

Chesapeake Regulatory Consultants, Inc.

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Robert G. Towers
Annapolis, Maryland

Basil L. Copeland, Jr.
Maumelle, Arkansas

CHESAPEAKE REGULATORY
CONSULTANTS, INC.

July 21, 2009

Via Federal Express

Mr. Frank Whittaker
WV Purchasing Division
2019 Washington Street East
P.O. Box 50130
Charleston, West Virginia 25305-0130

DAVID E. PETERSON

10351 Southern Maryland Blvd. Suite 202
Dunkirk, Maryland 20754-9500
(410) 286-0503
(410) 286-0504 (Fax)
email: davep@chesapeake.net

Re: In the Matter of the Application of Mountaineer Gas Company
For a General Increase in Gas Rates
West Virginia PSC Docket No. 09-0878-G-42T

RFQ: PSC10509

Dear Mr. Whittaker:

Enclosed please find our proposal to the West Virginia Public Service Commission, Consumer Advocate Division in the above-referenced proceeding.

Thank you for inviting us to submit a proposal. We look forward to working with the CAD on this assignment. Please call me if you have any questions on our proposal or on our experience and qualifications.

Sincerely,



David E. Peterson
Senior Consultant

RECEIVED

Enclosures: Proposal

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PURCHASING DIVISION
STATE OF WV

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

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. All quotations are governed by the *West Virginia Code* and the *Legislative Rules* of the Purchasing Division.
4. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
5. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods, this Purchase Order/Contract becomes void and of no effect after June 30.
6. Payment may only be made after the delivery and acceptance of goods or services.
7. Interest may be paid for late payment in accordance with the *West Virginia Code*.
8. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
9. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
10. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
11. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern all rights and duties under the Contract, including without limitation the validity of this Purchase Order/Contract.
12. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
13. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
14. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
15. **WEST VIRGINIA ALCOHOL & DRUG-FREE WORKPLACE ACT:** If this Contract constitutes a public improvement construction contract as set forth in Article 1D, Chapter 21 of the West Virginia Code ("The West Virginia Alcohol and Drug-Free Workplace Act"), then the following language shall hereby become part of this Contract: "The contractor and its subcontractors shall implement and maintain a written drug-free workplace policy in compliance with the West Virginia Alcohol and Drug-Free Workplace Act, as set forth in Article 1D, Chapter 21 of the West Virginia Code. The contractor and its subcontractors shall provide a sworn statement in writing, under the penalties of perjury, that they maintain a valid drug-free work place policy in compliance with the West Virginia and Drug-Free Workplace Act. It is understood and agreed that this Contract shall be cancelled by the awarding authority if the Contractor: 1) Fails to implement its drug-free workplace policy; 2) Fails to provide information regarding implementation of the contractor's drug-free workplace policy at the request of the public authority; or 3) Provides to the public authority false information regarding the contractor's drug-free workplace policy."

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division.
2. **SPECIFICATIONS:** Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Complete all sections of the quotation form.
4. Unit prices shall prevail in case of discrepancy.
5. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
6. **BID SUBMISSION:** All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130

PROPOSAL TO
STATE OF WEST VIRGINIA
PUBLIC SERVICE COMMISSION
CONSUMER ADVOCATE DIVISION

CONSULTING SERVICES TO THE CONSUMER ADVOCATE DIVISION
MOUNTAINEER GAS COMPANY
PSC DOCKET NO. 09-0878-G-42T

Relating to RFQ: PSC10509
Rate Base, Revenue Requirement, Revenues, Expenses and
Other General Rate Case Issues

Bid Opening Date : July 23, 2009

Submitted by:
David E. Peterson
Chesapeake Regulatory Consultants, Inc.
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Dunkirk, Maryland 20754

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FAX : (410) 286-0504
E-mail: davep@chesapeake.net

Chesapeake Regulatory Consultants, Inc.

PROPOSAL TO

STATE OF WEST VIRGINIA
PUBLIC SERVICE COMMISSION
CONSUMER ADVOCATE DIVISION

RFQ: PSC10509 -- For Consulting Services Relating to
Rate Base, Revenue Requirement, Revenues, Expenses
and Other General Rate Case Issues

IN THE MATTER OF THE APPLICATION OF)
MOUNTAINEER GAS COMPANY)
FOR AN INCREASE IN GAS RATES)

Docket No. 09-0878-G-42T

I. INTRODUCTION

The following constitutes Chesapeake Regulatory Consultants, Inc.'s ("CRC") proposal to the West Virginia Public Service Commission, Consumer Advocate Division ("CAD") relating to the rate base, revenue requirement, revenues, expenses and other general rate case issues that arise in the base rate increase application recently filed by Mountaineer Gas Company ("Mountaineer" or "the Company").

