

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judges  
Darlene D. Heep and Christopher P. Pell**

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<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION :</b>	<b>Docket No. R-2014-2420204</b>
<b>OFFICE OF CONSUMER ADVOCATE :</b>	<b>Docket No. C-2014-2431197</b>
<b>MR. AND MRS. ATTILIO GIANNOTTI :</b>	<b>Docket No. C-2014-2434257</b>
	<b>:</b>
<b>v.</b>	<b>:</b>
	<b>:</b>
<b>POCONO WATERWORKS COMPANY, INC. :</b>	<b>:</b>
<b>WATER DIVISION :</b>	<b>:</b>

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**DIRECT TESTIMONY  
OF DENNIS M. KALBARCZYK**

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**DATE SERVED: August 25, 2014**  
**DATE ADMITTED: October \_\_\_\_, 2014**

**Pocono Waterworks Company, Inc.**  
**Water Division**  
**Statement DMK-1**

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

2 A. My name is Dennis M. Kalbarczyk. My business address is 910 Piketown Road,  
3 Harrisburg, Pennsylvania 17112.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am the principal in Utility Rate Resources and provide consulting services in the field of  
7 public utility regulation and ratemaking.

8

9 **Q. STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

10 A. My educational background and experience are set forth in **Appendix A** to this testimony.

11

12 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING YOUR TESTIMONY IN THIS**  
13 **PROCEEDING?**

14 A. I am appearing on behalf of Pocono Waterworks Company, Inc. – Water Division (“Water  
15 Division” or “Pocono Water”). Pocono Water provides water service to customers in  
16 portions of Jefferson Township, Lackawanna County, Pennsylvania sometimes referred to  
17 as the “Non Pine Grove Area”; and, in Lake Damascus and Salem Townships, Wayne  
18 County, Pennsylvania, which is referred to as the “Pine Grove Area.” These service areas  
19 are regulated by the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”)  
20 under the Pennsylvania Public Utility Code and regulations promulgated thereto.

21

1 **Q. PROVIDE THE COMPANY’S CORPORATE HISTORY.**

2 A. Pocono Waterworks Company, Inc. is a Pennsylvania corporation, incorporated in the  
3 year 2009. The Company has received certificates of public convenience from the  
4 PaPUC to provide regulated water service. Pocono Waterworks Company, Inc. also has  
5 received a certificate of public convenience from the PaPUC to provide regulated  
6 wastewater service in portions of Lake Damascus Township, Wayne County,  
7 Pennsylvania, referred to as the “Wastewater Division” or “Pocono Wastewater.” This  
8 service area is also sometimes referred to as the Pine Grove Area, and receives both  
9 regulated water and wastewater service. Collectively, both divisions of Pocono  
10 Waterworks Company, Inc. are referred to as the “Company” or “Pocono.”

11  
12 **Q. HOW MANY CUSTOMERS DOES POCONO PRESENTLY SERVE?**

13 A. The table below provides a summary of the water and wastewater service by customer  
14 class within the Water and Wastewater Divisions by area as of December 31, 2013.

	Water Division	Wastewater Division
Residential – Non Pine Grove	119	0
Residential – Pine Grove Water Only	43	0
Residential – Pine Grove Water & Wastewater	92	92
Commercial	54	0
Total	308	92

15  
16 **Q. STATE THE BASIS OF YOUR INVOLVEMENT IN THIS RATE CASE**  
17 **PROCEEDING.**

18 A. The Company requested Utility Rate Resources to prepare a water/wastewater rate study in  
19 support of increased rates to be charged for regulated service to its customers. The results of

1 that study, along with supporting data, was previously supplied as part of the Company's  
2 base rate case filing, which was submitted on May 30, 2014 and which is the subject of this  
3 proceeding. The Water Division and Wastewater Division filings have been Docketed as  
4 R-2014-2420204 and R-2014-2420211, respectively. The Office of Consumer Advocate  
5 ("OCA") filed formal complaints in response to the rate filing on June 9, 2014. A formal  
6 complaint was filed by one Water Division customer, Mr. and Mrs. Attilio Giannotti. The  
7 Commission's Bureau of Investigation and Enforcement ("I&E") is also participating in the  
8 proceeding.

9  
10 On July 24, 2014, the Commission entered an Order suspending the rate filing for  
11 investigation and adjudication until March 4, 2015, unless permitted by Commission Order  
12 to become effective at an earlier date. Administrative Law Judges Darlene D. Heep and  
13 Christopher P. Pell are assigned to hear the evidence and to issue a Recommended Decision  
14 in this case. A copy of the Water Division's rate filing accompanies my direct testimony as  
15 **Pocono Waterworks Company, Inc. - Water Division Exhibit No. 1W** ("Water Filing").

16  
17 By way of further explanation, the Water Filing also includes information related to the  
18 Company's Wastewater Division at Docket No. R-2014-2420211, and a similar copy of the  
19 same information will be provided in the Wastewater Division proceeding and will be  
20 identified as **Pocono Waterworks Company, Inc. - Wastewater Division Exhibit No. 1S**.

21

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to present my professional opinion related to the overall  
3 Water Division revenue requirement and the proposed \$60,456 revenue requirement  
4 increase as supported by the Water Division rate study. Additionally, I will testify in  
5 support of the proposed increase in rates to customers that is necessary to produce the total  
6 revenue requirement supported by the rate study.

7  
8 **Q. PROVIDE A BRIEF OVERVIEW OF THE DEVELOPMENT OF THE RATE  
9 STUDY IN THE INSTANT PROCEEDING.**

10 A. As will be discussed in more detail later in my testimony, the development of the rate study  
11 was based upon a review of the Company's operations. This included the development of  
12 the pro forma revenue requirement, which was based upon the "utility approach,"  
13 *i.e.*, operation and maintenance expenses, depreciation expenses, taxes and net income  
14 (rate base x overall rate of return). Due to the Company's small size and limited customer  
15 class base, I determined that it was not necessary to perform a customer class cost of service  
16 study. Such studies provide assistance in determining an appropriate rate design when there  
17 are a large number of customers along with varying customer classes which indicate  
18 corresponding differences in customer class demand requirements. That is not the case in  
19 this matter and the cost to do such a study would result in additional rate case expense,  
20 which would be borne by the Company and ultimately by its customers.

21

1 **Q. WHAT DOES YOUR RATE STUDY AND TESTIMONY INCLUDE?**

2 A. Included in a rate study is the development of the revenue requirement. I will testify in  
3 support of the pro forma operation and maintenance expenses, general taxes, depreciation  
4 and amortization expenses and income tax claims. I will also testify in support of the net  
5 income claim to include the rate base and overall rate of return claims. Rate base values  
6 consist of three elements: utility plant original cost less book depreciation reserves to reflect  
7 a net book value, inventory claim, and a cash working capital claim based on 1/8<sup>th</sup> or 12.5%  
8 of the operation and maintenance expenses. The overall rate of return claim, generally  
9 expressed as a percentage, takes into consideration the utility's debt and equity capital  
10 structure along with the relevant associated costs for each.

