costs, income tax expense, and earnings sharing plan.
- Project Manager in the rate investigation ordered by the Board in Docket No. 6946 and the rate increase requested by Central Vermont Public Service Corporation in Docket No. 6988. Issues addressed in testimony included rate base, accumulated depreciation, accumulated deferred income tax, deferred costs, power costs, unbilled revenues, payroll, payroll tax expense, medical expense, 401(k) expense, income tax expense, gross revenue and fuel gross receipts tax, uncollectible expense, regulatory commission expense, CATV pole attachment revenues, sale of CVEC, safety training costs, directors and officers liability insurance, service contract, cost savings from capital additions, department penalty, and miscellaneous expense.
- Project Manager in the review of Citizens Communications Company to sell its Vermont Electric Division (VED) distribution assets and portion of its transmission assets to the Vermont Electric Cooperative, Inc. Larkin & Associates was also retained to review Vermont Electric Cooperative, Inc.'s (VEC) petition to seek authority for the issuance of financing and related transactions necessary to effectuate the acquisition. Larkin & Associates performed a detailed review of the purchase and sale agreement and a detailed review of the stand alone financial forecasts of VEC and VED, a consolidated financial forecast and a Schedule of Assets to be Acquired. The focus was largely on the reasonableness of the projections along with the ability of VEC to cover its costs and debt without negatively impacting the ratepayers or requiring an increase in existing rates. The project included extensive participation in settlement discussions regarding terms of the sale with a focus on the protection of the utility's customers.
- Project Member in a review of the 2004 Cost of Service Application of San Diego Gas and Electric Company as it pertained to the Company's electric operations. Issues addressed in testimony included: miscellaneous revenues, employee level and compensation, pensions, employee benefits, directors and officers liability insurance, workers compensation, injuries and damages, accumulated deferred income taxes, customer advances for construction, capitalization policy changes and allocated corporate center costs.
- Project Member in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues specifically addressed in testimony included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates' testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project Manager in a review of Citizens Utility Company's compliance with specific terms of probation established by the State of Vermont Public Service Commission. As part of the project, Larkin & Associates reviewed compliance with specific probation terms and reviewed the Special Master's reports and work products on behalf of the Department of Public Service. Larkin &

Associates' testimony addressed specific non-compliance with project cost terms, accuracy of accounting records, adequacy of invoices and other documentation in support of the accounting records, probation related costs and the associated accounting, and cost allocations.

- Project Member in the review of a request by PacifiCorp for an increase in rates. As part of the analysis, Larkin & Associates also reviewed and addressed the Company's request to modify the test year provisions that had long been adopted and approved by the Commission. This case settled prior to filing testimony; however, schedules and exhibits were completed and submitted in order to facilitate settlement negotiations. Larkin & Associates was actively involved in the settlement discussions. Issues addressed by Larkin & Associates in our exhibits and schedules include: major plant additions including a transmission replacement and upgrade program, accounts receivable from associated company, cash working capital, increased revenues from system expansion and upgrade, change in method of accounting for unbilled revenues, normalization of overhaul expense, payroll expense including employee level impacts, incentive compensation, employee benefits, costs of canal failure, depreciation on retired assets, write-off of canceled projects, insurance expense, property taxes, IRS audit settlement adjustments, and amortization of costs associated with early retirement of Company owned coal mine.
- Project Member in a review of the rate increase requested by Central Vermont Public Service Corporation. Issues addressed in testimony included adjustments to operating income: corrections agreed to by CVPS, payroll expense, payroll tax expense, medical expense, capital expense, regulatory commission expense, Y2K cost amortization, Hydro Quebec Ice Storm Arbitration Costs, and income tax expense, and adjustment to rate base: utility plant in service (production plant, transmission plant, distribution plant, facility plant, information systems plant, and communication plant), and working capital.
- Project Manager in Citizens Utilities Company, Docket No. 6596. Larkin & Associates was retained by the Vermont Department of Public Service to review the Company's application for a rate increase. Issues addressed in testimony included: an overall financial summary, accounting concerns, rate base (interim accumulated depreciation, rate year accumulated depreciation, used and useful, deferred income taxes, deferred costs, IRP Twenty Year Plan, PCB Costs, 1999 Windstorm and Hurricane Floyd costs, HQ Arbitration, Working capital), operating income (revenue adjustments, SAO expense, DAO expense, PSO expense, Rate Case Expense, Legal and Regulatory, Income Tax Expense, Tree Trimming) and summary of accounting problems.
- Project Manager in the review of the rate increase requested by the Gulf Power Company. Issues addressed in testimony included: an overall financial summary, Plant in service, Working Capital Adjustments (coal inventory, deferred return on third floor, Third Floor Corporate office), Budgeted test year expenses, payroll fringe benefits and payroll taxes, incentive compensation, production operation and maintenance expense, distribution expenses (cable inspection, substation maintenance, tree trimming, pole inspection, light maintenance), Property insurance, customer accounts, customer records, and rate case expense.
- Project Member in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues addressed in testimony included: incentive compensation, payroll, pensions/post-retirement benefits, working capital, Bridger Coal Company Rate Base, Environmental Settlements, Revenue Normalization Correction, Distribution Expense Correction, Accounting Write-Offs, Assets under construction write-off, Cholla Assets Under Construction Write-Off, Additional Assets Under Construction Written Off, Obsolete Inventory Write-Offs/Reserve, FERC Contingency Write-Off, Blue Sky Program, Stoel Rives Pricing Settlement, Transition Team Costs, Miscellaneous Outside Service Expense, Annualization of Contract Cost Savings, Dave Johnston (Glenrock) mine closure, systems applications and products software (SAP), re-engineering, 1997 computer software write-down, Company's proposed 1999 software write-off, uncollectible expense, and potential updates (pending additional information from the Company).

- Key project team member and expert witness in the review of the rate case filing of Connecticut Light & Power Company. The Company was required to file a rate case as a result of the findings of a four year review of the Company's earnings in which it was determined that the Company was over-earning. Recommended a substantial reduction to the Company's rates. Issues specifically addressed in testimony included: problems inherent in Company's budgeting and forecasting methodologies; revenue calculation; sales margins; gain on sales of land; fiber cable revenues; payroll; employee benefits; incentive compensation; consulting fees; telephone expense; employee legal settlements; D&O liability insurance; advertising; demonstration and selling expense; EPRI dues; inflation; depreciation expense; decommissioning costs; and income taxes.
- Key project team member in the analysis of the submission of PacifiCorp d/b/a Utah Power & Light Company's semi-annual report for the year ended December 31, 1997. Recommended a reduction in UP&L's rates, along with a recommended refund of past over-earnings, as the revenues collected during 1997 were set as interim by the Utah legislature. Larkin & Associates filed testimony on the following issues: refund calculation methodology; out-of-period adjustments for a future mine closure, mine reclamation costs, software write-down, re-engineering program, future dam removal and computer mainframe write-downs; plant held for future use; cash working capital; prepaid interest; employee costs including payroll, incentive compensation, FAS 112 and FAS 106; advertising; solar amortization; environmental settlement handled by an affiliated company; uncollectibles; relocation expense; black lung excise taxes; property taxes; and income taxes. Mr. Schultz testified as an expert witness in this case.
- Key project team member in addressing revenue requirement issues presented in the June 1998 filing by Georgia Power Company (GPC). Issues addressed by the project team included: accelerated amortization of gain/loss on reacquired debt, accelerated amortization of vacation pay "regulatory asset", accelerated amortization of OPEB "regulatory asset", depreciation expense, revenues based on sales forecast, uncollectibles expense, contract labor, Year 2000 Project expense, non-recurring costs charged to GPC from affiliates, performance divided plan, performance pay plan and performance incentive plan, Commission-ordered adjustments, expiring amortizations, rate case expense normalization, promotional load building program, Rocky Mountain pumped storage plant disallowance, payroll tax expense, cash working capital and interest synchronization.
- Key project team member in the review of the revenue requirement aspects of the Application for Approval of Alternative Regulatory Plan presented by Virginia Electric Power Company. Conducted a review of Virginia Power's 1995 and 1996 earnings. Determined that the Company received excess earnings in each of those years. Mr. Schultz's review resulted in a recommended refund of past over-earnings and a recommended reduction in the Company's rates. Mr. Schultz also recommended accounting methods to be employed during a proposed three-year rate freeze period. Adjustments which impacted revenue requirement were addressed in the following areas: projected plant-in-service; deferred capacity expense; payroll; incentive compensation; vision 2000 plan cost savings; employee benefits including pensions and OPEB; outside directors' stock accumulation plan; lost margins on wholesale sales; EVANTAGE affiliate allocations; credit support payments from affiliates; lease expense; advertising; storm damage; dues expense; outside consulting fees; depreciation expense; and deferred capacity mechanism. The case was ultimately settled subsequent to the filing of direct testimony. The settlement resulting in a significant rate decrease, substantial refunds and an alternative regulatory plan incorporating rate freeze provisions.
- Project team member retained by the Department of the Navy to analyze PECO's application, including its testimony, exhibits and workpapers. We analyzed PECO Energy Company's ("PECO") claim for stranded costs, competitive transition charge ("CTC") and adjustments to PECO's claimed amounts. Mr. Schultz investigated PECO's mitigation efforts and the need for additional mitigation to reduce PECO's stranded cost claim and the CTC included in the Company's filing. Specific stranded cost issues addressed include: net investment in existing generating plants, FAS No. 109 deferred tax asset, nuclear design basis documentation, Limerick

Resume of Helmuth W. Schultz III, CPA, continued

& Peach Bottom Chemistry systems, FAS 106 and Pension over and under-funding, compensated absences, nuclear decommissioning and fossil plant decommissioning. Larkin & Associates also addressed the following in testimony: accounts receivable financing, adjusted return for stranded generation-related assets, reserve accounts, market valuation, depreciation reserve shift and mitigation efforts.