We have reviewed your June 25, 2009 Request for Quotations which outlines the services you seek. Based on our initial review of Mountaineer's Rule 42T filing statements and our involvement in similar proceedings, we believe that we have the technical qualifications and experience to provide effective consulting services on this assignment. We are prepared to devote the resources necessary to complete the tasks outlined in the RFQ in a timely and professional manner. We are prepared to begin work on this assignment immediately.

II. PROJECT SUMMARY

A. Mountaineer's Request

Mountaineer is a West Virginia natural gas distribution company. In 2008, Mountaineer acquired six smaller privately-owned regulated gas utilities in the state. As of today, Mountaineer provides natural gas distribution services to approximately 220,000 customers located in West Virginia.

On June 1, 2009, Mountaineer filed an application with the West Virginia Public Service Commission ("Commission") requesting a \$26,358,900 or 6.60 percent permanent increase in annual revenues. Mountaineer also requested Commission authorization to implement a weather normalization adjustment tariff to track changes in costs and revenues resulting from experienced deviations for normal weather patterns. Mountaineer's proposed base rates are premised on an historic test year ended December 31, 2008.

B. The CAD's Response

The CAD's June 25, 2009 Request for Quotation invited CRC to submit a proposal for consulting services relating Mountaineer's pending rate application. It is our understanding that the CAD seeks a qualified and experienced public utility rate consultant to review Mountaineer's accounting information and to make an independent determination of Mountaineer's present revenue deficiency, if any. The consultant's responsibility will be to analyze Mountaineer's proposed rate base, revenue requirements, revenues, expense, and other general rate case issues that arise in the rate proceeding. The selected consultant will conduct a thorough investigation and analysis of Mountaineer's rate application and supporting documentation and will include the following work elements:

- Review and analyze Mountaineer's rate application and supporting documentation;

- Prepare discovery questions and review responses;
- Assist in the preparation of cross-examination of Mountaineer, Commission Staff and intervenor witnesses;
- Attend hearings, including cross-examination of Mountaineer witnesses, our own cross examination, rebuttal and surrebuttal hearings;
- Prepare pre-filed testimony and rebuttal testimony, as required;
- Attend meetings, discovery and settlement conferences; and
- Assist in preparing post-hearing briefs.

CRC is knowledgeable and experienced in representing all classes of customers in utility rate proceedings such as Mountaineer's pending rate application. We understand the necessity for prompt performance, for effective responses to new issues and changing environments, and for maintaining a close working relationship with our client. We would be pleased to undertake this assignment on behalf of the CAD.

The following section describes the general approach that we would take to analyze the issues that are presented in this case.

III. SCOPE OF WORK

We have reviewed the Mountaineer's Rule 42T accounting exhibits that were filed with the rate application. Our initial review identified several obvious issues that should be pursued. The requested 12.25 percent return on common equity allowance is excessive and produces an obvious overstatement of the Company's revenue requirement. We understand that the CAD will use its own in-house expert to address that issue. We will incorporate the CAD's financial expert's recommendation, as well as the recommendation of the CAD's other consultants, if any, in our calculation of Mountaineer's revenue requirement. In addition, our initial review revealed that Mountaineer incorporated three accounting adjustments, 20 going level adjustments and

three pro forma adjustments into the historic test year operating results. We will examine each adjustment carefully, making sure that it reflects a known and measurable change in costs, is recurring, and is a prudent use of ratepayer funds. We will also examine Mountaineer's test year financial records to identify costs that are included in Mountaineer's claimed revenue requirement that should be eliminated for ratemaking purposes,

IV. WORK PLAN

Specific project tasks to be performed by CRC consultants will include the following (listed in approximate order of performance):

- (1) Conduct a thorough analysis of Mountaineer's application and all supporting testimony, exhibits and work papers and conferring with the CAD on issue identification and other case-specific assignments.
- (2) Conduct discovery, including preparing data requests and conducting interviews and, as required, assisting counsel with depositions and other pleadings; analyzing responses and conducting follow-up discovery.
- (3) Review annual reports, other public documents, and records in earlier proceedings to discover issues not evident in Mountaineer's application.
- (4) Review prior Commission and West Virginia court decisions pertaining to issues to be addressed in this proceeding.
- (5) Conduct on-site discovery and interviews with key personnel and identifying additional data requirements.
- (6) Develop preliminary positions and recommendations on issues.
- (7) Discuss issues and alternative positions with the CAD and coordinate preparation of an affirmative case with other in-house staff and consultants.
- (8) Prepare and present written testimony and exhibits.