11  
12 I will also testify in support of the proposed rate design to produce the revenue requirement  
13 as contained in the rate case filing previously identified as Pocono Waterworks  
14 Company, Inc. - Water Division Exhibit No. 1W.

15  
16 **Q. HAVE THE COMPANY, I&E AND OCA REACHED ANY AGREEMENTS  
17 AND / OR STIPULATIONS IN THE INSTANT PROCEEDING?**

18 A. At this time, discovery is still on-going and no agreements or stipulations were reached at  
19 the time my direct testimony was prepared. Should this change, I reserve the right to revise  
20 my testimony accordingly to reflect such agreements and / or stipulations, if changes would  
21 be necessary or appropriate.

22

1 **Q. WHAT LEVELS OF INCREASED REVENUES ARE YOU PROPOSING IN THE**  
2 **INSTANT PROCEEDING?**

3 A. The proposed as-filed rate study reflects an annualized revenue increase of \$60,456 over its  
4 \$116,948 of pro forma revenues under existing rates, or a 52% increase. Thus, the proposed  
5 increase will produce a pro forma going forward annualized revenue stream of \$177,404  
6 under the proposed tariff rates. *See* Schedule H-1W. As an additional note, the Company,  
7 in response to interrogatories, advised that it would update its rate study overall revenue  
8 increase request when appropriate. As detailed later in my testimony, the Company's  
9 updated rate study information would support an overall revenue increase of \$62,610, over  
10 its \$116,948 of existing revenues, or an increase of 54% with a total annualized revenue  
11 stream of \$179,557. The Company reserves the right to further adjust its overall request  
12 when appropriate; however, consistent with Commission requirements, the Company would  
13 not request a revenue increase greater than that contained in its as-filed case. Since the  
14 updated request reflects only minor changes, I believe it would be appropriate to first discuss  
15 the revenue increase as-filed and then provide the relative changes in the overall request at  
16 the end of my testimony.

17  
18 **Q. SUMMARIZE YOUR OPINION WITH REGARD TO THE INSTANT**  
19 **PROCEEDING.**

20 A. Based upon my independent review and analysis of the books and operations of the  
21 Company for the 12 months ended December 31, 2013, to which pro forma adjustments  
22 were made to reflect operations for a pro forma future test year of December 31, 2014, the

1 elements within the rate study, as shown on Schedule H-1W of the Water Filing, support an  
2 increase of \$60,456. As discussed earlier and detailed at the end of my testimony, based  
3 upon updated information, the Company could support an overall increase of \$62,610;  
4 however, the overall request is subject to change if additional information warrants. Further,  
5 in my opinion, the pro forma operating expenses claimed, including the depreciation and  
6 taxes in the development of the pro forma revenue requirement and resultant revenue  
7 increase requested, are reasonable, prudent and necessary for the Company's operations in  
8 order for it to continue to provide safe, reliable, and adequate service to its customers.

9  
10 Similarly, the Company's rate base claim for the pro forma test period reflects those plant  
11 asset values net of accumulated reserves for depreciation. The rate base claim also excludes  
12 all contributed assets and construction work in progress, which would not qualify for  
13 PaPUC traditional ratemaking consideration. The plant assets included, and their related net  
14 book values and annual depreciation expenses, reflect those Company facilities that are used  
15 and useful in providing service and are required to provide safe, reliable, and adequate  
16 service to the Company's Water Division customers. Thus, in my opinion, the pro forma  
17 rate base values used to derive the Company's net income claim, which are also included in  
18 the pro forma revenue requirement and resultant revenue increase requested, *i.e.*, rate base  
19 times the overall rate of return calculation, are also reasonable and necessary to maintain the  
20 Company's financial viability so it can continue to provide safe, reliable, and adequate  
21 service to its customers.

1 **Q. WHAT IS THE IMPACT ON THE OVERALL RATE OF RETURN UNDER**  
2 **CURRENT AND PRO FORMA PROPOSED RATES?**

3 A. As shown on Schedule H-1W of the Water Filing, for the pro forma adjusted period ending  
4 December 31, 2013, current rates and revenues will provide only \$117,162 of revenues less  
5 \$144,473 of O&M expenses, \$12,005 of depreciation and \$1,000 of other tax expenses,  
6 resulting in a net loss of \$40,316. As shown on Schedule F-1 of the Water Division Filing, a  
7 net loss of \$40,316 over \$225,778 of pro forma rate base will result in a negative 17.86%  
8 overall rate of return under current rates.

9  
10 **Q. WHAT IS THE IMPACT ON THE RATE OF RETURN UNDER PROPOSED**  
11 **RATES?**

12 A. Referring again to Schedule H-1W, under proposed rates revenues would increase to  
13 \$177,618 less \$144,473 of O&M expenses, \$12,005 of depreciation and \$1,000 of other tax  
14 expenses, resulting in \$20,140 of net income. As shown on Schedule F-1 for the Water  
15 Division, \$20,140 of net income over a rate base value of \$225,778 produces a positive  
16 8.92% overall rate of return.

17  
18 **Q. DESCRIBE THE CONTENTS OF POCONO WATER COMPANY, INC. – WATER**  
19 **DIVISION EXHIBIT NO. 1W.**

20 A. Briefly, Pocono Waterworks Company, Inc. - Water Division Exhibit No. 1W is the rate  
21 study and supporting data required by the PaPUC. As shown in the Exhibit No. 1W Index,  
22 Sections A through K contain the detailed data in support of the filing. Immediately

1 following the Index are pages 1 to 4 entitled: Cross Reference To Information Submitted  
2 Pursuant To Pa Public Utility Code Regulations. This cross-reference provides brief  
3 answers and cross-references to various sections of the filing as it relates to the PaPUC  
4 standard filing requirements under 52 Pa. Code § 53.52. I would note that, in addition to the  
5 rate study, to date I&E and the OCA have propounded more than 100 interrogatories and  
6 requests for documents, many consisting of multi-part questions, which the Company has or  
7 is in the process of responding to. Section A of the filing contains general information  
8 related to the rate increase request.

9  
10 **Q. WHAT TYPE OF GENERAL INFORMATION IS CONTAINED IN SECTION A?**

11 A. Briefly, Section A.I., Rate Study, explains what a rate study is and the general  
12 methodologies utilized to prepare such a study. It discusses that a rate study includes a  
13 revenue requirement study (*i.e.*, cost to provide service) and a cost of service study --  
14 *i.e.*, the allocation of revenue requirement or total cost of service is first allocated based  
15 upon the various functional characteristics of providing service and these functional costs  
16 are then distributed to each of the customer classes based upon each class' functional  
17 characteristics required to render service to determine the relative cost of service for each  
18 customer class. Thus, the cost of service study is a useful tool in support of a reasonable  
19 rate design to demonstrate that proposed rates and revenues by customer class are within a  
20 reasonable range of the relative cost of service for the respective customer classes.  
21 Section A.I. also provides a summary explanation of the results of the rate study and the  
22 overall revenue increase and impact to customers.

1 Section A.II., Statement Of Reasons For Increase, provides a summary explanation of the  
2 reasons a rate increase is necessary.