- Project Manager in the review of a general rate case filed by Green Mountain Power Corporation ("GMP"). Issues addressed by Mr. Schultz in testimony include: payroll expense; incentive compensation; employee benefits; relocation costs; non-recurring wind project costs; preliminary survey and investigation charges; shareholder services; reserve account correction; FERC headwater amortization; transmission interconnection amortization; depreciation expense; amortizations; rent expense; income taxes; CWIP; plant additions; injuries and damages/health insurance reserves; and working capital.
- Project Manager and expert witness in Larkin & Associates' review of Citizens Utilities Company, Vermont Electric Division's compliance filing before the Vermont Public Utilities Board. Responsible for analyzing rate base and net operating income issues, quantifying adjustments, and writing testimony. Specific issues addressed in testimony included: land donation; Demand Side Management costs; deferred income taxes; materials & supplies; working capital; weather normalization; industrial revenues; payroll; employee benefits including medical, pension, nonpension postretirement benefits, incentive compensation and 401(k); Stamford and Harvey Administrative costs allocated to Vermont; Target: Excellence; relocation costs; acquisition costs; cost savings; advertising expense; property taxes and uncollectibles. The case resulted in a substantial reduction in the Company's rates and the Company being put on probation in the Vermont jurisdiction.
- Key project team member in the analysis of the Consolidated Edison Company's rate filing. Mr. Schultz analyzed issues including: Mid-Hudson Generating Site; accumulated depreciation, Material and supplies projection, plant held for future use, accumulated deferred income taxes, cash working capital, labor cost projection and productivity offset, management incentive compensation, strike contingency cost, general escalation and inflation rates used, Alliance for a New New York (ANNY) expense, ratemaking treatment for Indian Point Steam Generators, Con Edison's proposals for accelerated amortization of Plant, ratemaking treatment for the net unrecovered cost of certain generating units, payroll taxes, Environmental Protection Agency (EPA) auction proceeds, write-off of obsolete M&S, site remediation/environmental expense, real estate taxes, employee welfare expenses, nuclear decommissioning cost estimates and current expense levels, unbilled revenues, miscellaneous expenses, IPP purchases and NUG Buy-Outs, Federal income tax audit adjustment, and amortization of excess taxes accrued.
- Project Manager in the review of the cost of service and rate base analysis of the Green Mountain Power Corporation. Specific issues addressed included: budget variances, post-retirement benefits, power costs, advertising, plant additions, CWIP in rate base, investments in affiliates and the appropriateness of the amortization and rate base treatment of various projects and demand-side management programs,

Education

- Bachelor of Science in Accounting, Ferris State College, 1975.
- Certified Public Accounting Certificate, 1980.
- Continuing education required to maintain CPA license.

Professional Affiliations

- Michigan Association of Certified Public Accountants

References

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DONNA M. RAMAS

As a certified public accountant with Larkin & Associates, Ms. Ramas has performed in-depth analyses of numerous utility cases, involving electric, gas, telephone and water and sewer utilities. Ms. Ramas also assists in financial audits. Jurisdictions in which Ms. Ramas has participated in the analysis of regulatory filings include: Alaska, Arizona, California, Connecticut, District of Columbia, Florida, Guam, Hawaii, Illinois, Indiana, Kentucky, Ohio, Pennsylvania, Rhode Island, Utah, Vermont, Virginia, Washington, West Virginia and Wisconsin. Ms. Ramas has testified as an expert witness in numerous regulatory proceedings.

Relevant Regulatory Experience

Following are examples of recent electric regulatory cases in which Ms. Ramas has participated.

Electric Cases

- Project Manager in the review of Rocky Mountain Power Company's Application for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations. Issues addressed in Ms. Ramas' testimony included: pro forma plant additions, plant held for future use, green tag/REC revenues, target adjustment, Utah distribution expense, Blue Sky costs, wages, employee benefits, medical insurance expense, post employment benefits-FAS 112 costs, pension and other post-retirement benefits, 401(k) expense, Chehalis due diligence bonuses, SERP expense, generation overhaul expense, incremental generation O&M (non-overhaul), MEHC management fees and removal of settlement fees.
- Project Manager in the review of Potomac Electric Power Company's request for an increase in rates. Ms. Ramas' testimony focused on the following issues: test year, rate base, 13-month average rate base, construction work in progress, cash working capital, revenues, uncollectible expense, storm damage costs, industry contributions & membership dues, credit facility start up costs, directors & officers liability insurance, pension expense, prepaid pension asset/prepaid pension liability, wages & salaries adjustment, correction to employee incentive plan adjustment, employee benefits expense, PEPCO employee club costs.
- Project Manager in the review of Rocky Mountain Power Company's Application for an Accounting Order Regarding Pension Curtailment and Pension Measurement Date Change. Ms. Ramas' testimony identified the Committee's position regarding RMP's request for an accounting order in that case. The Company's request contained two components. The first component of the Company's request was for Commission permission to allow the Company to record the impact of a pension curtailment gain as an offset, or reduction, to the pension regulatory asset on its books. The second component of the Company's request was for Commission permission to record on its books the impact of a required change in pension and OPEB plan asset and liability measurement date as an increase to the regulatory asset. RMP proposed to amortize the net effect of these two separate items on the pension regulatory asset over a ten-year period. Ms. Ramas also addressed the amortization period proposed by RMP.
- Project Manager in the review of Rocky Mountain Power Company's Notice of Intent to File a General Rate Case on or Soon after June 6, 2008. Ms. Ramas' testimony addressed the following issues: rate mitigation cap, Distribution Plant in Service, Cancelled Projects, Jim Bridger Mine Rate Base, Pension Curtailment and Measurement Date Change, Wage and Employee Benefits, Advertising Expense, Generation Overhaul Expense, and Property Tax Expense.
- Project Manager in the review of the United Illuminating Company's application for an increase in distribution rates. Issues addressed in testimony included Incremental CL&M investment, Central Facility, compensation expense, employee benefits, corporate costs, line clearance, professional services, legal services, audit and accounting expense, allocated A&G, insurance expense, reconnect service fees, security and safety expense, customer service expense, data security

Resume of Donna Ramas, CPA, continued

expense, distribution advertising expense, membership dues, uncollectibles, facility rent expense, postage increase, travel, education and training expense.

- Project Manager in the review of Rocky Mountain Power Company's Application for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge. Ms. Ramas' testimony addressed the following issues: Powerdale Decommissioning Costs, Cash Working Capital, Pension and PBOP Expense, Incremental Generation O&M Expense, Escalation Expense, Overhaul Expense, Property Tax Expense, Penalty Settlement Fees, and Income Tax Expense.
- Project Manager in the review of the Connecticut Light & Power Company's application for an increase in rates. Issues addressed in testimony included: storm reserve and incremental expense, insurance expense, tree trimming, overhead maintenance, underground maintenance, payroll, employee and officer compensation, employee benefits, supplemental retirement 401(k) expense, non supplemental retirement 401(k) expense, payroll tax expense, and property tax expense.
- Project Member in the review of Florida Power & Light Company (FPL or Company) request for recovery of storm restoration costs, and to address the appropriate methodology for determining the amount to be recovered from customers. Issues addressed in testimony included: Company's accounting for storm damage costs, the use of variances or estimates of costs included in base, financial statements, Company's method of cost recovery, Company's budget process, lost revenue, other costs which should be excluded from storm cost recovery, storm restoration request, payroll, labor, items covered under warranty, remaining contingencies, joint use poles, plant repair estimates, advertising and communications costs, capital items, proceeds received for loan of personnel and equipment, and cut-off date.
- Project Member in the review of the acquisition of PacifiCorp by Mid-American Holding Company. Larkin & Associates participated in settlement negotiations and recommended several merger conditions to ensure PacifiCorp's Utah customers were not harmed by the acquisition. Larkin & Associates recommended several modifications to the Company's proposed merger conditions.
- Project Manager in the review of the United Illuminating Company's application for an increase in distribution rates for the four year period, 2006 through 2009. Issues addressed in testimony included gross revenue conversion factor, additions to plant in service, central facility, compensation expense, medical expense, dental expense, 401(k) expense, pension expense, OPEB-Medical expense, training expense, storm expenses & reserve, DOL insurance, sublease income, membership dues, postage, advertising expense, line clearance expense, outside services-environmental costs, income tax expense, and earnings sharing plan.
- Project Manager in the review of Florida Public Utilities Company's request for an increase in rates. Issues addressed in Ms. Ramas' prefiled testimony include: construction work in progress, allocation adjustments associated with discontinued operations, retiree medical costs, stock issuance expense, payroll outsourcing costs, tree trimming crew costs, consulting fees, audit exceptions, projection factors storm reserve accrual, economic development costs, accumulated deferred income taxes, and contributions associated with addition of new large industrial customers. The case settled after testimony was filed and prior to hearings.
- Project Member in a review of Citizens Utility Company's compliance with specific terms of probation established by the State of Vermont Public Service Commission. As part of the project, Larkin & Associates' reviewed compliance with specific probation terms and reviewed the Special Master's reports and work products on behalf of the Department of Public Service. Larkin & Associates' testimony addressed specific non-compliance with project cost terms, accuracy of accounting records, adequacy of invoices and other documentation in support of the accounting records, probation related costs and the associated accounting, and cost allocations.

- Project Manager in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues specifically addressed in testimony included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates' testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project team member and expert witness in the review of Connecticut Light & Power Company. Issues specifically addressed by Ms. Ramas included projected pension expense, the Company's proposed pension expense deferral mechanism, Company's proposed increase in rate base for prepaid pension assets for purposes of calculating the earnings sharing mechanism, prior period unrecognized pension gain, and costs associated with executive officer's personal use of corporate aircraft.
- Project Manager in the review of a request by PacifiCorp for an increase in rates. As part of the analysis, Larkin & Associates also reviewed and addressed the Company's request to modify the test year provisions that had long been adopted and approved by the Commission. This case settled prior to filing testimony; however, schedules and exhibits were completed and submitted in order to facilitate settlement negotiations. Larkin & Associates was actively involved in the settlement discussions. Issues addressed by Larkin & Associates in our exhibits and schedules include: major plant additions including a transmission replacement and upgrade program, accounts receivable from associated company, cash working capital, increased revenues from system expansion and upgrade, change in method of accounting for unbilled revenues, normalization of overhaul expense, payroll expense including employee level impacts, incentive compensation, employee benefits, costs of canal failure, depreciation on retired assets, write-off of canceled projects, insurance expense, property taxes, IRS audit settlement adjustments, and amortization of costs associated with early retirement of Company owned coal mine.
- Project Manager in a review of the 2004 Cost of Service Application of San Diego Gas and Electric Company as it pertained to the Company's electric operations. Issues addressed in testimony included: miscellaneous revenues, employee level and compensation, pensions, employee benefits, directors and officers liability insurance, workers compensation, injuries and damages, accumulated deferred income taxes, customer advances for construction, capitalization policy changes and allocated corporate center costs.
- Key Project Member and expert witness in United Illuminating Company's rate case. Larkin & Associates was retained by the Connecticut Office of Consumer Counsel to address the calculation of the revenue requirement and adjustments to the calculations of rate base and net operating income presented in UI's filing. Larkin & Associates also addressed the sharing proportions that should be applied if the Department adopts a multi-year rate plan for UI in this proceeding. Issues discussed in testimony included the multi-year rate plan, over-earnings sharing proportions, subsidiary income tax expense, starting point for rate year rate base, customer deposits, materials and supplies, rate-a-meter timers, injuries and damages reserve, severance expense, rate case expense, other O&M expense increase, ADIT on pension liability and Bad Debt reserve, accrued vacation and related ADIT, remediation costs, depreciation expense, income tax expense correction, property tax expense, and accelerated amortization.
- Key Project Member and expert witness in the review of Citizens Utilities Company's application for a rate increase in Vermont. Issues addressed in testimony included: an overall financial summary, accounting concerns, (interim accumulated depreciation, rate year accumulated depreciation, used and useful, deferred income taxes, deferred costs, IRP Twenty Year Plan,

Resume of Donna Ramas, CPA, continued

PCB Costs, 1999 Windstorm and Hurricane Floyd costs, Hydro Quebec arbitration, working capital, revenues, parent company and affiliated company direct charges and allocations, rate case expense, legal and regulatory costs, income tax expense, tree trimming and an extensive summary of accounting problems inherent at the Company.