- (9) Prepare and submit work papers supporting testimony and exhibits and responding to discovery requests.
- (10) Assist counsel with cross examination of Mountaineer, Commission Staff and intervenor witnesses.
- (11) Assist counsel with pleadings, including briefs, and evaluating briefs and pleadings submitted by other parties.
- (12) Evaluate the Commission's decision.

The objective of these efforts is to present for the Commission's consideration a thorough and documented evaluation of the issues raised in Mountaineer's rate filing together with specific recommendations for Commission action. CRC will be prepared at any time after completing discovery to assist the CAD in settlement negotiations.

V. RELEVANT EXPERIENCE AND STAFFING

CRC has the technical knowledge and experience to undertake this assignment on behalf of the CAD. Disciplines represented by the firm's staff include general and resource economics, finance, accounting, management and data processing. CRC consultants have appeared as expert witnesses in more than 400 proceedings before 40 state regulatory bodies, the FERC and its predecessor agency, the Federal Communications Commission, municipal regulatory boards and courts. In addition, CRC consultants have been invited to speak at regulatory conferences sponsored by NARUC, NASUCA, Michigan State University, and Iowa State University and have authored several publications. Our consultants have identified and presented affirmative solutions on a wide range of public utility ratemaking and policy issues on behalf of consumer interests. CRC's clients have included the following state regulatory and state-supported consumer advocate agencies:

- * Arkansas Attorney General
- * Arkansas Public Service Commission
- * Alabama Attorney General

CRC, Inc. Proposal
Mountaineer Gas Company
PSC Case No. 09-0878-G-42T

- * Delaware Public Service Commission
- * District of Columbia People's Counsel
- * Colorado Office of Consumer Counsel
- * Iowa Consumer Advocate
- * Kansas Citizens' Utility Ratepayers Board
- * Maryland Peoples Counsel
- * Michigan Public Issue Advocate
- * Mississippi Attorney General
- * Montana Consumer Counsel
- * Montana Public Service Commission
- * Nevada Attorney General
- * New Jersey Ratepayer Advocate
- * New Mexico Attorney General
- * New York Consumer Protection Board
- * North Dakota Public Service Commission
- * Ohio Consumer Counsel
- * Oklahoma Attorney General
- * Pennsylvania Consumer Advocate
- * Rhode Island Consumer Council
- * South Carolina Consumer Advocate
- * South Dakota Public Utilities Commission
- * Vermont Department of Public Service
- * West Virginia Consumer Advocate
- * Wyoming Public Service Commission

Specific to the requirements of this case, CRC has considerable experience in addressing ratemaking and policy issues concerning revenue requirements of electric, natural gas distribution and water utilities. This engagement will be staffed by David E. Peterson, a Senior Consultant at CRC. Attachment A to this proposal is Mr. Peterson's Statement of Education and Regulatory Experience and a List of Proceedings where Mr. Peterson has testified as an expert witness on revenue requirement, ratemaking and regulatory policy issues. The List of Proceedings included in Attachment A identifies dozens of proceedings wherein Mr. Peterson has prepared testimony on revenue requirements issues for regulated public utilities, including a prior case involving Mountaineer Gas in West Virginia.

CRC, Inc. Proposal
Mountaineer Gas Company
PSC Case No. 09-0878-G-42T

VI. REFERENCES

Please contact the following references for ongoing and recently completed consulting engagements performed by Mr. Peterson.

P.B. Schechter, Rate Analyst
Office of Consumer Counsel
1560 Broadway, Suite 200
Denver, Colorado 80203
(303) 894-2121

Felicia Thomas-Friel, Esquire
Ami Morita, Esquire
Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, New Jersey 07101
(973) 648-2690

Cynthia Green-Warren, Assistant People's Counsel
Maryland Office of People's Counsel
6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
(410) 767-8150

VII. CONFLICT OF INTEREST

CRC has never been engaged by Mountaineer Gas Company. CRC does not have any financial or business interests with Mountaineer Gas Company, and is not aware of any conflicts of interest that would result from our participation in this engagement on behalf of the CAD.

CRC, Inc. Proposal
Mountaineer Gas Company
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VIII. PRICING INFORMATION

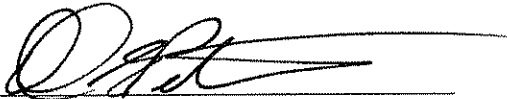
Attachment B to this proposal is a completed quotation form provided in the CAD's RFQ. We understand that the pricing information contained in this form will be used for bid comparison purposes and constitutes CRC's "total price not to exceed" limitation for this engagement.