3

4 **Q. WHAT IS THE MAJOR REASON FOR THE INCREASE IN RATES, AS**  
5 **EXPLAINED IN SECTION A?**

6 A. The primary reason for the increase in rates is to restore Pocono's rate of return and net  
7 operating income to a more reasonable level to recover a return on and a return of the  
8 Company's investment in plant, along with increased costs of operating since its prior rates  
9 went into effect. The Company's Water and Wastewater Division rates have not changed  
10 since February 1, 2008 and August 27, 2006, respectively.

11

12 **Q. BRIEFLY EXPLAIN THE FINANCIAL IMPACT ON THE COMPANY AS IT**  
13 **RELATES TO THESE PLANT ITEMS AND THE OVERALL RATE OF RETURN.**

14 A. As shown on Schedule F-1 of the filing for the Water Division, under pro forma adjusted  
15 existing rates there will be a \$40,316 net loss with a pro forma adjusted rate base of  
16 \$225,778 for a negative 17.86% overall rate of return. Schedule F-1 Water Division and  
17 Schedule H-1W of the Water Filing support an increase of \$60,456, a resultant positive net  
18 income of \$20,140, and an 8.92% overall rate of return.

19

1 **Q. WHAT IS CONTAINED IN SECTION A.III., CORPORATE HISTORY AND**  
2 **SCOPE OF OPERATION?**

3 A. This Section provides a brief corporate history of the Company and explains how the Water  
4 and Wastewater Division systems are designed to provide service to customers, *i.e.*, Water  
5 Division source of supply, treatment, water storage and delivery to customers; and,  
6 Wastewater Division collection of wastewater from customers and treatment of said  
7 wastewater. The Company's corporate history was discussed earlier in my testimony.

8  
9 **Q. EXPLAIN SECTION B.**

10 A. Section B of the filing, Water Division, page 1, contains a copy of the PaPUC mandated  
11 notice sent to the Company's Water Division customers. This notice explains to customers  
12 the total amount of the as-filed \$60,456 or approximately 52% increase over existing rates,  
13 along with an explanation of the increase as it relates to the individual customer classes.  
14 Finally, the notice explains the rights of the customer as it relates to the instant rate case  
15 filing before the PaPUC.

16  
17 **Q. EXPLAIN THE PRESS RELEASE IN SECTION C OF THE FILING.**

18 A. The Press Release in Section C is an actual copy of what was sent to local media  
19 organizations briefly explaining the Company's request to the PaPUC to increase rates. The  
20 PaPUC's regulation requires the Company to notify the media regarding rate increases.

21

1 **Q. PLEASE CONTINUE WITH SECTION D.**

2 A. Section D contains the PaPUC proposed tariff rates to customers that must be implemented  
3 to produce \$177,404 of revenues based upon a \$60,456 increase over \$116,948 of current  
4 revenues produced under current rates. The development of the rates contained in  
5 Supplement No. 1 to Tariff Water - Pa. PUC No. 2 is more fully detailed in Section K,  
6 Schedule K-1, of the filing, which provides the Rate Design and Proof of Revenue by the  
7 respective customer classes and service area.

8  
9 **Q. EXPLAIN SECTION E.**

10 A. The Balance Sheet contained in Section E of the filing is part of the revenue requirement  
11 study. This Section sets forth the current and pro forma assets, liabilities and equity in the  
12 Company, Schedules E-1 and E-2, respectively. Factors related to plant-in-service values  
13 net of accumulated depreciation, exclusive of contributed facilities, along with long-term  
14 debt and equity values are utilized in the development of the net rate base values and overall  
15 rate of return more fully detailed in Section F, Rate of Return, Pro Forma Plant Values.

16  
17 **Q. EXPLAIN SECTION F, PRO FORMA RATE BASE AND RATE OF RETURN.**

18 A. Section F, as explained earlier, is a major component in the revenue requirement study.  
19 Briefly, Section F, Schedule F-1 for the Water Division, shows that the Company's net rate  
20 base, *i.e.*, Plant Assets, Inventory, CWC allowances, less contributed assets on a  
21 December 31, 2013 per books basis, reflects a value of \$234,738. On a pro forma  
22 December 31, 2014 basis, net rate base will reflect a level of \$225,788. As discussed earlier,

1 a \$60,456 pro forma rate increase would produce a net income of \$20,140 and, when  
2 divided by the pro forma net rate base of \$225,788, would produce an 8.92% overall rate of  
3 return. Without rate relief, the Company will experience a \$40,316 net loss that, when  
4 divided by the \$225,788 pro forma rate base, would result in a negative 17.86% overall rate  
5 of return.

6  
7 **Q. DO YOU HAVE ANY OTHER COMMENTS WITH REGARD TO RATE BASE**  
8 **VALUES?**

9 A. Yes. In the Company's Water Division rate case proceeding at Docket No. R-00050673,  
10 the Commission approved a settlement agreement in which the parties, including the  
11 OCA and I&E's predecessor, the Commission's Office of Trial Staff, agreed to a specific  
12 rate base value for plant in service as of December 31, 2005. In brief, gross  
13 plant-in-service of \$409,140 less accumulated depreciation of \$120,134 or a net  
14 plant-in-service value of \$289,006 to which \$96,106 of net CIAC plant (\$118,339 less  
15 associated accumulated depreciation of \$22,233) produced a rate base value of \$192,900.  
16 These same values and depreciation rates serve as the starting point in future rate cases.  
17 In short, this means the established original cost values and depreciation rates applied in  
18 that settlement are to be continued in subsequent cases, excepting for assets to be  
19 removed based upon retirement from service.

20  
21 The Company's \$409,140 of original cost value since its 2005 rate case proceeding has  
22 increased to \$757,023 as of year end 2013, or by \$347,883. The Company acquired the

1 certified rights of the Pine Grove water system around 2006; this asset was added to  
2 the Water Division books at the same original cost value and associated accumulated  
3 depreciation and annual depreciation rates as that used by the prior Pine Grove owners.  
4 As of December 31, 2013, the \$163,772 original cost value now reflects an accumulated  
5 depreciation value of \$125,223 or net book value, *i.e.*, rate base value of \$38,549 with an  
6 annual depreciation expense of \$2,644; thus, a December 31, 2014 rate base value of  
7 \$35,905.

8  
9 Plant assets increased by \$108,000 and \$28,802 in 2009 and 2010, respectively, or by  
10 \$136,802 for new water main extension work; and, other minor capital asset additions of  
11 approximately \$47,000 made from 2005 through 2013 account for the balance of the  
12 additions since the prior 2005 rate case. The \$136,802 of facility additions in 2009 and  
13 2010 were projects funded via contributions in aid construction (CIAC). Thus, the  
14 traditional rate base value determination appropriately reflects all offsets for CIAC assets  
15 to include the \$136,802 of CIAC additions along with the \$118,339 of 2005 CIAC  
16 facilities noted above. As of December 31, 2013, CIAC assets are now listed at \$255,141  
17 with accumulated reserves of \$48,633, or a net rate base value reduction of \$206,508; in  
18 2014 the net rate base value reduction is \$202,722.