- Project Manager in the review of Florida Power Corporation's earnings, including effects of the proposed acquisition of Florida Power Corporation by Carolina Power & Light. Issues presented in Ms. Ramas' prefiled testimony included: capital structure-equity adjustment, merger synergies, acquisition adjustment, closed business offices, miscellaneous service revenues, other electric revenues, salaries and wages expense, employee benefits-medical expense, FAS 106, FAS 112, miscellaneous benefits-change in control cash payment, power marketing expense, general advertising expense, nuclear property and liability insurance credits (NEIL), nuclear materials and supply inventory, rate case expense, nuclear energy institute dues-lobbying, Tiger Bay regulatory asset, nuclear decommissioning expense, property tax expense and effects of Company updates to its filing. This case settled prior to hearings.
- Project Manager in a review of a request by PacifiCorp to recover replacement power costs associated with an extended outage at PacifiCorp's Hunter Plant. Issues addressed included offset for gain associated with properties sold, offset for refund due to customers from recently completed rate case, and amortization period for allocable costs. Ms. Ramas also investigated prudence issues associated with insurance coverage and potential third-party claims. Case was settled prior to the filing of testimony.
- Project Manager in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues addressed in Ms. Ramas' prefiled testimony included: treatment of accounts payable to affiliated company, environmental settlements, revenue normalization correction, distribution expense correction, accounting write-offs, assets under construction write-off, obsolete inventory write-offs/reserve, FERC contingency write-off, Blue Sky Program, Stoel Rives pricing settlement, transition team costs, miscellaneous outside service expense, and annualization of contract cost savings. This case settled prior to hearings. Ms. Ramas was actively involved in the settlement negotiations..
- Project Member in a review of the rate increase requested by Central Vermont Public Service Corporation. Issues addressed by Larkin & Associates included: payroll expense, payroll tax expense, medical expense, capital expense, regulatory commission expense, Y2K cost amortization, Hydro Quebec Ice Storm Arbitration Costs, income tax expense, production plant, transmission plant, distribution plant, facility plant, information systems plant, communication plant, and working capital. Ms. Ramas submitted prefiled testimony. The case settled prior to hearings.
- Project Member and expert witness in an investigation of over-earnings by the Connecticut Light & Power Company. Issues presented in testimony included: over-earning standards, cause of over earnings, treatment of over-earnings, impact of over-earnings on conditions of NU/ConEd Merger, and the Company's proposed initiatives.
- Project Manager and expert witness in the review of Pacificorp's rate case filing in the State of Utah. Issues addressed in Ms. Ramas' testimony include: relocation; rent expense; workers compensation; research and development amortization; uncollectibles; SO2 emissions allowances; and affiliate working capital issues.
- Project Manager and expert witness in the review of the rate case filing of Connecticut Light & Power Company. The Company was required to file a rate case as a result of the findings of a four year review of the Company's earnings in which it was determined that the Company was over-earning. We recommended a substantial reduction to the Company's rates. Issues specifically addressed in testimony included: problems inherent in Company's budgeting and forecasting methodologies; revenue calculation; sales margins; gain on sales of land; fiber cable revenues; payroll; employee benefits; incentive compensation; consulting fees; telephone

Resume of Donna Ramas, CPA, continued

expense; employee legal settlements; D&O liability insurance; advertising; demonstration and selling expense; EPRI dues; inflation; depreciation expense; decommissioning costs; and income taxes. The case resulted in a substantial reduction in the Company's rates.

- Project Manager and Expert Witness in the analysis of PacifiCorp d/b/a Utah Power & Light Company's request for an increase in rates. The analysis resulted in a recommended reduction in PacifiCorp's rates. This was the first full rate case proceeding involving the utility subsequent to its merger with ScottishPower. Ms. Ramas filed testimony on the following issues: affiliated company rate base, environmental settlements, revenue normalization, accounting system corrections, accounting write-offs, obsolete inventory issues, pricing settlements, Blue Sky program, merger transition team costs, outside services and contract cost savings. Ms. Ramas participated extensively in Settlement discussions. Ms. Ramas' issues were settled prior to the hearings.
- Project team member in the analysis of the submission of PacifiCorp d/b/a Utah Power & Light Company's semi-annual report for the year ended December 31, 1997. Our analysis resulted in a recommended reduction in UP&L's rates, along with a recommended refund of past over-earnings, as the revenues collected during 1997 were set as interim by the Utah legislature. Larkin & Associates filed testimony on the following issues: refund calculation methodology, out-of-period adjustments for a future mine closure, mine reclamation costs, software write-down, re-engineering program, future dam removal and computer mainframe write-downs, plant held for future use, cash working capital; prepaid interest, employee costs including payroll, incentive compensation, FAS 112 and FAS 106, advertising; solar amortization, environmental settlement handled by an affiliated company, uncollectibles, relocation expense, black lung excise taxes, property taxes, and income taxes. The case resulted in a significant reduction in the Company's rates.
- Project Manager and expert witness in the review of the revenue adjustment proceeding application filed by San Diego Gas & Electric Company ("SDG&E"). As a result of the electric industry restructuring in California, the electric utilities must undergo an annual revenue adjustment proceeding during the transition period of the restructuring. Ms. Ramas' testimony addressed the following issues inherent in SDG&E's 1998 application: transmission revenues included in the headroom calculation, distribution revenue requirement, modifications to the Company's proposed Transition Revenue Account, memorandum and balancing accounts for elimination and treatment of balances in accounts to be eliminated. Ms. Ramas' positions were stipulated to after testimony was filed and prior to hearings.
- Key project team member in the review of the revenue requirement aspects of the Application for Approval of Alternative Regulatory Plan presented by Virginia Electric Power Company ("Virginia Power"). Ms. Ramas conducted a review of Virginia Power's 1995 and 1996 earnings, with particular focus on the revenue requirement for Virginia Power in each of those years. Determined that the Company received excess earnings in each of those years. Also recommended accounting methods to be employed during a proposed three-year rate freeze period. Adjustments which impacted revenue requirement were addressed in the following areas: projected plant-in-service; deferred capacity expense; payroll; incentive compensation; vision 2000 plan cost savings; employee benefits including pensions and OPEB; outside directors' stock accumulation plan; lost margins on wholesale sales; EVANTAGE affiliate allocations; credit support payments from affiliates; lease expense; advertising; storm damage; dues expense; outside consulting fees; depreciation expense; and deferred capacity mechanism. The case was ultimately settled subsequent to the filing of direct testimony. The settlement resulting in a significant rate decrease, substantial refunds and an alternative regulatory plan incorporating rate freeze provisions.
- Key project team member in the electric industry restructuring proceedings in Arizona on behalf of the Navy and Department of Defense. Larkin & Associates' testimony addressed several issues in regards to competition in the provision of retail electric service throughout the state of Arizona. The questions addressed included: Should the electric competition rules be modified regarding

stranded costs, and, if so, how? When should "Affected Utilities" be required to make a stranded cost filing? What costs should be included as part of stranded costs and how should these costs be calculated? Should there be a limitation on the time frame over which stranded costs are calculated? Should there be a limitation on the recovery time frame for stranded costs? Should there be a true-up mechanism and, if so, how should it be calculated? Should there be price caps or a rate freeze imposed as part of the development of a stranded cost recovery program and, if so, how should it be calculated? What factors should be considered for "mitigation" of stranded costs?

- Key project team member on behalf of the Navy representing the Department of Defense and all other Federal Executive Agencies to address PECO Energy Company's ("PECO") claim for stranded costs, competitive transition charge ("CTC") and adjustments to PECO's claimed amounts. Ms. Ramas addressed PECO's mitigation efforts and the need for additional mitigation to reduce PECO's stranded cost claim and the CTC included in the Company's filing. Specific stranded cost issues addressed include: net investment in existing generating plants, FAS No. 109 deferred tax asset, nuclear design basis documentation, Limerick & Peach Bottom Chemistry systems, FAS 106 and Pension over and under-funding, compensated absences, nuclear decommissioning and fossil plant decommissioning. Ms. Ramas also addressed the following: accounts receivable financing, adjusted return for stranded generation-related assets, reserve accounts, market valuation, depreciation reserve shift and mitigation efforts.
- Key project team member in the review of a general rate case filed by Green Mountain Power Corporation. Issues addressed by Larkin & Associates in testimony include: payroll expense; incentive compensation; employee benefits; relocation costs; non-recurring wind project costs; preliminary survey and investigation charges; shareholder services; reserve account correction; FERC headwater amortization; transmission interconnection amortization; depreciation expense; amortizations; rent expense; income taxes; CWIP; plant additions; injuries and damages/health insurance reserves; and working capital.
- Key project team member in the review of the Citizens Utilities Company, Kauai Electric Division's rate filing package. Special emphasis was placed on addressing deferrals made by the Company as a result of a major hurricane, Hurricane Iniki. Hurricane related deferrals addressed include: AFUDC on Restoration plant; AFUDC rate, cut-off date and on inventory; Iniki related bonuses; shareholder responsibility for restoration plant; deferred expenses; lost gross margins; uncollectibles; joint pole contributions; and accumulated deferred income taxes. Non-hurricane related issues addressed include: other operating revenues; DSM/IRP expenses on related sales reductions; payroll; incentive compensation; benefits; non-pension postretirement benefits; training expense - Target: Excellence; internal legal and audit costs; rate case expense; administrative office charges; rent expense; disaster recovery inventory; accounts payable related to materials and supplies; and check clearing lag in cash working capital.
- Project Manager in the review of the rate case filing of Monongahela Power Company for the West Virginia Office of Consumer Advocate. Ms. Ramas participated in this engagement in its entirety, from issuing data requests to drafting testimony and presenting it before the Commission. Issues addressed included: pension expense, Clean Air Act Amendment plant, expenses, and compliance; scrubber expense; pollution control equipment; CWIP; cash working capital; payroll; post-retirement benefits other than pensions; benefit expenses; property insurance; property taxes; storm damage expense; customer deposits; dues; right-of-way maintenance; and income taxes.
- Project team member in the electric industry restructuring proceedings in California on behalf of the Navy and Department of Defense. Ms. Ramas analyzed the requested eligible transition costs for Southern California Edison, along with the audit report regarding those costs submitted by consultants retained by the California Public Utilities Commission. Assisted in the preparation of testimony and schedules in the Phase 2 hearings in regards to transition costs requested by Southern California Edison for recovery. Specific items addressed in testimony included projected plant additions and CWIP, materials and supplies, fixed fuel contract costs, purchased

Resume of Donna Ramas, CPA, continued

power from qualified facilities, environmental compliance costs, and employee related transition costs.