IX. AUTHORIZED NEGOTIATOR

We hope that our proposal meets your expectation. Please let us know if there are ways to tailor our work plan and investigation to better suit your requirements. Please contact the following regarding questions on our proposal.

Authorized Negotiator:

David E. Peterson, Senior Consultant
Chesapeake Regulatory Consultants, Inc.
10351 Southern Maryland Blvd., Suite 202
Dunkirk, Maryland 20754
(410) 286-0503
(410) 286-0504 (FAX)
e-mail: davep@chesapeake.net



Authorized Signature

ATTACHMENT A

**STATEMENT OF EDUCATION AND EXPERIENCE
FOR**

DAVID E. PETERSON

Senior Consultant

Chesapeake Regulatory Consultants, Inc.
10351 Southern Maryland Blvd. Suite 202

Dunkirk, Maryland 20754-9500

410.286.0503

410.286.0504 (Fax)

Email: davep@chesapeake.net

Mr. Peterson is employed as a public utility rate consultant by Chesapeake Regulatory Consultants, Inc. Mr. Peterson has thirty-two years of experience analyzing regulated public utility ratemaking and service matters including three years as a member of a state regulatory commission staff and twenty-eight years as a consultant. Mr. Peterson specializes in utility revenue requirement and cost of service analyses. He has presented testimony in more than 100 proceedings before nineteen state regulatory commissions, the Delaware House Energy Subcommittee, and the Federal Energy Regulatory Commission. Utilities addressed in Mr. Peterson's analyses and testimonies have included electric, natural gas, propane, telephone, water, steam and sewer companies.

EMPLOYMENT

1991 - Present	Senior Consultant Chesapeake Regulatory Consultants, Inc. Annapolis, Maryland
1980 - 1991	Consultant Hess & Lim, Inc. Greenbelt, Maryland
1977 - 1980	Rate Analyst South Dakota Public Utilities Commission Pierre, South Dakota
1977	Research Assistant Economics Department South Dakota State University Brookings, South Dakota

As a rate analyst and consultant, Mr. Peterson has served a diverse group of public utility consumers and governmental agencies on utility ratemaking and service-related issues. Clients have included state regulatory commissions and their staffs, consumer advocate agencies of state governments, federal agencies, municipalities, privately owned, municipally owned and cooperatively owned utilities, civic organizations, and industrial consumers.

EDUCATION

December 1983 Master of Business Administration
University of South Dakota
Vermillion, South Dakota

May 1977 Bachelor of Science Degree in Economics
South Dakota State University
Brookings, South Dakota

EXPERT TESTIMONY

Among the issues that Mr. Peterson has addressed in testimony are the appropriate test year, construction work in progress, cash working capital lead/lag studies, rate base, excess capacity, revenues, expenses, depreciation, income taxes, capital structure, rate of return, cost allocation, rate design, customer service charges, flexible rates, life-cycle analyses, cost tracking procedures, affiliate transactions, mergers, acquisitions and the consequences of industry restructuring. Mr. Peterson has presented testimony to the following regulatory bodies.

Alabama Public Service Commission
Arkansas Public Service Commission
Colorado Public Utilities Commission
Connecticut Public Utilities Control Authority
Delaware Public Service Commission

Indiana Public Service Commission
Kansas State Corporation Commission
Maine Public Utilities Commission
Maryland Public Service Commission
Montana Public Service Commission

Nevada Public Service Commission
New Jersey Board of Public Utilities
New Mexico Public Service Commission
New York Dept. of Environmental Protection
New York Public Service Commission

Pennsylvania Public Utility Commission
South Dakota Public Utilities Commission
West Virginia Public Service Commission
Wyoming Public Service Commission

Delaware House of Representatives (Energy Subcommittee)
Federal Energy Regulatory Commission

David E. Peterson
 Chesapeake Regulatory Consultants, Inc.
 10351 Southern Maryland Blvd., Suite 202
 Dunkirk, Maryland 20754