19  
20 The Company's depreciation studies provided in Section J of the instant filing reflect the  
21 items discussed above and the study approach continues to use the same original cost  
22 values and depreciation rates as set forth in the referenced settlement agreement. Further,

1 I have, for the most part, continued to use similar depreciation lives and rates for assets  
2 added after December 31, 2005 or depreciation lives that are well within the range  
3 accepted by the Commission for other similar water and/or wastewater utilities. In  
4 summary, the 2005 settlement agreement and acquisition values and lives for the assets  
5 acquired provided the basis as the starting point for the determination of net rate base  
6 values in the instant proceeding upon which rates to customers were determined and this  
7 treatment shall continue in this case as well.

8  
9 In my opinion, the Company's rate base claim for the pro forma test period reflects those  
10 plant asset values net of accumulated reserves for depreciation and excludes all contributed  
11 assets and construction work in progress, which would not qualify for PaPUC traditional  
12 ratemaking consideration as it relates to the rate base values times the overall rate of return  
13 calculation, in support of its net income claim. The plant assets included, and their related  
14 net book values and annual depreciation expenses, reflect those facilities that are used and  
15 useful in providing service and are required for the Company to continue to provide safe,  
16 reliable, and adequate service to its customers. Finally, for ratemaking purposes the  
17 depreciation study and its related results have been calculated consistent with the settlement  
18 agreement at Docket No. R-00050673.

19  
20 **Q WHAT IS YOUR RECOMMENDED OVERALL FAIR RATE OF RETURN?**

21 A. I recommend that the Company be allowed the opportunity to earn an 8.92% overall fair  
22 rate of return based upon the well-accepted ratemaking principle utilizing a hypothetical

1 capital structure consisting of 40% debt and 60% common equity with a debt cost rate of  
2 6.93% and an equity cost rate of 10.25%. The development of the overall rate of return  
3 to include the hypothetical structure and the corresponding debt and equity cost rates  
4 relied upon to produce each of the respective average weighted cost rates in support of  
5 the 8.92% overall rate of return are detailed in Schedules F-3 and F-4 of the filing.  
6

7 **Q BRIEFLY EXPLAIN WHY YOU HAVE UTILIZED A HYPOTHETICAL**  
8 **CAPITAL STRUCTURE.**

9 A. In order for a utility to compete in the capital markets, *i.e.*, obtaining debt financing and a  
10 return on equity risk capital, the courts and state regulatory commissions have determined  
11 that it should be based on its “cost of capital.” A review of Pocono’s historical cost of  
12 capital as shown on Schedule F-4 at December 31, 2013 reflects a 5.43% / 94.57% actual  
13 debt to equity capital structure ratio. The relative components of the capital structure can  
14 change over time due to actual activity as well as ratemaking decisions, which may not be  
15 fully reflected on a per books basis. As will be discussed later, Schedule F-4 in the  
16 Company’s original filing contained a number of inadvertent errors as it related to the  
17 future test year capital structure and weighted cost rate calculations. For example, the  
18 future test year included a new loan at \$54,878 with a cost rate of 6.64% and the  
19 \$228,669 equity amount listed was not the future test year value but rather the historic  
20 test year value. Revised 8/25/14 Schedule F-4 reflects the correct value of a new auto  
21 loan in the amount of \$21,173 for a 2014 Ford Transit that was acquired at a zero interest  
22 rate. Further, the updated equity value for the future test year is correctly listed at

1 \$253,767. Thus, the resultant weighted cost of debt rate of 1.13% and corresponding  
2 8.96% debt and 91.04% equity capital structure ratio is considerably outside the typical  
3 industry cost rates and capital structure, *i.e.*, highly weighted to equity.

4  
5 In that light, both the per books historical and pro forma future test year data result in a  
6 much lower debt capital structure ratio and, conversely, a much higher equity capital  
7 structure ratio than is typical within the utility industry, which more closely approximates  
8 a 40% / 60% debt to equity structure.

9  
10 **Q. HAVE UTILITIES AND COMMISSIONS ADDRESSED SUCH DIFFERENCES**  
11 **WHEN THE CAPITAL STRUCTURE IS NOT TYPICAL?**

12 A. Yes, regulatory agencies – including the PaPUC – have typically imputed a hypothetical  
13 capital structure based on an examination of similar companies and industries.

14  
15 **Q. HOW DID YOU DETERMINE THE COST OF DEBT?**

16 A. The determination of the cost of debt is relatively easy and, as shown on Schedule F-4, is  
17 generally based upon the estimated principal balances of the Company's long term debt  
18 instruments of which their relative ratio to the total debt is then multiplied by their  
19 respective cost of debt rates. However, the use of an auto loan to include a debt  
20 instrument with a zero rate would not be typical within the industry. Thus, I relied  
21 primarily upon the historic test year rate, which was 6.95%; however, Schedule F-3 of the  
22 filing in error reflected a lower cost of debt rate of 6.93%. For purposes of the

1 development of the overall rate of return, the use of the lower cost of 6.93% is not  
2 material and I continue to recommend this amount as the appropriate cost of debt rate for  
3 a company of the size of Pocono.

4  
5 **Q. HOW DID YOU CALCULATE THE COST OF EQUITY?**

6 A. The cost of equity, in theory, is a compensation associated with at risk capital to the  
7 investor. While most equate this as a return on stock, such as dividends and appreciation  
8 of stock values over time, Pocono's stock is not publicly traded. However, Pocono is a  
9 for-profit entity which, like any other entity, must have a healthy financial condition to  
10 attract capital investment commensurate with its risk of doing business. This would  
11 include equity capital as well as obtaining fair rates for cost of debt from lenders. I relied  
12 in-part upon a review of the more recent Commission approved cost of equity rates for  
13 water system facilities as provided for under the Distribution System Improvement  
14 Charge in 2013 and early 2014, which ranged between 10% and 10.10%. I also  
15 considered recent equity cost rates requested by other utilities such as Pennsylvania  
16 American and the City of Bethlehem, which requested 11.25% and 10.60% cost of equity  
17 rates in their most recent rate case filings at Docket Nos. R-2013-2355276 and  
18 R-2013-2390244, respectively.

19  
20 Based upon this information, I chose the low range of 10% with a 0.25% addition to  
21 reflect consideration of the small size and customer base of Pocono.

1 **Q. HAVE YOU PROVIDED THAT CALCULATION IN THE INSTANT RATE**  
2 **CASE FILING?**

3 A. Yes. I have detailed this calculation on Schedule F-3. In short, a 6.93% cost of debt at a  
4 40% debt ratio results in a 2.77% weighted cost of debt rate; and, a 10.25% cost of equity  
5 rate at a 60% equity ratio results in a 6.19% weighted cost of equity rate. Thus, the sum  
6 of the 2.77% weighted cost of debt rate and 6.19% cost of equity rate produces an overall  
7 rate of return of 8.92%.