- Lead consultant and Project Manager in the review of the rate case filing of Potomac Edison Company for the West Virginia Office of Consumer Advocate. Ms. Ramas participated in this engagement in its entirety, from issuing data requests to drafting testimony and presenting it before the Commission. Issues addressed included: pension expense, Clean Air Act Amendment plant, expenses, and compliance; scrubber expense; pollution control equipment; check clearing lead; payroll increases; post-retirement benefits other than pensions; benefit expenses; customer deposits; dues; and income taxes.
- Project team member in the review of the Connecticut Light and Power Company's filing for a rate increase. Ms. Ramas presented testimony before the Connecticut Department of Public Utility Control as a support witness. Tasks included the analysis of several rate base and net operating income issues, on-site review and preparation of written testimony and exhibits. Issues addressed in the jointly filed testimony include nuclear plant phase-ins; nuclear performance enhancement program costs; cash working capital; KWH sales; transmission revenues; fossil/hydro outage costs; merger costs; salary and wages, including benefits; nuclear capacity/GUAC deferral; capacity costs and depreciation.

Training Seminars

- Performed training seminars on behalf of the Department of Defense, Navy Rate Intervention on Measuring Financial Capabilities of Firms. Ms. Ramas designed the program, prepared the training manuals, and participated as one of the instructors. Training was provided to naval contracting employees, engineers and naval officers at five locations.

Education

- Oakland University - Rochester, MI
Bachelor of Science: Accounting, April 1991
Graduated with University Honors
- Continuing education necessary to maintain CPA license.

Professional Associations

- Michigan Association of Certified Public Accountants

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(850) 488-9330
- Dan Gimble
Utah Committee of Consumer Services
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MARK S. DADY

As a certified public accountant with Larkin & Associates, Mr. Dady, has performed in-depth analyses of numerous utility cases, involving electric, gas, telephone and water and sewer utilities. As such, Mr. Dady assists with the review and analysis of regulatory filings, prepares computer spreadsheets and models, prepares discovery requests and performs accounting and regulatory research.

Relevant Regulatory Experience

Following are examples of recent regulatory cases in which Mr. Dady has participated.

- Project team member in the review of Appalachian Power Company rate request. Issues discussed in testimony by Larkin & Associates included: self-funded reserve accruals, prepayments, rate base update, prepaid pension asset, inactive or zero usage materials & supplies inventory, accumulated deferred income taxes, deferred fuel balance, off-system sales margin, customer revenues for growth, interest on customer deposits, donations, written off obsolete inventory, rate case expense, environmental consumable and allowances, depreciation expense, public relations expense, Edison electric institute dues, other membership dues, service company billings, interest synchronization, adjustment to income tax expense for parent company debt, vegetation management program expense, vehicle fuel expense, normalize remodeling expense, estimated property tax increases and income tax expense.
- Project team member in the review of Appalachian Power Company and Wheeling Power Company's rate request. Issues addressed by Larkin & Associates in testimony included: utility plant held for future use, prior period accumulated depreciation, prepayments, cash working capital, inactive to zero usage material and supplies inventory, self funded reserve accruals, rate base related asset retirement obligation adjustments, pole rental expense, remodeling expense, airplane costs, club initiation fees, written off obsolete inventory, incentive compensation, rate case expense, life insurance premiums, public relations expense, Edison Electric Institute Dues, Other Membership Dues, Three-Year Amortization from Loss on Sale of Bluefield and Wheeling Office Buildings, Amortization of Deferred RTO Formation, Service Company Billings, Institutional Advertising Expense, Interest on Customer Deposits, Expanded Net Energy Cost (ENEC), T&D Management, Consolidated Income Taxes, Interest Synchronization, Depreciation & Amortization Related to Asset Retirement Obligations, Maintenance of Boiler Plant Account 512, Maintenance of Electric Plant Account 513, and Income Tax Expense.
- Key Project Member for Larkin & Associates, acting as a subcontractor to Energy Ventures Analysis, Inc. on the Financial and Management/Performance Audit of the Fuel and Purchased Power Rider of the Cincinnati Gas & Electric Company (CG&E) following the merger with Cinergy creating Duke Energy Ohio. Larkin & Associates performed the Financial Audit portion of the project covering CG&E's quarterly FPP filings for January through June 2005 (Phase I), in a joint report dated October 7, 2005, and Mr. Smith sponsored Chapter 5 of the report in expert testimony at hearings before the Public Utilities Commission of Ohio on November 1, 2005 (Phase II).
- Project Member in the review of the application for an increase in rates filed by Questar Gas Company. Issues address included: conversion of Company's filing to an average test year, contractor retainage, banked vacations, annualization of customers and revenues resulting from mergers with two other gas companies, gain on sale of property, increase in industrial customer revenues, allocation factors, employee levels, advertising, postage, dues, amortization expense, incentive compensation, outside services, office

closures, uncollectibles and rate of return adjustment from affiliates. This case settled prior to hearings.

- Project Member in the review of Florida Public Utilities Company's request for an increase in rates. Issues addressed included: construction work in progress, allocation adjustments associated with discontinued operations, retiree medical costs, stock issuance expense, payroll outsourcing costs, tree trimming crew costs, consulting fees, audit exceptions, projection factors storm reserve accrual, economic development costs, accumulated deferred income taxes, and contributions associated with addition of new large industrial customers. The case settled after testimony was filed and prior to hearings.
- Project Member in the review of the rate increase request by Utilities, Inc. for a rate increase in Marion, Orange, Pasco, Pinellas and Seminole Counties. Issues addressed reviewed included: revenues – index rate increase annualizations corrections, amortization of non-recurring costs – TV video inspection, amortization on books for retired WWT plants - Summertree and Weatherfield, employee costs, purchase water expense – Oakland Shores, Uncollectible Expense – Weatherfield, excessive lost and unaccounted for water, excessive inflow and infiltration, Lincoln Heights Purchase Wastewater Treatment Expense, non-used and useful facilities, removal of non-used and useful wastewater treatment plants, and rate of return – return on equity penalty.
- Project Member in a review of Washington Gas Light Company's proposed construction budget and incentive rate plan. Larkin & Associates testimony addressed: reasonableness of the construction budget and budget variances, reasonableness of the Company's proposed incentive rate plan (IRP), whether incentives above and beyond traditional rate of return regulation are needed, impact on ratepayers of proposed IRP, customer service quality standards, experience in other jurisdiction with alternative rate forms of recommendations. Ultimately, the Commission agreed with our recommendations that the proposed IRP be denied.
- Project Member in the review of a request by PacifiCorp for an increase in rates. As part of the analysis, Larkin & Associates also reviewed and addressed the Company's request to modify the test year provisions that had long been adopted and approved by the Commission. This case settled prior to filing testimony; however, schedules and exhibits were completed and submitted in order to facilitate settlement negotiations. Larkin & Associates was actively involved in the settlement discussions. Issues addressed by Larkin & Associates in our exhibits and schedules include: major plant additions including a transmission replacement and upgrade program, accounts receivable from associated company, cash working capital, increased revenues from system expansion and upgrade, change in method of accounting for unbilled revenues, normalization of overhaul expense, payroll expense including employee level impacts, incentive compensation, employee benefits, costs of canal failure, depreciation on retired assets, write-off of canceled projects, insurance expense, property taxes, IRS audit settlement adjustments, and amortization of costs associated with early retirement of Company owned coal mine.
- Project Member in the review of Connecticut Light & Power Company's request for an amendment in rates for the period 2004 through 2007. Issues addressed included: adjustments to CL&P's proposed initiatives, deferred assets, Storm Damage Accrual reserves, working capital, revenues, recovery of six specific items identified by the Company as exogenous costs under its Incentive Rate Plan. Larkin & Associates testimony first addressed the appropriate definition and specific qualifications for items to be considered as exogenous costs under the Company's incentive rate plan. The testimony then addressed the following six specific items for which the Company was requesting an increase in rates for exogenous cost recovery: uncollectible expense, pension expense, other post retirement benefit expense, personal property taxes, raise in Connecticut Corporate Business Tax rate and Three-Way Payment Plan deferrals.
- Project Member in the audit of the Rockland Electric Company's restructuring related deferred balances that accrued by the Utility in the course of its implementation of various New Jersey Board of Public Utilities Orders providing for rate reductions and other requirements, pursuant to

the Electric Discount and Energy Competition Act (EDECA), N.J.S.A. 48:3-49 et seq. The audit was separated into two phases. Phase I covered the period of August 1, 1999 through July 31, 2002. Phase II covered the period of August 1, 2002 through July 31, 2003. Larkin & Associates audited the deferred accounts, transactions and supporting calculations/documentation for this period to determine whether the Utility's Deferred Balances are correct and include only those costs that are reasonable, prudently incurred, accurately calculated, correctly recorded and in compliance with all applicable Board Orders. Subcontractor, Synapse Energy Economics analyzed prudence issues relating to the Utility's purchase of power at reasonable prices consistent with market conditions in the competitive wholesale marketplace and consistent with appropriate hedging techniques, along with mitigation efforts with respect to above-market non-utility generation contract costs during the Transition Period. Larkin & Associates and Synapse Energy Economics issued a combined report discussing their findings and conclusions.

- Project team member in United Illuminating Company's rate case. Larkin & Associates was retained by the Connecticut Office of Consumer Counsel to address the calculation of the revenue requirement and adjustments to the calculations of rate base and net operating income presented in UI's filing. Larkin & Associates also addressed the sharing proportions that should be applied if the Department adopts a multi-year rate plan for UI in this proceeding. Issues discussed in testimony included rate plan, over-earnings sharing proportions, subsidiary income tax expense, starting point for 2002 rate year rate base, customer deposits, materials and supplies, rate-a-meter timers, injuries and damages reserve, severance expense, rate case expense, other O&M expense increase, ADIT on pension liability and Bad Debt reserve, accrued vacation and related ADIT, Steel Point remediation, depreciation expense, income tax expense correction, interest synchronization, property tax expense, accelerated amortization.
- Project team member in the review of Citizens Utilities Company's application for a rate increase. Issues addressed in testimony included: an overall financial summary, accounting concerns, rate base (interim accumulated depreciation, rate year accumulated depreciation, used and useful, deferred income taxes, deferred costs, IRP Twenty Year Plan, PCB Costs, 1999 Windstorm and Hurricane Floyd costs, HQ Arbitration, Working capital), operating income (revenue adjustments, SAO expense, DAO expense, PSO expense, Rate Case Expense, Legal and Regulatory, Income Tax Expense, Tree Trimming) and summary of accounting problems.
- Project team member in the review of ACS of Alaska, Inc.'s, d/b/a as Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included: Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.
- Project team member in the review of ACS of Anchorage, Inc.'s, d/b/a as Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included: Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.
- Project team member in the review of ACS of Fairbanks, Inc.'s, d/b/a as Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included:

Resume of Mark S. Dady, CPA, continued

Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.