Proceedings in Which Mr. Peterson Filed Testimony

Jurisdiction	Date	Utility	Case No.	Client	Issues Addressed
1. South Dakota PUC	12/77	Iowa Public Service Co. (electric)	F-3179	Commission Staff	Operating expenses
2. South Dakota PUC	10/78	Montana-Dakota Utilities Co. (electric & gas)	F-3240-3241	Commission Staff	Cash working capital and inflation
3. South Dakota PUC	01/79	Black Hills Power and Light Co. (electric)	F-3282	Commission Staff	Cash working capital
4. South Dakota PUC	05/79	Northwestern Public Service Co. (electric)	F-3301	Commission Staff	Cash working capital
5. South Dakota PUC	07/79	Minnesota Gas Company (gas)	F-3302	Commission Staff	Operating expenses
6. South Dakota PUC	11/79	Montana-Dakota Utilities Co. (gas)	F-3312	Commission Staff	Rate base & cash working capital
7. South Dakota PUC	10/80	Montana-Dakota Utilities Co. (gas)	F-3355	Commission Staff	Cash working capital
8. South Dakota PUC	10/80	Northern States Power Co. (electric)	F-3353	Commission Staff	Rate design
9. Alabama PSC	05/81	Alabama Gas Corporation (gas)	19046	Attorney General	Revenue requirements
10. FERC	07/82	Pennsylvania Power Company (electric)	ER81-779	Municipal wholesale customers	Operating expenses
11. FERC	11/82	Utah Power and Light Co. (electric)	ER82-211	Muni. & Coop. wholesale customers	Taxes and cash working capital
12. Indiana PSC	05/83	Generic PGA investigation	37091	US Steel Corp.	Rate design and PGA's
13. New Mexico PSC	02/84	Public Service Co. of New Mexico (electric)	1835	Attorney General	Depreciation & cash working capital
14. FERC	03/84	Utah Power and Light Co. (electric)	ER83-427&428	Muni. & Coop. wholesale customers	Revenue requirements
15. FERC	07/84	Generic - Cash Working Capital NOPR	RM84-9-000	Muni. & Coop. wholesale customers	Cash working capital
16. Colorado PSC	11/84	Public Service Co. of Colorado (electric)	1640 (Phase II)	Consumer Counsel	Price elasticity
17. Montana PSC	11/84	Pacific Power & Light Co. (electric)	84.7.38	Consumer Counsel	Revenue requirements, elasticity
18. Montana PSC	10/85	Pacific Power & Light Co. (electric)	84.7.38	Consumer Counsel	Plant life cycle costs
19. Montana PSC	02/86	Pacific Power & Light Co. (electric)	85.10.41	Consumer Counsel	Revenue requirements
20. FERC	08/86	Niagara Mohawk Power Corp. (electric)	ER86-354	NY Transit Authority	Class cost allocation
21. Maryland PSC	01/87	Eastern Shore Gas Co. (propane)	8010	People's Counsel	Revenue requirements
22. New Jersey BPU	09/87	South Jersey Gas Co. (gas)	GR8704329	Industrial intervenors	Revenue requirements
23. FERC	03/88	Niagara Mohawk Power Corp. (electric)	ER87-612	NY Transit Authority	Class cost allocation
24. Colorado PUC	11/88	Mountain Bell (telephone)	36883	Consumer Counsel	ELG depreciation
25. New Jersey BPU	12/88	New Jersey-American Water (water)	WR88070639	Wholesale customer	Class cost allocation

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Proceedings In Which Mr. Peterson Filed Testimony