8  
9 **Q. DO YOU HAVE ANY OTHER COMMENTS WITH REGARD TO THE**  
10 **COMPANY'S CLAIMED HYPOTHETICAL CAPITAL STRUCTURE OF 40%**  
11 **DEBT AND 60% EQUITY?**

12 A. Yes. A review of the actual capital structure for Columbia Water Company at Docket  
13 No. R-2013-2360798 shows that the Commission has approved capital structures within  
14 the range requested by Pocono. In fact, the Commission approved a 35.6% debt and  
15 64.4% equity capital ratio; an equity ratio above that requested by Pocono in this  
16 proceeding. Thus, it is my opinion that the Company's claimed hypothetical 40% debt  
17 and 60% equity capital structure, 6.93% cost of debt rate, 10.25% cost of equity rate and  
18 resultant 8.92% overall rate of return is both reasonable and within the industry norm.

19  
20 **Q. WHAT IS CONTAINED IN SECTION G OF THE RATE FILING?**

21 A. Section G, Statement of Revenue & Tariff Increases, sets forth historic and pro forma levels  
22 of customers and revenues by class under both current and proposed rates. Schedule G-2

1 reflects customer counts on an historical basis, *i.e.*, December 31, 2012 and 2013, along with  
2 pro forma levels as of December 31, 2014. By way of discussion, the Company has realized  
3 little, if any, customer growth. Based upon historic trends and current economic conditions,  
4 the Company's December 31, 2014 pro forma customer count levels project only five new  
5 residential Water Division customer gains over that of the December 31, 2012 historic  
6 period. Based upon similar considerations, the Company did not project any Wastewater  
7 Division customer gains.

8  
9 Section G also provides the revenues under existing and proposed rates, as well as the  
10 proposed increase to all the customer classes based upon respective customer count levels.  
11 This Section applies the Company's as-filed \$60,456 rate increase to the Water Division  
12 customers and the resulting revenue and percentage increase to the various customer classes.  
13 *See also* Schedule G-3, which reflects the impact on typical Water and Wastewater Division  
14 customers, and Section K, Rate Design / Proof of Revenue.

15  
16 **Q. PLEASE PROVIDE AN OVERVIEW OF HOW RATES WERE DESIGNED.**

17 A. By way of background, current water rates within the Pine Grove Area, Sections A and B,  
18 differ considerably from rates billed to other Pocono customers. Pine Grove Area customers  
19 are billed on a quarterly basis, and the customer charge provides for a 14,000 gallon  
20 quarterly minimum allowance, with a very low usage rate for volumes in excess of the  
21 minimum allowance. Other Pocono water customers are billed monthly, with no minimum  
22

1 allowance and all usage is billed at approved usage rates. Further, water usage rates vary  
2 considerably among the customer classes.

3  
4 The Wastewater Division area is strictly limited to the Pine Grove Area Section B and,  
5 similarly, customers are billed quarterly a customer charge with a 14,000 gallon quarterly  
6 minimum allowance and a low usage rate for volumes in excess of the minimum.

7  
8 In an effort to be more compliant with general Commission rate setting policies, the  
9 Company proposes to eliminate the quarterly minimum allowance within the Pine Grove  
10 Area and to bill these customers on a monthly basis similar to that of other Company  
11 customers. Further, the Company's rate design attempts to gradually move its customers to  
12 the Commission's well accepted uniform Single Tariff Pricing ("STP") approach. As noted  
13 earlier, the Pine Grove Area water rates are considerably lower than that of other customers;  
14 thus, the overall rates for these residential customers will increase by more than 80%, while  
15 remaining residential water customer rates will only increase by 38%; on a combined basis,  
16 pro forma proposed residential revenues will increase by 52%, the same amount as the  
17 overall Water Division increase. Continuing, the proposed monthly customer charge billed  
18 to the Company's Non Pine Grove Area customers for the smaller meter sizes will increase  
19 slightly, while larger meter size rates will remain unchanged; and, the usage rate will be the  
20 same for both residential and commercial customers. On an overall basis, commercial  
21 customer revenues will also increase by 52%, the same amount as the overall Water  
22 Division requested increase. *See Schedules G-1, G-3, and Schedule K-1, Section G.*

1 **Q. EXPLAIN SECTION H, OPERATING STATEMENT & ADJUSTMENTS.**

2 A. Schedules H-1W and H-1S provide a summary statement of the Water and Wastewater  
3 Division income and expenses by general categories of revenue and expense elements. In  
4 brief, on a pro forma basis Water Division operating revenues of \$117,162 under current  
5 rates, less \$144,473 of operating deductions, \$12,005 of depreciation and \$1,000 of other tax  
6 expenses, will produce a \$40,316 net loss and, as discussed earlier, a negative 17.86%  
7 overall rate of return under current rates. However, a \$60,456 increase in rates will produce  
8 revenues of \$177,618 less \$144,473 of operating deductions, \$12,005 of depreciation  
9 expenses and \$1,000 of other taxes, for a net income level of \$20,140 or an 8.92% overall  
10 rate of return when divided by \$225,778 of pro forma rate base values. See Schedule F-1.

11

12 **Q. EXPLAIN THE REMAINING SCHEDULES INCLUDED IN SECTION H?**

13 A. Schedules H-1W and H-1S of the revenue requirement study set forth a summary income  
14 statement that reflects the Water and Wastewater Division revenues, operating deductions,  
15 depreciation expenses, and net income on a December 31, 2011 and 2012 per books basis,  
16 pro forma adjustments, and December 31, 2014 pro forma adjusted totals under existing  
17 rates, the amount of the proposed rate increase and the pro forma totals under the proposed  
18 rates.

19

20 In brief, pro forma adjustments are referenced on Schedules H-1W and H-1S with  
21 appropriate cross references to supporting schedules in Section I. For example, adjustments  
22 to operating revenues due to customer gains or losses referenced as - 1a, 1b, 2a and 2b are

1 detailed on supporting Schedules I-1 and I-2. Schedule I-3 sets forth pro forma operating  
2 deduction expense adjustments to include: Pro Forma Payroll and Benefits Claimed (items  
3 3 to 5); Outside Professional Services for Bookkeeper, Accounting, and General Rate  
4 Consultant Services (items 6 to 8); and Office Rent and Educational Training (items 9 and  
5 10). A pro forma normalized rate case expense claim for costs associated with the  
6 preparation of the rate case filing, including costs for a fully litigated rate case proceeding,  
7 are also included as item 11. The Company's rate case expense claim reflected a total  
8 estimated cost of \$30,000 to prepare and support the Water and Wastewater Division rate  
9 study on a combined approach basis before the Commission. The \$30,000 claim was  
10 normalized over a four year period, an annual claim of \$7,500, of which \$5,775 and \$1,725  
11 was allocated to the Water and Wastewater Divisions, respectively. While the allocation  
12 method is discussed later, the combined presentation approach helps to minimize rate case  
13 expense. However, the Company reserves the right to amend its rate case expense claim  
14 based upon the required resources and services necessary to support the request through the  
15 completion of the proceeding.

16  
17 All of the above items on Schedule I-3 were allocated to the Water and Wastewater  
18 Divisions based upon the 313 and 92 pro forma number of customers, respectively; in other  
19 words 77% allocated to the Water Division and 23% allocated to the Wastewater Division.