- Project team member in the review of ACS of the Northland, Inc.'s, d/b/a Alaska Communications Systems, local rate case filing. Issues investigated and analyzed during the project included: Depreciation Expense, Accumulated Depreciation, Universal Service Fund Revenue, Management Fees, Customer Deposits, Interest Expense, Donations and Corporate Image Expense, Vancouver Office Rent Expense, Rate Case Expense, Depreciation Study Expense, Uncollectibles, Interest Synchronization, Inter-Company Allocations, Weighted Access Lines and Relative Size Factors, Unusual 2000 Expense for Legal Settlement Costs, AFUDC on Telephone Plant Under Construction, Materials and Supplies Inventory, Cellular Access Revenue, Lost Revenue from Discounts/Promotions, Directory Revenue, Insurance Expense, Bonus Expense and Cobra Expense.
- Key project team member in the annual audit of Lake State Railway and Huron Leasing. Duties included verification of cash receipts and disbursements, payroll, and inventory.

A complete list of cases in which Mr. Dady has participated will be provided upon request.

Education

- Davenport University, Dearborn, MI
Bachelor of Business Administration: Accounting
March 2001 - Graduated with high honors
- Walsh College, Troy, MI
Master of Science: Accounting, December 2006
- Certified Public Accounting Certificate, 2007, Continuing Professional Education Necessary to Maintain CPA License

Professional Associations

- Michigan Association of Certified Public Accountants

References

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TINA MILLER

Ms. Miller is a staff accountant and regulatory analyst with Larkin & Associates. As such, Ms. Miller prepares discovery requests, produces spreadsheets and models, assist with the review and analysis of regulatory filings, and performs regulatory and accounting research.

Relevant Regulatory Experience

Following are examples of recent electric regulatory cases in which Ms. Miller has participated.

- Project Member in the a research project for the Arkansas Public Service Commission Staff regarding innovative approaches to rate base, rate of return ratemaking. Larkin & Associates analysis focused on annual earnings reviews, formula rates, recovery of extraordinary storm damage expenses, plant acquisitions and construction costs of new facilities.
- Project Member in the review of Tampa Electric Company's request for an increase in rates. Issues addressed in Mr. Larkin's testimony included: transmission base rate adjustment clause, annualization of plant-in-service, plant in service projections, CIS upgrades, dredging O&M amortization, plant held for future use, construction work in progress, working capital, storm damage accrual, uncollectible expense, and capital structure. Issues addressed by Mr. Schultz included: payroll, benefits, incentive compensation, D&O liability, tree trimming, pole inspections, transmission inspections, substation preventive maintenance, generation maintenance, rate case expense and office supplies.
- Project Member in the review of Cinergy Corporation's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Member in the review of American Electric Power Company's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project Member in the review of Duke Energy Corporation's accounting expenditures for construction projects in association with the provisions in the Clean Air Act. Larkin & Associates issued a report detailing its finding and conclusions.
- Project team member in a review of the application of PacifiCorp for approval of its proposed electric rate schedules and electric service regulations. Issues analyzed included: incentive compensation, payroll, pensions/post-retirement benefits, working capital, Bridger Coal Company Rate Base, Environmental Settlements, Revenue Normalization Correction, Distribution Expense Correction, Accounting Write-Offs, Assets under construction write-off, Cholla Assets Under Construction Write-Off, Additional Assets Under Construction Written Off, Obsolete Inventory Write-Offs/Reserve, FERC Contingency Write-Off, Blue Sky Program, Stoel Rives Pricing Settlement, Transition Team Costs, Miscellaneous Outside Service Expense, Annualization of Contract Cost Savings, Dave Johnston (Glenrock) mine closure, systems applications and products software (SAP), re-engineering, 1997 computer software write-down, Company's proposed 1999 software write-off, uncollectible expense, and potential updates (pending additional information from the Company).
- Project team member in an investigation of over-earnings by the Connecticut Light & Power Company. Issues analyzed included: over-earning standards, cause of over earnings, treatment of over-earnings, impact of over-earnings on conditions of NU/ConEd Merger, and the Company's proposed initiatives.
- Project team member in the review of Wisconsin Public Service Corporation's application for a Supply Cost Recovery Plan and Authorization of Monthly Power Supply Cost Recovery Factors for the Calendar Year 2001. Ms. Miller assisted by analyzing issues such as additional coal costs for new coal contracts, forecast and historical analysis of hydro plant generation, and reviewing

Resume of Tina Miller, continued

company material. Key project team member in the review of Delaware Electric Cooperative's Restructuring Plan for Retail Competition. Larkin & Associates was retained by the Delaware Public Service Commission (DPSC) to provide consulting services to the Hearing Examiner of the DPSC. Duties included: review of filings and briefs of the parties, review of the transcript of the hearing, summarize the positions of the parties, and assist in the preparation of the Hearing Examiners Report.

- Key project member in the review of Delmarva Power & Light's billing system conversion problems. Consulting services were provided to the Hearing Examiner of the Delaware Public Service Commission. Relevant issues addresses included: compensation and economic damages to customers, proration, arbitration procedures. Non-economic issues included: "reaching back" problem, budget plans, tariff rates on bills, high bill parameters, PriceWaterhouseCoopers audit report, payment posting sequence, emergency phone number, issue list, lost customers, walk-in offices, and a summit for unresolved issues. Duties included: review of filings and briefs of the parties, review of the transcript of the hearing, summarize the positions of the parties, and assist in the preparation of the Hearing Examiners Report.
- Project team member in the review of Delmarva Power & Light's application for Approval of a Cost Accounting Manual and a Code of Conduct. Ms. Miller assisted by reviewing filings, transcripts, The Cost Accounting Manual, Code of Conduct, and summarize the positions of the parties, and assisting in the preparation of the Hearing Examiners Report.
- Key project team member in the review of Chesapeake Utilities Corporation application for Approval of a Cost Accounting Manual and a Code of Conduct. Ms. Miller reviewed filings, responses to data requests, the proposed Cost Accounting Manual, and proposed Code of Conduct. She also assisted in drafting a revised Code of Conduct and testimony.

Education

- Eastern Michigan University - Ypsilanti MI.
Bachelor of Business Administration: Accounting
April 1996

References

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DAWN BISDORF

Dawn Bisdorf is a research associate with Larkin & Associates, PLLC. As such, Ms. Bisdorf assists with the review and analysis of regulatory filings by preparing computer spreadsheets and models and performing accounting and regulatory research.

Relevant Regulatory Experience

Ms. Bisdorf's primary focus is case organization, regulatory research, and research of technical accounting and tax issues. She also assists in the preparation of various spreadsheets and models as part of her participation in regulatory engagements.

Education

Ms. Bisdorf holds an BA in Social Science from Madonna University in Livonia, Michigan and an Associates degree in Accounting from Schoolcraft College in Livonia.

Relevant Prior Experience

From 2002 – 2006, Ms. Bisdorf held various accounting positions where she dealt with accounts receivable, accounts payable and bank reconciliations, along with assisting in general office duties.

Following are examples of recent regulatory cases in which Ms. Bisdorf has participated:

- Project Member in the review of Southwest Gas Corporation's General Rate Application. Issues addressed in testimony by Larkin & Associates included: Return on Fair Value Rate Base, Yuma Manors Pipe Replacement, Customer Advances for Construction, Working Capital, Cash Working Capital, Customer Deposits, Miscellaneous Accumulated Deferred Income Tax, Account 190, New Intangible Plant Placed Into Service By December 31, 2007, Adjustments to Reconstruction Cost New Depreciated Rate Base, Trended RCND Amount for Accumulated Deferred Income Taxes, Yuma Manors Depreciation and Property Tax Expense, Gain on Sale of Property in Cave Creek, Management Incentive Program Expense, Stock-Based Compensation (Other than MIP), Supplemental Executive Retirement Plan Expense, American Gas Association Dues, Transmission Integrity Management Program, A&G Expenses - Annualized Paiute Allocation, Interest on Customer Deposits, Interest Synchronization, Flow-back of Excess Deferred Taxes, Injuries and Damages, Leased Aircraft Operating Costs, El Paso Pipeline Rate Case Litigation Cost, and Annualized Amortization for New Intangible Plant.
- Project Team Member in the review of Tucson Electric Power Company's General Rate Application. Issues addressed by Larkin & Associates included: Depreciation Rates, Plant Held for Future Use, Luna Plant Facility, Luna Plant Facility Accumulated Deferred Income Taxes, "Implementation Cost Regulatory Asset", Working Capital, Fuel Inventory, Accumulated Depreciation and ADIT Related to Cost of Removal, Accumulated Depreciation Related to Unauthorized Depreciation Rate Changes, Miscellaneous Accumulated Deferred Income Tax, Account 190, Other Deferred Credits, Customer Care & Billing System, Springerville Unit 1, Luna Facility Depreciation and Property Tax Expense, San Juan Coal Contract, Bad Debt Expense, Edison Electric Institute Dues, Incentive Compensation, Supplemental Executive Retirement Program Expense, Workers' Compensation Expense, Short-Term Sales, Wholesale Trading Activity, Gain on Sale of SO2 Emission Allowances, Property Tax Expense Interest Synchronization, Depreciation Rates Adjustment, Customer Care & Billing System, Markup Above Cost for Charges from Affiliate, Southwest Energy Services, PPFAC Adjustment, Postage Expense, Miscellaneous Service Revenue, Cash Working Capital, Normalize Affiliate Charges to TEP, Legal Expense Related to Motion to Amend Decision No. 62103, Legal Expense Related to California Proceedings, West Connect Charges Related to Regulatory Asset, Other TEP Changes to Operating Income and Rate Base, Purchased Power and Fuel Adjustment Clause, TEP's Historical Misuse of Previous Fuel Adjustment Mechanism, Staffs Proposed PPFAC, TEP's

Proposed PPFAC , Costs to Be Included in the PPFAC, Credits to PPFAC Costs Effective Date for PPFAC, PPFAC Forward-Looking and True-Up Components, Carrying Costs on PPFAC bank balance, Filing and Reporting Requirements, Whether Sharing and Cap Provisions Should be Imposed, and Requirement for Commission approval of PPFAC, rate changes.