Jurisdiction	Date	Utility	Case No.	Client	Issues Addressed
26. Maryland PSC	01/89	Chesapeake Utilities Corp. (gas)	8157	People's Counsel	Revenue requirements
27. Maryland PSC	04/89	Easton Utilities Commission (electric)	8176	People's Counsel	Revenue requirements
28. Colorado PUC	07/89	Mountain Bell (telephone)	36883	Consumer Counsel	Refund procedures
29. Maryland PSC	09/89	Town of Berlin, MD (electric)	8210	People's Counsel	Revenue requirements
30. Kansas Corp. Comm.	10/90	Kansas Public Service Co. (gas)	171,827-U	CURB	Revenue requirements, rate design
31. Colorado PUC	01/91	US West Communications (telephone)	90S-544T	Consumer Counsel	Revenue requirements
32. New Jersey BRC	01/92	New Jersey-American Water (water)	WR91081399J	Wholesale customers	Cost allocation, rate design
33. Maine PUC	01/92	Portland Water District (water)	91-162	Intervenor Cities	Cost allocation
34. Maryland PSC	04/92	Columbia Gas of Maryland (gas)	8437	People's Counsel	Revenue requirements
35. West Virginia PSC	07/92	West Virginia-American Water (water)	92-0250-W-42T	Consumer Advocate Division	Revenue requirements
36. Maryland PSC	08/92	Easton Utilities Commission (gas)	8467	People's Counsel	Revenue Requirements
37. Kansas Corp. Comm.	10/92	Arkansas-Louisiana Gas Co. (gas)	181,200-U	CURB	Revenue Requirements
38. New York PSC	10/92	New York-American Water (water)	92-W-0494	New York Municipals	Revenue requirements
39. Connecticut DPUC	10/92	Connecticut-American Water (water)	92-06-12	New York Municipals	Cost allocation, rate design
40. West Virginia PSC	12/92	West Virginia-American Water (water)	92-0992-W-PC	Consumer Advocate Division	SFAS 106
41. New Jersey BRC	02/93	New Jersey-American Water (water)	WR92090906J	Wholesale customers	Cost allocation, rate design
42. Colorado PUC	05/93	Public Serv Co. of Colorado (elec.gas&stea	93S-001EG	Consumer Counsel	Future test year
43. West Virginia PSC	07/93	Hope Gas, Inc. (gas)	93-0004-G-42T	Consumer Advocate Division	Revenue requirements
44. Maine PUC	09/93	Portland Water District (water)	93-027	Intervenor Cities	Cost allocation
45. Arkansas PSC	09/93	Arkansas Louisiana Gas Co. (gas)	93-081-U	Attorney General CURAD	Revenue requirements
46. Maryland PSC	11/93	Town of Berlin, MD (electric)	8590	People's Counsel	Revenue requirements
47. Nevada PSC	05/94	Nevada Power Company (electric)	93-11045	Consumer Advocate	Revenue requirements
48. New Jersey BPU	06/94	New Jersey-American Water (water)	WR94030059	Wholesale customers	Cost allocation, rate design
49. New York DEC	08/94	New York City Water Board (water)	8865	Scarsdale, NY	Revenue requirements
50. West Virginia PSC	09/94	West Virginia-American Water (water)	94-0138-W-42T	Consumer Advocate Division	Revenue requirements

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Proceedings in Which Mr. Peterson Filed Testimony

Jurisdiction	Date	Utility	Case No.	Client	Issues Addressed
51. Arkansas PSC	11/94	Arkla, Inc. (gas)	94-175-U	Attorney General CURAD	Revenue requirements
52. New York PSC	12/94	New York-American Water (water)	94-W-0579	New York Municipalities	Prudence review purchased water
53. New Jersey BPU	08/95	New Jersey-American Water (water)	WR95040165	Wholesale customers	Cost allocation, rate design
54. Colorado PUC	08/95	Greeley Gas (gas)	95S-146G	Consumer Counsel	Cost allocation, rate design
55. Colorado PUC	09/95	San Miguel Power Assoc. (electric)	95I-144E	Consumer Counsel	Cost allocation, rate design
56. West Virginia PSC	09/95	West Virginia-American Water (water)	95-0228-W-42T	Consumer Advocate Division	Revenue requirements
57. Colorado PUC	03/96	Delta County Tele-Comm. (telephone)	95S-522T	Consumer Counsel	Revenue requirements
58. Colorado PUC	04/96	Public Service Co. of Colorado (electric)	95A-531EG	Consumer Counsel	Revenue requirements, merger
59. Colorado PUC	10/96	Public Service Co. of Colorado (gas)	96S-290G	Consumer Counsel	Revenue requirements
60. New Jersey BPU	08/97	Atlantic City Electric Co. (electric)	EM97020103	Div. of the Ratepayer Advocate	Merger
61. Colorado PUC	08/97	Greeley Gas Company (gas)	97F-221G	Consumer Counsel	Revenue Requirements
62. Colorado PUC	09/97	Public Service Co. of Colorado (gas)	97S-366G	Consumer Counsel	Weather Normalization
63. Colorado PUC	10/97	Public Service Co. of Colorado (electric)	97A-299EG	Consumer Counsel	Merger costs; Wholesale costs
64. Colorado PUC	03/98	Public Service Co. of Colorado (gas)	97A-622G	Consumer Counsel	Pipeline certificate application
65. West Virginia PSC	06/98	Mountaineer Gas Company (gas)	98-0008-G-42T	Consumer Advocate Division	Revenue requirements
66. New Jersey BPU	06/98	New Jersey-American Water (water)	WR98010015	Wholesale customers	Cost allocation, rate design
67. Colorado PUC	08/98	Public Service Company of Colorado (electric)	95A-531EG	Consumer Counsel	Revenue requirements
68. Colorado PUC	02/99	Public Service Company of Colorado (gas)	98S-518G	Consumer Counsel	Revenue requirements
69. West Virginia PSC	04/99	West Virginia Power (electric)	98-1345-E-42T	Consumer Advocate Division	Revenue requirements
70. Pennsylvania PUC	05/99	City of Lancaster - Water Fund (water)	R-00984567	Townships outside of City	Rate of return/rate spread
71. West Virginia PSC	05/99	West Virginia Power Gas Service (gas)	98-1496-G-42T	Consumer Advocate Division	Revenue requirements
72. Maryland PSC	02/00	Potomac Edison Company (electric)	8827	Office of People's Counsel	CPCN - cost allocation
73. Colorado PUC	11/00	Public Service Company of Colorado (gas)	00S-422G	Consumer Counsel	Revenue requirements
74. New Jersey BPU	05/01	FirstEnergy/GPU (electric merger)	EM00110870	Div. of the Ratepayer Advocate	Merger
75. West Virginia PSC	06/01	Mountaineer Gas Company (gas)	01-0011-G-42T	Consumer Advocate Division	Revenue requirements