20

1 **Q. PLEASE CONTINUE.**

2 A. Schedule I-4 develops the December 31, 2014 pro forma claims for purchased power,  
3 sludge removal, fuel, chemicals, lab testing, material & supplies, maintenance of system  
4 facilities, maintenance of general facilities, transportation, engineering, and general legal  
5 expenses based upon a two year average of the historical costs experienced during 2012 and  
6 2013 as it relates to each of the respective items within the Water and Wastewater Divisions.

7

8 **Q. PLEASE EXPLAIN SCHEDULE I-5.**

9 A. Schedule I-5 develops the December 31, 2014 pro forma claims for various insurances,  
10 office expenses and, travel expenses. The approach taken considers the per book expenses  
11 incurred for each respective item during 2012 and 2013 within the Water and Wastewater  
12 Divisions and arrives at a combined water/wastewater annual average for each respective  
13 item. The sum of the combined water/wastewater annual average for each item is then  
14 reallocated to the Water and Wastewater Division based upon the 313 and 92 pro forma  
15 number of customers, respectively; in other words 77% allocated to the Water Division and  
16 23% allocated to the Wastewater Division as the basis for the pro forma claims for each of  
17 the various insurance, office expense and travel expense line items.

18

19 The Company believes that the above described approach provides for a more simplified  
20 approach, which takes into consideration the complexity of the requirements of providing  
21 both water and wastewater services. In other words, operating and maintenance expense  
22 costs vary based upon fluctuating activity solely within the respective service divisions;

1 while general administrative services, on the other hand, may similarly vary but are more  
2 directly related to the total number of customers served and should be allocated based upon  
3 the respective number of customers within each division.

4  
5 **Q. BRIEFLY EXPLAIN SECTION J, DEPRECIATION REPORT.**

6 A. Section J of the filing contains the depreciation report for current assets as of  
7 December 31, 2013 by plant account with associated values along with the pro forma plant  
8 values as of the future test period ended December 31, 2014, *i.e.*, Water Division  
9 Schedules J-1 and J-2. As discussed earlier, these depreciation reports utilize the  
10 methodology agreed upon in the settlement reached at Docket No. R-00050673, the same  
11 values and depreciation methodology for the acquired certificated Pine Grove water  
12 system, and a continuation of similar well accepted depreciation lives as the Commission  
13 has approved for other water / wastewater system assets. By way of further discussion,  
14 Water Division Schedules J-1 and J-2 also provide relevant information for the  
15 determination of the pro forma historical and future test year rate base values; the studies are  
16 grouped for Original Cost Assets and also provide a breakdown of CIAC assets and their  
17 associated values. The results of the pro forma studies are carried forward onto  
18 Schedule F-1 and demonstrate that the rate base determination utilizes the appropriate  
19 agreed upon results under the prior settlement and that it excludes CIAC assets from rate  
20 base consideration under PaPUC accepted ratemaking policies and procedures.

21

1 In my opinion, the pro forma operating expenses claimed, including the depreciation  
2 expenses in the development of the pro forma revenue requirement and the resultant revenue  
3 increase requested, are reasonable and prudent and necessary for the Company's operations  
4 in order for it to continue to provide safe, reliable, and adequate service to its customers.

5  
6 **Q. BRIEFLY EXPLAIN SECTION K OF THE RATE STUDY.**

7 A. As discussed earlier, Section K, Schedule K-1, contains the Rate Design and Proof Of  
8 Revenue information. In summary, it provides the pro forma number of customers and  
9 volumetric usage values on a customer class basis at current and proposed rates along with  
10 the resultant revenues and provides an overall revenue increase impact for each.  
11 Schedule K-1 also demonstrates that the proposed rates will produce revenues at  
12 approximately the same level of pro forma revenue requirements supported by the rate study  
13 at Schedules H-1W and H-1S.

14  
15 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS WITH REGARD TO THE**  
16 **COMPANY'S \$60,456 RATE INCREASE REQUEST?**

17 A. Yes. During the discovery process, I advised I&E and the OCA that the Company would be  
18 updating its rate increase claim based upon those responses. In one of those responses,  
19 I explained that the Company's depreciation study, in error, failed to properly calculate the  
20 accumulated depreciation expense for two individual assets, Water Division Schedules J-1  
21 and J-2 at lines 25 and 68. In brief, there were formula errors on lines 25 and 68, which  
22 did not carry forward annual depreciation expenses of \$73 and \$157, respectively, or

1           \$230 on an annual basis. This error occurred in 2009 on its depreciation runs and  
2           continued through 2013 and 2014. Therefore, the \$349,257 of 2014 accumulated  
3           depreciation expenses listed on line 163 was understated by \$1,380 (\$230 x 6 years) and  
4           the correct amount should be \$350,637 of accumulated reserves for depreciation expense,  
5           the same amount listed on line 164. Upon further review, the correct value of \$350,637  
6           in accumulated depreciation expenses was the same amount claimed on Schedules F-1  
7           and I-4 when determining net rate base values and the overall revenue requirement.  
8           Thus, this adjustment has no impact on the Company's as-filed claimed revenue  
9           requirement increase.<sup>1</sup>

10  
11           Additionally, the Company advised that it would update information related to its 2014  
12           pro forma capital structure as of December 31, 2014, *i.e.*, related debt and equity values  
13           shown on Schedule F-4. Schedule F-4 in the original filing contained a number of  
14           inadvertent errors as it related to the future test year capital structure and weighted cost  
15           rate calculations. The future test year included a new loan at \$54,878 with a cost rate of  
16           6.64% and the \$228,669 equity amount listed was not the future test year value but rather  
17           the historic test year value. Revised 8/25/14 Schedule F-4 reflects the correct value of a  
18           new auto loan balance as of December 31, 2014 in the amount of \$21,173 for a 2014  
19           Ford Transit that was acquired at a zero interest rate; and, when considered along with the  
20           other remaining auto loan with a \$3,795 balance at an interest rate of 7.44% would  
21           produce a weighted cost of debt rate of 1.13%. Further, the updated equity value for the

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<sup>1</sup> Responses to I&E-RB-1-D and I&E-RB-2-D.

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1 future test year is correctly listed at \$254,356. Thus, the resultant weighted cost of debt  
 2 rate of 1.13% and corresponding 8.96% debt and 91.04% equity capital structure ratio  
 3 continues to be well outside the typical industry cost rates and capital structure, *i.e.*,  
 4 highly weighted to equity.

5  
 6 The Company is also updating its rate base values to include depreciation expense values  
 7 to reflect the removal of the old vehicle and addition of the new vehicle at their  
 8 corresponding original cost, accumulated depreciation and annual expense values along  
 9 with the resultant revenue requirement change. As shown on the table below, the resultant  
 10 revenue requirement would increase by \$2,742.73 over the as-filed increase of \$60,456.21  
 11 or a total supported revenue increase of \$63,198.94.