- Project Member in the review of Appalachian Power Company's Application for an increase in rates. Issues addressed by Larkin & Associates included: Self-Funded Reserve Accruals, Rate Base Update, Materials and Supplies, Customer Deposits, Deferred Fuel Balance, Accumulated Deferred Income Taxes, Prepaid Pension Asset, Fuel Stock Inventory, Plant Held for Future Use, Accounts Receivable Factoring, Mountaineer Carbon Capture Demonstration Project, Blanket Funded Capital Projects, Third Party Transmission Revenue, Capacity Equalization Expense, Environmental Consumables and Allowances Expense, Transmission Equalization Expense Credit, Transmission Reliability Expense, Distribution Reliability Expense, Distribution Reliability Expense, PJM Administrative and Ancillary Fees, Emission Allowances, Edison Electric Institute Dues, Obsolete Inventory, Interest Synchronization, New Source Review Settlement, Pension Expense, Interest on Customer Deposits, Depreciation Expense, Property Tax Expense, Legal Expense Related to AEP Subsidiaries, Charitable Contributions, and Stock Awards.
- Project Member in the review of Virginia American Water Company's Application for an increase in rates. Issues addressed by Larkin & Associates included: Tank Painting, Customer Advances, Contributions in Aid of Construction Rate Base Update, Reverse VAWC Net Plant Adjustments Beyond May 31, 2008, Allowance for Average Rate Year Non-Revenue Producing CWIP, Allocate Utility Plant and Accumulated Depreciation between Districts, Materials and Supplies, Miscellaneous Operating Reserves, Accrued Cost of Removal/FAS 143, Revenue Annualization, Tank Painting, Leased Vehicles, Rate Case Expense, Lobbying Expense, Payroll Expense, Payroll Tax Expense, Employee Benefits Expense, Donations, Annualized Depreciation Expense, Depreciation Expense on Allocated Plant, Interest Synchronization, and Income Tax Expense.
- Project member in the review of Arizona Public Service Company's Application for an Interim Increase in rates. Issues addressed by Larkin & Associates included: the interim rate relief requested by APS, criteria for interim rate relief, ordinary regulatory law does not justify APS' requested interim rate relief, alleged emergency circumstances, whether APS requires an interim rate increase during the processing of its general rate case, an alternative basis for determining an amount of interim rate increase for APS should the Commission be inclined to grant an increase, and rate design.
- Project member in the review of Artesian Water Company's application for an increase in water rates. Issues addressed by Larkin & Associates included: plant in service, accumulated depreciation, depreciation expense, staff field audit adjustments, impact of plant additions adjustment on depreciation expense, payroll expense, payroll tax expense, workers compensation expense, pension expense, employee group insurance, directors fees and insurance, allowance for rate case expense, stock option expense, temporary services, tank painting expense normalization, expense adjustments for new headquarters building, uncollectibles expense, current Delaware State income taxes, interest synchronization.

JOHN DEFEVER

John DeFever is a research associate with Larkin & Associates, PLLC. As such, Mr. DeFever assists with the review and analysis of regulatory filings by preparing computer spreadsheets and models and performing accounting and regulatory research. Mr. Defever also assists with the preparation of tax returns.

Education

Mr. DeFever is currently pursuing a degree in Accounting at Eastern Michigan University in Ypsilanti, MI.

Schoolcraft College- Livonia, MI
Associate in Applied Science
December 2000

Relevant Prior Experience

Following are examples of recent regulatory cases in which Mr. Defever has participated:

- Connecticut Water Company, Docket No. 09-12-11
- Puget Sound Energy, Docket No. UE-090704
- Potomac Electric Power, Formal Case 1076
- Alabama Power Company, Case No. 2:01-cv-00152-VEH

Prior Work Experience

Artcraft Pattern Works, Quality Manager, CAD/Design

**APPENDIX II
LARKIN & ASSOCIATES, PLLC
MERGER/ACQUISITION
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MERGER/ACQUISITION CASES

Babcock & Brown Infrastructure Fund North America LP and the Peoples Natural Gas Company
d/b/a Dominion Peoples, Docket No. A-2008-2063737

Client: Pennsylvania Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

Contact: Shaun Sparks

Assignment: Larkin & Associates was retained by the Pennsylvania Office of Consumer Advocate to evaluate policy issues related to the acquisition of Dominion Peoples by Babcock & Brown Infrastructure Fund North America and its impact on ratepayers in the Commonwealth. Mr. Smith addressed the cost savings, benefits and rate impacts related to the acquisition. Issues addressed in testimony included: benefits claimed by the applicants, differences between this transaction and the previously proposed sale to Equitable Resources, potential costs and risks, Dominion Peoples' ADIT, acquisition premium, other anticipated costs, Dominion Peoples' Pension Credit, Capital Structure and Cost of Capital Impacts, Risk of Credit Rating Downgrade, effect of acquisition of Peoples on customer rates, benefits to shareholders, and uncertainty of benefits to Pennsylvania ratepayers.

Key participants: Ralph Smith
Dawn Bisdorf

Geographic Location: Pennsylvania

Contract Duration: 2009

Joint Application of Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples, For Approval of the Transfer of All Stock Rights of the Latter to the Former and for the Approval of the Transfer of All Stock of Hope Gas, Inc., d/b/a Dominion Hope, to Equitable Resources, Docket No. A-122250F5000

Client: Pennsylvania Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

Contact: Shaun Sparks
Daryl Lawrence

Assignment: Larkin & Associates was retained by the Pennsylvania Office of Consumer Advocate to review the proposed acquisition and its impact on ratepayers in the Commonwealth. Mr. Smith's testimony focused on the merger policy and benefits. Issues addressed in Mr. Smith's testimony included an overview of the acquisition, standard of review, analysis of the proposed transaction, potential costs and risks, acquisition premium, other anticipated costs, pension credit, intrastate per books results, capital structure and cost of capital impacts, risk of credit rating downgrade, affect of acquisition and combinations of companies on customer rates, benefits to shareholders, uncertainty of benefits to Pennsylvania ratepayers, and conclusions and recommendations.

Key participants: Ralph Smith
Tina Miller

Geographic Location: Pennsylvania

Contract Duration: 2006

Hope Gas D/B/A Dominion Hope; Case Nos. 08-1783-G-42T and 08-1761-G-PC

Client: Consumer Advocate Division
West Virginia Public Service Commission
7th Floor, Union Building
723 Kanawha Boulevard, East
Charleston, West Virginia 25301
(304) 558-0526

Contact: Byron Harris

Assignment: Larkin & Associates was retained by the Consumer Advocate Division of the State of West Virginia to review the impact of the proposed acquisition of Hope Gas Inc. by BBIFNA on West Virginia ratepayers. Issues addressed in Mr. Smith's testimony included: benefits claimed by applicants, benefits to shareholders, differences between this transaction and the previously proposed sale to Equitable Resources, risks to Hope ratepayers from the proposed transaction, major detriment to Hope ratepayers from loss of ADIT, loss of ADIT credits, consolidated tax savings adjustment, other anticipated costs, Dominion Hope's pension credit, capital structure and cost of capital impacts, risk of credit rating downgrade, acquisition adjustment, lack of synergy or economies of scale benefits, other concerns about the proposed transaction, and the effect of acquisition of Hope by BBIFNA on customer rates.

Key Participant: Ralph Smith

Geographic Location: West Virginia

Contract Duration: 2009

Request for an Order Authorizing the Sale by Thames GmbH of up to 100% of the Common Stock of American Water Works Company, Inc. Resulting in Change of Control of California-American Water Company, A. 06-05-025

Client: California Public Utilities Commission
Division of Ratepayer Advocates
505 Van Ness Avenue, Room 4205
San Francisco, CA 94102
(415) 703-2771

Contact: Dan Sanchez

Assignment: Larkin & Associates was retained the Division of Ratepayer Advocates to review the Joint Applicants, California-American Water Company ("Cal-Am"), RWE Aktiengesellschaft ("RWE") - a corporation organized under the laws of the Federal Republic of Germany, Thames Water Aqua Holdings GmbH ("Thames") - a corporation organized under the laws of the Federal Republic of Germany, and American Water Works Company, Inc. ("American Water"), request for authorization for the sale by Thames GmbH of up to 100% of the common stock of American Water, resulting in change of control of Cal-Am. As part of the Application, the Joint Applicants also requested removal of all conditions placed upon them as a result of the approval by the Commission of the acquisition by RWE of American Water in Decision ("D") 02-12-068. Larkin & Associates issued a report detailing its findings and conclusions. Issues discussed in the report included: scope of proceeding and public utilities code sections, history of prior transaction, rationale for divestiture presented in joint application, review standard, perceived benefits according to joint applicants, corporate structure, employees, financial issues, ratepayers, request to remove conditions of acquisition, DRA review process, RWE divestiture considerations, public interest contentions and findings, financial concerns, additional costs from proposed transaction, and recommendations.

Key Participants: Helmuth W. Schultz, III
Donna DeRonne

Geographic Location: California

Contract Duration: 2006 – 2007

MEHC Acquisition of PacifiCorp; Docket No. 05-035-54

Client: Committee of Consumer Services
Heber M. Wells Building, Room 408
160 East 300 South, P.O. Box 146782
Salt Lake City, Utah 84114-6782
(801) 530-6674

Contact: Dan Gimble

Assignment: Larkin & Associates was retained by the Utah Committee of Consumer Services to review and evaluate the acquisition of PacifiCorp by Mid-American Holding Company. Larkin & Associates participated in settlement negotiations and recommended several merger conditions to ensure PacifiCorp's Utah customers were not harmed by the acquisition. We also recommended several modifications to the Company's proposed merger conditions.

Key Participants: Ralph C. Smith
Donna DeRonne
Tina Miller

Geographic Location: Salt Lake City, Utah

Contract Duration: 2005-2006

Florida Power Corporation; Docket No. 00-0824-EI

Client: Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400
(850) 488-9330

Contact: Jack Shreve

Assignment: Larkin & Associates was retained by the Florida Office of Public Counsel to review the Corporation's earnings, including effects of a proposed acquisition of Florida Power Corporation by Carolina Power & Light. Issues presented in testimony included an overall recommendation and a capital structure-CR3 Adjustment, merger synergies/acquisition adjustment, closed business offices, and operating income adjustments: miscellaneous service revenues, other electric revenues, salaries and wages expense, employee benefits-medical expense, FAS 106, FAS 112, miscellaneous benefits-change in control cash payment, power marketing expense, general advertising expense, nuclear property and liability insurance credits, nuclear materials and supply inventory, rate case expense, nuclear energy institute dues-lobbying, Tiger Bay regulatory asset, nuclear decommissioning expense, property tax expense and effects of Company updates to its filing.