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Jurisdiction	Date	Utility	Case No.	Client	Issues Addressed
New Jersey BPU	09/01	Connectiv/Pepco (electric merger)	EM01050308	Div of the Ratepayer Advocate	Merger
Maryland	11/01	nv Nuon/Utilities, Inc. (water merger)	8898	Office of People's Counsel	Merger
New Jersey BPU	09/02	Elizabethtown Gas Company (gas)	GR02040245	Div of the Ratepayer Advocate	Revenue requirements
Colorado PUC	11/02	Public Service Co. of Colorado (ele. & gas)	02S-315EG	Consumer Counsel	Revenue requirements
New Jersey BPU	12/02	Jersey Central Power & Light Co. (electric)	ER02080506	Div of the Ratepayer Advocate	Revenue requirements
New Jersey BPU	01/03	Rockland Electric Company (electric)	ER02100724	Div of the Ratepayer Advocate	Cost allocation; rate design
New Jersey BPU	02/03	Public Service Electric & Gas Company	EM00040253	Div of the Ratepayer Advocate	Street Lighting; Service Company
Maryland PSC	08/03	Greenridge Utilities, Inc. (water)	8962	Office of People's Counsel	Revenue requirements
West Virginia PSC	08/03	West Virginia-American Water Co. (water)	03-0353-W-42T	Consumer Advocate Division	Revenue requirements
Wyoming PSC	11/03	PacifiCorp, Inc. (electric)	20000-ER-03-198	Wv. Industrial Energy Consumers	Revenue requirements
New Jersey BPU	12/03	New Jersey-American Water Co. (water)	WR03070511	Wholesale customers	Cost allocation; rate design
New Jersey BPU	01/04	South Jersey Gas Company (gas)	GR03050413	Div of the Ratepayer Advocate	BGSS
New Jersey BPU	02/04	South Jersey Gas Company (gas)	GR03080683	Div of the Ratepayer Advocate	Revenue requirements
New Jersey BPU	02/04	Atlantic City Electric Company (electric)	ER03020110	Div of the Ratepayer Advocate	Service Company
West Virginia PSC	07/04	West Virginia-American Water Co. (water)	04-0373-W-42T	Consumer Advocate Division	Revenue requirements
Maryland PSC	09/04	Allegheny Power Company (electric)	8998	Office of People's Counsel	CPCN - Transmission line
New Jersey BPU	11/04	Jersey Central Power & Light Co. (electric)	ER02080506	Div of the Ratepayer Advocate	Revenue requirements
Delaware PSC	12/04	Delaware Electric Cooperative (electric)	04-288	Commission Staff	Revenue requirements
West Virginia PSC	04/05	Cranberry Pipeline Corporation (gas)	04-0160-GT-42A	Consumer Advocate Division	Revenue requirements
Maryland PSC	08/05	Hagerstown Light Department (electric)	9039	Office of People's Counsel	Revenue requirements
Colorado PUC	10/05	Public Service Company of Colorado (gas)	05S-264G	Consumer Counsel	Revenue requirements
New Jersey BPU	11/05	Public Service Electric & Gas Company	EM05020106	Div of the Ratepayer Advocate	Revenue requirements
Delaware PSC	12/05	Delmarva Power & Light Company	05-304	Commission Staff	Merger
DE. House of Rep *	03/06	Delmarva Power & Light Company		Delaware PSC	Revenue requirements
New Jersey BPU	06/06	Jersey Central Power & Light Co. (electric)	ER05121018	Div of the Ratepayer Advocate	Consolidated tax savings
					Deferred energy costs