DESCRIPTION	New Veh. Addition	Old Veh. Remove	Change	Revenue Requirement
Operating Expense Adj.				
Depreciation Expense Vehicle	<u>\$3,576.14</u>	<u>(\$2,178.41)</u>	<u>\$1,397.73</u>	
Revenue Requirement Change Depr. Expense				\$1,397.73
Rate Base Adjustment:				
Original Cost Vehicle	\$25,032.96	( 15,248.90)	\$ 9,784.06	
Accum. Depr. Vehicle	( 3,576.14)	8,713.66	5,137.52	
Rate Base Value	<u>\$21,456.82</u>	<u>\$ 6,535.24</u>	\$14,921.58	
Inventory Adj. at 1% of Net Plant			149.22	
Change in Net Rate Base Values			\$15,070.80	
Change In Net Income (Net RB x RofR)			8.92%	\$1,345.00
Total Additional/(Reduced) Rev. Requirement				\$ 2,742.73
As-Filed Revenue Requirement Increase				<u>60,456.21</u>
Updated Revenue Requirement Increase				<u>\$63,198.94</u>

1 Attached to my direct testimony as **Pocono Waterworks Company, Inc. - Water Division**  
2 **Exhibit No. 2W** are the relevant Revised 8/25/14 Schedules to the as-filed Water Division  
3 filing that would change based upon the above discussion and which support a revenue  
4 requirement increase of \$63,198.94.

5

6 **Q. ARE YOU RECOMMENDING THAT THE COMPANY INCREASE ITS**  
7 **REVENUE REQUEST TO REFLECT AN UPDATED CLAIM OF \$63,199 RATHER**  
8 **THAN THE \$60,456 AS-FILED RATE INCREASE REQUEST?**

9 A. No. While the Company reserves the right to adjust its overall request when appropriate,  
10 consistent with Commission requirements, the Company would not request a revenue  
11 increase greater than that contained in its as-filed case.

12

13 **Q. DO YOU HAVE ANY OTHER COMMENTS WITH REGARD TO THE INSTANT**  
14 **FILING?**

15 A. Yes, I reserve the right to amend my testimony to reflect changes in the rate case expense  
16 claim as it is impossible for the Company to determine ahead of time how much discovery a  
17 rate filing will generate or what issues the other parties may raise. In addition, I reserve the  
18 right to make any other changes that may, or may not, occur as a result of further  
19 discussions, including updated cost information, possible stipulated issues and other various  
20 revenue requirement elements that may have an impact on the revenue requirement claim  
21 and proposed rate increase claim.

22

1 Q. DOES THAT CONCLUDE YOUR TESTIMONY AT THIS TIME?

2 A. Yes.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judges  
Darlene D. Heep and Christopher P. Pell**

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<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION :</b>	<b>Docket No. R-2014-2420204</b>
<b>OFFICE OF CONSUMER ADVOCATE :</b>	<b>Docket No. C-2014-2431197</b>
<b>MR. AND MRS. ATTILO GIANNOTTI :</b>	<b>Docket No. C-2014-2434257</b>
	:
<b>v. :</b>	:
	:
<b>POCONO WATERWORKS COMPANY, INC. :</b>	:
<b>WATER DIVISION :</b>	:

**APPENDIX A**

**DENNIS M. KALBARCZYK  
EDUCATIONAL AND PROFESSIONAL EXPERIENCE**

## APPENDIX A

Dennis M. Kalbarczyk

### Educational and Professional Experience

I graduated in 1971 with a Bachelor of Science Degree in Accounting from Husson College, Bangor, Maine. In 1969, I received an Associate in Art Degree in Accounting from Strayer College, Washington D.C.

I am the principal in Utility Rate Resources, which was formed in October 1990. Utility Rate Resources also maintains a professional relationship with The Liberty Consulting Group ("Liberty"). Before forming the firm of Utility Rate Resources I was employed by Drazen-Brubaker & Associates, Inc. from March 1988 to September 1990 where I presented testimony and prepared financial statements necessary for Water and Sewer Utility Applications of Certificates of Public Convenience before the Pennsylvania Public Utility Commission (PaPUC). Additionally, I was responsible for the preparation and filing of rate cases, and testified on behalf of utilities under PaPUC regulation.

Prior to March 1988, I was employed by Metropolitan Edison Company (MET-ED), a subsidiary of GPU Energy, formerly General Public Utilities, for three years in their Rate Revenue Requirement Department as a Senior Financial Analyst. My responsibilities included the preparation, review and analysis of financial reports, budgets, and management philosophy of rate and regulatory matters before the PaPUC.

From 1975 through 1985, I was employed by the PaPUC where I actively participated and testified in matters related to the TMI Nuclear Accident replacement power issues before the PaPUC Commissioners; and, before PaPUC Administrative Law Judges (ALJ's) in nearly all the major electric rate cases regarding revenue

requirements, and performed audits on electric, gas, and water companies for compliance with Commission regulations in the areas of energy cost, coal and gas contracts, and affiliated service contracts for water companies. I testified before PaPUC ALJ's in Energy Cost Rate, Gas Cost Rate, and Coal Compliance proceedings. I actively participated in developing the Commission's first set of regulations on Fuel Procurement Policy and Procedures, Tariffs and procedures on Energy Cost Rates for electric companies and Gas Cost Rates for gas companies, and designed computerized procedures for electric utilities to report fossil fuel purchases to the PaPUC. From 1972 to 1975 I held progressive degrees of responsibilities with Certified Public Accounting firms performing accounting, auditing and tax preparation duties.

Utility Rate Resources specializes in the area of utility rate and economic consulting as it relates to the financial aspects of public utility rates and regulation i.e., rate case filings, certificates of public convenience, expert testimony, financial applications for funding by the Pennsylvania Infrastructure Investment Authority (PENNVEST). The firm participates in regulatory and legal proceedings concerning investor-owned and municipal utilities, and testifies before governmental agencies and Pennsylvania Courts of Common Pleas; and, has represented utilities as well as consumers of utility services. From 2002 to date, Utility Rate Resources has provided senior level consulting services to Liberty related to an electric reliability audit of distribution delivery service system cost for its inclusion in revenue requirement values in a Delivery Service Tariff proceeding at the Illinois Commerce Commission and a focused audits related to financing, accounting, and related affiliated charges of National Utilities Inc. (Elizabethtown Gas), South Jersey Gas, and New Jersey Natural Gas all of which are under the regulatory review of the New Jersey Board of Public Utilities, respectively. Utility Rate Resources also participated with Liberty in fuel adjustment mechanism proceedings on behalf of the Arizona Corporation Commission and the Nova Scotia Utility and Review Board.