Key participants: Hugh Larkin, Jr.
Donna DeRonne

Geographic Location: Florida

Contract Duration: 2001-2002

Connecticut Natural Gas Company; Docket No. 99-09-03, Phase II

Client: State of Connecticut
Office of Consumer Counsel
10 Franklin Square
New Britain, Connecticut 06051-2644
(860) 827-2900

Contact: Richard Sobolewski

Assignment: Larkin & Associates was retained by the Office of Consumer Counsel of the State of Connecticut to review Connecticut Natural Gas Company's proposed performance based ratemaking plan. Our testimony addressed numerous deficiencies with the Company's proposed plan as well as the following issues: the Company's estimated merger synergies, treatment of goodwill/acquisition premium and marketing program costs in calculating the return on equity for regulatory purposes, and the appropriate treatment of the PGA under any earnings sharing plans and several other issues inherent in the Company's proposal. Mr. Larkin & Ms. DeRonne also proposed an alternative performance based ratemaking plan for consideration.

Key Participants: Hugh Larkin Jr.
Donna DeRonne

Geographic Location: Connecticut

Contract Duration: 2000

Southern Connecticut Gas Company; Docket No. 99-04-18, Phase III

Client: State of Connecticut
Office of Consumer Counsel
10 Franklin Square
New Britain, Connecticut 06051-2644
(860) 827-2900

Contact: Richard Sobolewski

Assignment: Larkin & Associates was retained by the Office of Consumer Counsel of the State of Connecticut to review Southern Connecticut Gas Company's proposed performance based ratemaking plan. Our testimony pointed out numerous problems with the Company's proposed plan. Testimony also addressed the Company's estimated merger synergies, treatment of goodwill/acquisition premium and marketing program costs in calculating the return on equity for regulatory purposes, and the appropriate treatment of the PGA under any earnings sharing plans and several other issues inherent in the Company's proposal. Mr. Larkin & Ms. DeRonne also proposed an alternative performance based ratemaking plan for consideration.

Key Participants: Hugh Larkin, Jr.
Donna DeRonne

Geographic Location: Connecticut

Contract Duration: 2000

Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation

Client: California Public Utilities Commission
Energy Division
505 Van Ness Avenue, Room 4205
San Francisco, CA 94102
(415) 703-1711

Contact: Jack Fulcher

Assignment: Our task involved performing an extensive investigation of the combined utilities gas system, tariffs, contracts, and operation. An analysis of the combined utilities compliance with market power safeguards adopted in the Commissions Decision D.98-03-073 to ensure open and nondiscriminatory service was conducted. This included the Company's agreement to divest of its gas-fired generation facilities, and its options to purchase the California facilities of Kern River and Mojave Pipelines to non-affiliates of the merged company by the specified deadlines, and the Company's compliance with the 25 Remedial Measures adopted by the Commission as well as a review of market power.

Our approach to the work involved formal data requests, approximately 100 interviews with numerous Company personnel, and an extensive review of information including the review of over 5,000 recorded phone calls in key SoCalGas departments including Gas Scheduling and Gas Control as part of the testing for compliance a non-discrimination. It also involved frequent meetings and discussions with Staff personnel.

Key Participants: Hugh Larkin, Jr.
Ralph C. Smith
Tina Miller

Geographic Location: Los Angeles and San Diego, California

Contract Duration: 1999- 2000

Energy East Corporation and CTG Resources; Application No. 99-08-09

Client: Connecticut Office of Consumer Counsel
10 Franklin Square
New Britain, Connecticut 06051

Contact: Richard Sobolewski

Assignment: Larkin & Associates were asked to review the merger of CTG Resources, Inc. and Energy East Corporation. Certain merger issues examined include: the merger's effect on competition in the State of Connecticut; the merger's consistency with public interest; whether it would benefit both consumers and stockholders; whether there were acceptable customer protections in place to ensure effective cost control; how the merger would effect regulation; and whether there were any factors benefiting customers which clearly compel the approval of the merger.

Key Participants: Hugh Larkin, Jr.
Donna DeRonne
Tina Miller

Geographic Location: Connecticut

Contract Duration: 1999-2000

Proposed Merger of the Parent Corporations of Qwest Communications Corporation, LCI
International Telecom Corp., US West Communications, Inc., Docket No. T-1051B-99-0497

Client: Arizona Corporation Commission
Utilities Division
1200 W. Washington
Phoenix, Arizona 85007

Contact: Linda Jaress, Manager Financial Analysis (602) 542-9850
Del Smith, Telecommunications Engineer (602) 542-7277

Assignment: Larkin & Associates was employed by the Arizona Corporation Commission to determine whether the proposed merger between US West Communications, Inc. (USWC), and Qwest Communications Corporation was in the interest of ratepayers. The analysis consisted of review of the application, data responses, and USWC's service quality history. Service quality recommendations and other merger conditions were proposed in Mr. Smith's testimony on behalf of Staff. Dr. Chessler's testimony presented an extensive analysis of US West's quality of service performance.

Key Participants: Ralph C. Smith

Geographic Location: Arizona

Contract Duration: 1999 – 2000

Energy East Corporation and Connecticut Energy Corporation; Application No. 99-07-20

Client: Connecticut Office of Consumer Counsel
10 Franklin Square
New Britain, Connecticut 06051

Contact: Richard Sobolewski

Assignment: The Connecticut Office of Consumer Counsel requested the assistance of Larkin & Associates in the review of the merger application between Energy East and Connecticut Energy Corporation. Larkin evaluated the merger in regards to the effect on competition in Connecticut, whether the merger is a benefit to both consumers and shareholders, effect on regulation, any factors which compels the merger for the benefit of customers, and whether there are acceptable customer protections in place to ensure affective cost control.

Key Participants: Hugh Larkin, Jr.
Donna DeRonne
Tina Miller

Geographic Location: Connecticut

Contract Duration: 1999-2000

Connecticut Light & Power Company; Docket No. 00-12-01

Client: Connecticut Office of Consumer Counsel
10 Franklin Square
New Britain, Connecticut 06051-2644
(860) 827-2900

Contact: Richard Sobolewski

Assignment: Larkin & Associates was retained by the Office of Consumer Counsel to participate in an investigation of over-earnings by the Connecticut Light & Power Company. Issues presented in testimony included: over-earning standards, cause of over earnings, treatment of over-earnings, impact of over-earnings on conditions of NU/ConEd Merger, and the Company's proposed initiatives.

Key participants: Hugh Larkin, Jr.
Donna DeRonne
Tina Miller

Geographic Location: Connecticut

Contract Duration: 2001

Northeast Utilities and Yankee Energy System, Inc.; Docket No. 99-08-02

Client: Connecticut Office of Consumer Counsel
10 Franklin Square
New Britain, Connecticut 06051

Contact: Bruce Johnson

Assignment: Larkin & Associates were asked to review the merger of Yankee Energy System, Inc. and Northeast Utilities. Specific areas addressed were: the merger's effect on competition in the State of Connecticut; the merger's consistency with public interest, whether it would benefit both consumers and stockholders; whether there were acceptable customer protections in place to ensure effective cost control; how the merger would effect regulation; and whether there were any factors benefiting customers which clearly compel the approval of the merger.

Key Participants: Hugh Larkin, Jr.

Geographic Location: Connecticut

Contract Duration: 1999-2000

Consolidated Edison, Inc. and Northeast Utilities; Docket No. 00-01-11

Client: Connecticut Office of Consumer Counsel
10 Franklin Square
New Britain, Connecticut 06051

Contact: Bruce Johnson

Assignment: Larkin & Associates was retained by the Office of Consumer Counsel to review the potential effects resulting from the merger of Consolidated Edison and Northeast Utilities. We were able to prepare testimony in regards to merger synergies, the effect of the merger on the economy in Connecticut, and steps needed in order to protect the pension funds. Specific synergy areas that were addressed include: corporate and administrative labor reductions, transmission and distribution labor reductions, administrative and general overhead, advertising and public relations, benefits, directors' fees, facilities, information systems, insurance, credit facilities, professional services, regulatory and lobbying fees, research and development, shareholders services, vehicles, purchasing economics and gas supply.

Key Participants: Hugh Larkin, Jr.

Geographic Location: Connecticut

Contract Duration: 2000

City of Danville, Illinois - Valuation of Water System

Client: Leuders, Roberson & Konzen
809 ½ N. Gilbert Street
Danville, Illinois 61832
For the City of Danville, Illinois

Contact: Paul Foran, Attorney
(217) 443-0305

Assignment: Larkin & Associates was retained to assist the City of Danville in the valuation of the water system serving the Vermillion County area. Using a variety of valuation methods, Larkin & Associates provided a report concerning the estimated value of the water utility system. Specific valuation methods reported upon were Multiple of Book Investment, Multiple of Sales and Multiple of Earnings. We also used the acquisition from the Consumers Water Company merger as a reasonableness test of the water system valuation estimate.

Key Participants: Ralph C. Smith

Geographic Location: Danville, Illinois

Contract Duration: 1998

Village of University Park, Illinois - Valuation of Water and Sewer System

Client: Village of University Park Crawford, Murphy & Tilly, Inc.
Village Hall Consulting Engineers
698 Burnham Drive 600 North Commons Drive
University Park, IL 60466-2708 Suite 107
Aurora, IL 60504

Contact: Elbert B. Shaw, Executive Director Bernard D. Held, P.E.
Economic & Comm. Development Theresa O'Grady, P.E.
Michael G. Grubermann (630) 820-1022
Village Manager
(708) 534-6451

Assignment: Larkin & Associates was retained by Crawford, Murphy & Tilly, Inc. (CMT), an Engineering Consulting firm to assist in formulating a decision about whether to proceed further with investigating an acquisition of the University Park water and sewer systems. Larkin & Associates was responsible for estimating the value of the water and sewer utility systems serving the Village of University Park from a financial and economic perspective, using information available from Consumer Illinois Water Company's rate cases and publicly available information. Reports were prepared by CMT and submitted to the Village of University Park, reflecting various stages of completion of the analysis. Our valuation estimates were included in CMT's reports to the Village. The November 1998 report included an Appendix prepared by Larkin & Associates containing a synopsis of selected cases and authorities concerning valuation of an investor-owned public utility being acquired by a municipality, along with the full text of several of the cases.