* Testified before the Energy Committee of the Delaware House of Representatives

David E. Peterson
 Chesapeake Regulatory Consultants, Inc.
 10351 Southern Maryland Blvd., Suite 202
 Dunkirk, Maryland 20754

Proceedings in Which Mr. Peterson Filed Testimony

Jurisdiction	Date	Utility	Case No.	Client	Issues Addressed
101. Colorado PUC	08/06	Public Service Company of Colorado (elect)	06S-234EG	Consumer Counsel	Revenue requirements
102. Delaware PSC	09/06	Tidewater Utilities, Inc. (water)	06-145	Commission Staff	Revenue requirements
103. New Jersey BPU	10/06	New Jersey-American Water Company	WR06030257	Municipal customers	Cost allocation; rate design
104. New Jersey BPU	11/06	Rockland Electric Company	ER06060483	Div of Rate Counsel	Revenue requirements
105. Colorado PUC	04/07	Public Service Company of Colorado (gas)	06S-656G	Consumer Counsel	Consolidated tax savings
106. New Jersey BPU	06/07	United Water New Jersey, Inc.	WR07020135	Div of Rate Counsel	Cash working capital; income taxes
107. Maryland PSC	07/07	Southern Md. Electric Cooperative, Inc.	9106	Office of People's Counsel	Revenue requirements
108. Montana PSC	10/07	Montana-Dakota Utilities Co.	D2007.7.79	Industrial Intervenor	Revenue requirements
109. West Virginia PSC	11/07	West Virginia-American Water Company	07-0998-W-42T	Consumer Advocate Division	Revenue requirements
110. Wyoming PSC	01/08	Rocky Mountain Power	20000-277-ER-07	Industrial Intervenor	Revenue requirements
111. New Jersey BPU	04/08	New Jersey Natural Gas Company	GR07110889	Div of Rate Counsel	Cash working capital
112. Maryland PSC	09/08	Easton Utilities Commission (electric)	9145	Office of People's Counsel	Revenue requirements
113. Maryland PSC	10/08	Choptank Electric Cooperative, Inc. (elect)	9146	Office of People's Counsel	Rev req.; cost allocation; rate design
114. Nevada PUC	11/08	Spring Creek Utilities Co (water)	08-06036	Spring Creek Utilities Co.	Water rate design
115. Wyoming PSC	01/09	Rocky Mountain Power (electric)	20000-333-ER-08	Industrial Intervenor	Revenue requirements
116. Colorado PUC	02/09	Public Service Co. of Colorado (electric)	08S-520E	Consumer Counsel	Appropriate test year

ATTACHMENT B

PSC10509 - Case Consulting Bid Form

Item #	*Estimated Number of Hours	Hourly Rate	Extended Price
Senior/Principal	160	\$ 160 ⁰⁰	\$ 25,600 ⁰⁰
Regulatory Analyst	120	\$	\$
Research Associate	50	\$	\$
		Total	\$ 25,600 ⁰⁰

Bidder / Vendor Information:

Name: Chesapeake Regulatory Consultants, Inc.Address: 10351 Southern Maryland Blvd, Suite 202
Dunkirk, MD 20754Phone #: 410-286-0503Email Address: davep@chesapeake.net

Contact Coordinator Information:

Name: DAVID E. PETERSONAddress: SAME AS ABOVE

Phone #:

Email Address:

* Estimated number of hours is for bidding purposes only

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

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

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

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

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

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

Bidder: CRC, Inc Signed: [Signature]
Date: 7/21/09 Title: Senior Consultant

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

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

VENDOR OWING A DEBT TO THE STATE:

West Virginia Code §5A-3-10a provides that: 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.

PUBLIC IMPROVEMENT CONTRACTS & DRUG-FREE WORKPLACE ACT:

If this is a solicitation for a public improvement construction contract, the vendor, by its signature below, affirms that it has a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the *West Virginia Code*. The vendor **must** make said affirmation with its bid submission. Further, public improvement construction contract may not be awarded to a vendor who does not have a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the *West Virginia Code* and who has not submitted that plan to the appropriate contracting authority in timely fashion. For a vendor who is a subcontractor, compliance with Section 5, Article 1D, Chapter 21 of the *West Virginia Code* may take place before their work on the public improvement is begun.

ANTITRUST:

In submitting a bid to any agency for the state of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the state of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the state of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the state of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership or person or entity submitting a bid for the same materials, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

LICENSING:

Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

CONFIDENTIALITY:

The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.

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.

Vendor's Name: CRG Inc
Authorized Signature: [Signature] Date: 7/21/09