Key Participants: Ralph C. Smith

Geographic Location: University Park, Illinois

Contract Duration: 1998-1999



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

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

PUBLIC SERVICE COMMISSION
 CONSUMER ADVOCATE DIVISION
 700 UNION BUILDING
 723 KANAWHA BOULEVARD EAST
 CHARLESTON, WV
 25301 304-558-0526

*709025511 734-522-3420
 LARKIN & ASSOCIATES PLLC
 15728 FARMINGTON ROAD
 LIVONIA MI 48154-2858

VENDOR

SHIP TO

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
06/09/2010				

OPENING DATE: 06/30/2010 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
1	1	LS		961-20	\$125/hr - Sr. Regulator Analyst \$90/hr - Regulatory Analyst \$45/hr - Research Assoc.	\$29,650
CONSULTING SERVICES FOR CASE NO. 10-0173-E-PC REQUEST FOR QUOTATION (RFQ) OPEN END CONTRACT THE WEST VIRGINIA STATE PURCHASING DIVISION FOR THE AGENCY, THE WEST VIRGINIA PUBLIC SERVICE COMMISSION, IS SOLICITING BIDS TO PROVIDE THE AGENCY WITH CONSULTING SERVICES IN CONNECTION WITH THE PROPOSED MERGER OF FIRSTENERGY CORPORATION WITH MONONGAHELA POWER COMPANY, THE POTOMAC EDISON AND TRANS-ALLEGHENY INTERSTATE LINE COMPANY: CASE NO. 10-0173-E-PC PER THE ATTACHED SPECIFICATIONS. TECHNICAL QUESTIONS CONCERNING THIS SOLICITATION MUST BE SUBMITTED IN WRITING TO FRANK WHITTAKER VIA MAIL AT THE ADDRESS SHOWN IN THE BODY OF THIS RFQ, VIA FAX AT 304-558-4115, OR VIA EMAIL AT FRANK.M.WHITTAKER@WV.GOV. DEADLINE FOR ALL TECHNICAL QUESTIONS IS JUNE 22, 2010 AT THE CLOSE OF BUSINESS. ANY TECHNICAL QUESTIONS RECEIVED WILL BE ANSWERED BY FORMAL ADDENDUM TO BE ISSUED BY THE PURCHASING DIVISION AFTER THE DEADLINE HAS LAPSED. EXHIBIT 10 ADDENDUM ACKNOWLEDGEMENT REQUISITION NO.:						

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TELEPHONE (734) 522-3420 DATE 6/29/10

FAX 38-2437293

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15728 FARMINGTON ROAD

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**PUBLIC SERVICE COMMISSION
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 CHARLESTON, WV
 25301 304-558-0526**

DATE PRINTED 06/09/2010	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
OPENING DATE: 06/30/2010 BID OPENING TIME 01:30PM				

LINE	QUANTITY	UOP	CAT. NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.</p> <p>ADDENDUM NO.'S:</p> <p>NO. 1</p> <p>NO. 2</p> <p>NO. 3</p> <p>NO. 4</p> <p>NO. 5</p> <p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF TH ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.</p> <p>VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.</p> <p>..... SIGNATURE</p> <p>..... COMPANY</p> <p>..... DATE</p>						

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Hugh Larkin Jr
 FEIN **38-2437293** TELEPHONE **(734) 522-3420** DATE **6/29/10**

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LIVONIA MI 48154-2858

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06/09/2010				
OPENING DATE: 06/30/2010		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.</p> <p>REV. 09/21/2009</p> <p>EXHIBIT 3</p> <p>LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p> <p>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM</p>						

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John Larkin Jr
 Director of Purchasing
 FEIN 38-2437293

TELEPHONE
 (734) 522-3420

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

PUBLIC SERVICE COMMISSION
CONSUMER ADVOCATE DIVISION
700 UNION BUILDING
723 KANAWHA BOULEVARD EAST
CHARLESTON, WV
25301 **304-558-0526**

*709025511 734-522-3420
LARKIN & ASSOCIATES PLLC
15728 FARMINGTON ROAD

LIVONIA MI 48154-2858

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DATE PRINTED 06/09/2010	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
PENING DATE: 06/30/2010 BID OPENING TIME 01:30PM				

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p>QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. IT IS UNDERSTOOD AND AGREED THAT THE CONTRACT SHALL COVER THE QUANTITIES ACTUALLY ORDERED FOR DELIVERY DURING THE TERM OF THE CONTRACT, WHETHER MORE OR LESS THAN THE QUANTITIES SHOWN.</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</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>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

TELEPHONE: **(734) 522-3420** DATE: **6/29/10**

FEIN: **38-2487293**

ADDRESS CHANGES TO BE NOTED ABOVE

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



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
PSC11518

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

VENDOR

*709025511 734-522-3420
LARKIN & ASSOCIATES PLLC
15728 FARMINGTON ROAD

LIVONIA MI 48154-2858

SHIP TO

PUBLIC SERVICE COMMISSION
CONSUMER ADVOCATE DIVISION
700 UNION BUILDING
723 KANAWHA BOULEVARD EAST
CHARLESTON, WV
25301 304-558-0526

DATE PRINTED 06/09/2010	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
OPENING DATE: 06/30/2010 BID OPENING TIME 01:30PM				

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
				ELECTRONIC MEDIUM SUCH AS CD-ROM. REV. 05/26/2009 NOTICE A SIGNED BID MUST BE SUBMITTED TO: DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130 THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED: SEALED BID BUYER: FRANK WHITTAKER-FILE 44 RFQ. NO.: PSC11518 BID OPENING DATE: 06/30/2010 BID OPENING TIME: 1:30 PM PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: (734)522-1410		

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

TELEPHONE: **(734)522-3420** DATE: **6/29/10**
 Senior Partner: **38-2457293**
 ADDRESS CHANGES TO BE NOTED ABOVE

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



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
PSC11518

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6

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

SHIP TO

*709025511 734-522-3420
LARKIN & ASSOCIATES PLLC
15728 FARMINGTON ROAD

LIVONIA MI 48154-2858

SHIP TO

PUBLIC SERVICE COMMISSION
CONSUMER ADVOCATE DIVISION
700 UNION BUILDING
723 KANAWHA BOULEVARD EAST
CHARLESTON, WV
25301 **304-558-0526**

DATE PRINTED 06/09/2010	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
OPENING DATE: 06/30/2010 BID OPENING TIME 01:30PM				

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
				(734)522-1410		
				CONTACT PERSON (PLEASE PRINT CLEARLY):		
				Hugh Larkin, Jr.		
***** THIS IS THE END OF RFQ PSC11518 ***** TOTAL:						\$29,650

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

TELEPHONE: **(734)522-3420** DATE: **6/29/10**

FEIN: **38-7437293**

ADDRESS CHANGES TO BE NOTED ABOVE

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

REQUEST FOR QUOTATIONS

PSC11518

Consumer Advocate Division
Public Service Commission
PSC Case No. 10-0173-E-PC
Monongahela Power Co., The Potomac Edison Power Co., Trans-Allegheny Interstate Line Co., and FirstEnergy Corp.

The Consumer Advocate Division of the Public Service Commission of West Virginia ("CAD") is soliciting bids for the provision of consulting services in connection with the proposed merger of FirstEnergy Corp. with Monongahela Power Co., The Potomac Edison Power Co., and Trans-Allegheny Interstate Line Co., PSC Case No. 10-0173-E-PC. Under the proposed merger, which will involve a stock transfer, Allegheny Energy, Inc., the parent of the two utility subsidiaries, will become a direct, wholly-owned subsidiary of FirstEnergy.

The Consumer Advocate Division has formally intervened on behalf of residential customers of the electric utilities in this case. Case filings can be reviewed at the Commission's web site at: <http://www.psc.state.wv.us/>. (Direct links to the filings are not available. Search by case number using the "case information" function of the site.)

Monongahela Power is an Ohio corporation and currently provides service to approximately 383,600 residential, commercial and industrial customers in 35 counties in West Virginia. Potomac Edison is a Maryland and Virginia corporation which provides electric utility service to 131,500 customers in seven counties in West Virginia. Mon Power and Potomac Edison operate in West Virginia under the trade name "Allegheny Power."

FirstEnergy is a diversified energy company headquartered and incorporated in Ohio. Its subsidiaries and affiliates are involved in the generation, transmission, and distribution of electricity, as well as energy management, retail energy supply, and other energy-related services. Its seven subsidiary electric utility operating companies serve approximately 4.5 million customers in Ohio, Pennsylvania, New Jersey and New York and comprise the nation's fifth largest investor-owned electric system. It has over 13,000 employees and a current total capacity of 14,346 mw; it had approximately \$13 billion in revenues in 2009 and its total assets exceed \$34 billion.

Under the applicable statute, *West Virginia Code* §24-2-12, the applicants must demonstrate that the terms and conditions of the proposed transaction are reasonable and do not adversely affect the public and that none of the parties is given an undue advantage over another.

The Consumer Advocate Division will handle general policy issues in the case. The consultant will be expected to provide expert testimony on all other issues arising in the context of the proposed transaction.

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 such as 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.

Consultants shall be required to have participated in a minimum of ten (10) utility cases involving similar transactions and must have at least 10 years experience testifying in regulated utility matters on a wide variety of issues relating to similar transactions. Upon request, consultants shall submit proof. Consultants shall provide a list of any cases that could be in conflict with this case. Consultants must be Certified Public Accountants or have advanced degrees in business, economics, finance or accounting. The consultants must be able to coordinate and incorporate recommendations from multiple witnesses testifying on behalf of the Consumer Advocate Division. Estimated number of hours is for bidding purposes only, because actual number of hours is unknown.

PSC11518 - CONSULTING BID FORM

Employee/Title	Not to Exceed Number of Hours*	Hourly Rate	Extended Price
Senior Regulator / Consultant (Larkin/Smith/Ramas/Chubb)	140	\$ 125	\$ 17,500
Regulator / Analysts (Deak/Miller)	120	\$ 90	\$ 10,800
Research Associates (Bischoff/Decker)	30	\$ 45	\$ 1,350
		\$	\$
		\$	\$
Total			\$ 29,650

Bidder / Vendor Information:

Name: Larkin Associates, PLLC

Address: 15728 Farmington Rd.
Livonia, MI 48154

Phone #: (734) 522-3420

Email Address: HLarkinJr@aol.com

Contact Coordinator Information:

Name: Hugh Larkin, Jr.

Address: Larkin Associates, PLLC
15728 Farmington Rd.
Livonia, MI 48154

Phone #: (734) 522-3420

Email Address: HLarkinJr@aol.com

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

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: Larkin & Associates, PLLC Signed: [Signature]
Date: 6/29/10 Title: Senior Partner

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

RFQ No. PSC 11518

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 owed 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: Larkin Associates, PLLC

Authorized Signature: [Signature] Date: 6/09/10

State of Michigan

County of Wayne, to-wit:

Taken, subscribed, and sworn to before me this 29th day of June, 2010

My Commission expires July 31, 2015, 20

AFFIX SEAL HERE

NOTARY PUBLIC Kathleen K. Niemiec

KATHLEEN K. NIEMIEC
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Jul 31, 2015
ACTING IN COUNTY OF Wayne