Appendix A  
Dennis M. Kalbarczyk

I have prepared rate case filings (RC) to include pro forma Revenue Requirement Study (RR), Cost of Service Study (CoS), Rate Design (RD) and/or supporting documents for Applications of Certificate of Public Convenience (CPC) to include all phases related to financial planning, revenue requirements, cost of service, rate design, and business plans for the following utilities, all of which were before the PaPUC:

Year	Utility	Docket No.	Subject
1988	Meadows Sewer Company	R-881173	RC-RR, RD
1988	LP Water & Sewer Company Water Division Sewer Division	A-211770 A-230242 R-891272 R-891358	CPC - all phases CPC - all phases RC - RR, CoS, RD RC-RR, RD
1989	Honesdale Gas Company		
1989	Valley Utilities Company, Inc.		
1990	Northumberland Utility Inc. Butler Twp. Water Division	R-901668	RC-RR, RD and Pennvest Surcharge
1990	Winona Lakes Utilities, Inc. Water Division Sewer Division	R-901749 R-901750 R-901881 R-911896	RC-RR, RD RC-RR, RD RC-RR, RD RC-RR, RD
1990	Borough of Ambler	A-210110	CPC - all phases
1991	Audubon Water Company	A-212955	CPC - all phases
1992	Village Water Company	A-230023	CPC - all phases
1992	Superior Water Co; New Hanover & Douglas Twps. Regal Oaks, Inc.	R-922493	RC-RR, CoS, RD
1992	LP Water & Sewer Company-Sewer Division	A-212955F0003	CPC - all phases
1993	Superior Water Co.; Additional Douglas Twp. Borough of Phoenixville	R-932770	RC-RR, RD
1993	Lake Spangenberg Water Co.	R-932658	RC-RR, RD
1993	Evansburg Water Company	R-932930	RC-RR, RD
1994	Spring Grove Water Co.	R-940386	RC-RR, RD
1994	LP Water & Sewer Company-Water Division	R-943021	RC-RR, CoS, RD
1994	Evansburg Water Company	R-943117	RC-RR, RD
1994	Wilbar Realty Inc.-Water Division	R-943121	RC-RR, RD, and Pennvest Surcharge
1994	Audubon Water Company	R-943224	RC-RR, RD
1995	Borough of Ambler	R-953435	RC-RR, CoS, RD

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1995 LP Water & Sewer Company-Sewer Division	R-953496	RC-RR, CoS, RD
1996 Spring Run Water Company, Inc. & B & E Water Company, Inc.	A-212845F200	CPC - all phases
1996 Superior Water Company; Skippack Twp.	A-212955F0005	CPC - all phases
1996 Superior Water Company; Worcester Twp.	A-212955F0006	CPC - all phases
1996 Center Square Water Company	R-963707	RC-RR, RD
1997 Patriot Treatment Plant, Inc.	A-230076	CPC - all phases
1997 Superior Water Company; North Coventry	A-212955F0007	CPC - all phases
1997 Superior Water Company; Douglass Twp.	A-212955F0008	CPC - all phases
1998 Borough of Schuylkill Haven - Water Fund	R-00984392	RC-RR, CoS, RD
1998 Audubon Water Company	R-00984425	RC-RR, CoS, RD
1998 Superior Water Company; North Coventry	A-212955F0009	CPC - all phases
1998 City of Lancaster - Water Fund	R-00984567	RC-RR, CoS, RD
1998 Superior Water Company;	A-212955F0010	CPC - all phases
1999 Elephant Walk Water Company	A-210087	CPC - all phases
1999 Elephant Walk Sewer Company	A-230082	CPC - all phases
1999 Superior Water Company	R-00994672	RC-RR, CoS, RD
1999 Mountain Spring Water, Inc.	R-00994914	RC-RR, RD
2000 City of Lancaster - Sewer Fund	R-00005109	RC-RR, CoS, RD
2000 High Meadows Sewer Service, Inc.	R-00005257	RC-RR, RD
2001 City of Lancaster - Water Fund - Rate Case	R-00016114	RC-RR, CoS, RD
2001 City of Lancaster - Water Fund - Tapping Fee	R-00016297	Tapping Fee
2001 Superior Water Co; Heritage Dev. New Hanover	A-212955F0011	CPC - all phases
2002 Monteforte Enterprises, Inc.	A-230093	CPC - all phases
2002 Audubon Water Company	R-00027104	RC-RR, CoS, RD
2002 Borough of Schuylkill Haven - Water Fund	R-00027552	RC-RR, CoS, RD
2003 Three Lane Utilities, Inc.	A-210116	CPC - all phases
2003 Borough of Ambler Water Department	R-00038103	RC-RR, CoS, RD
2003 Buck Hill Water Company	R-00038471	RC-RR, RD
2003 High Meadows Sewer Service, Inc.	R-00038581	RC-RR, RD
2003 Superior Water Co; Donnelly Dev. Douglas Twp.	A-212955F0012	CPC - all phases
2003 Clean Treatment Sewage Company	R-00038688	RC-RR, RD
2004 Superior Water Co; Southview/Lower Pottsgrove Twps	A-212955F0013	CPC - all phases
2004 Glendale Yearound Water Co., Inc.	R-00049408	RC-RR, RD
2004 Buck Hill Water Company	R-00049493	RC-RR, RD

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2004	Superior Water Co;RouseChamb/Upper Pottsgrove	A-212955F0014	CPC - all phases
2004	City of Lancaster - Sewer Fund	R-00049862	RC-RR, CoS, RD
2005	Superior Water Company; Ivy Ridge	A-212955F0015	CPC - all phases
2005	Glendale Yearound Sewer Co., Inc.	R-00050607	RC-RR, RD
2005	Superior Water Company; Wash. Twp.	A-212955F0016	CPC - all phases
2005	Meadows Sewer Company	R-00050672	RC-RR, RD
2005	CMV Sewage Company, Inc.,	R-00050677	RC-RR, RD
2005	Superior Water Co.;Colebrookdale/Wash. Twp.	A-212955F0017	CPC - all phases
2005	City of Lancaster - Water Fund	R-00051167	RC-RR, CoS, RD
2006	Superior Water Company; Upper Pottsgrove Twp.	A-212955F0018	CPC - all phases
2006	Superior Water Company; Douglass Twp.	A-212955F0019	CPC - all phases
2006	Timberlee Valley Sanitation Co., Inc.	R-00061691	RC-RR, RD
2006	Borough of Ambler Water Department	R-00062017	RC-RR, CoS, RD
2007	Audubon Water Company	R-00072100	RC-RR, CoS, RD
2007	Glendale Yearound Sewer Company	R-00072364	RC-RR, RD
2008	Warwick Drainage Company, Inc.	R-2008-2020873	RC-RR, RD
2008	Warwick Water Works Inc.	R-2008-2020885	RC-RR, RD
2008	Superior Water Company	R-2008-2039261	RC-RR, RD, RofR
2009	Clean Treatment Sewage Company	R-2009-2121928	RC-RR, RD, RofR
2009	Lancon Water Company, Inc.,	A-2009-2142867	CPC - all phases
2010	Superior Water Company	R-2010-2191376	RC-RR, RD, RofR
2011	CMV Sewage Company, Inc.,	R-2011-2218562	RC-RR, RD
2011	Audubon Water Company	R-2012-2286118	RC-RR, CoS, RD
2014	Borough of Ambler Water Department	R-2014-2400003	RC-RR, CoS, RD

Appendix A  
Dennis M. Kalbarczyk

I testified and/or submitted testimony to include matters related to: fuel adjustment mechanism (FAM) for gas and electric utilities; rate case filings (RC) to include such parts as pro forma Revenue Requirement Study (RR), Cost of Service Study (Cos), Rate Design (RD); supporting documents for Applications of Certificate of Public Convenience (CPC) to include all phases related to financial planning, revenue requirements, cost of service, rate design, and business plans; and special matters as indicated in the following cases before the PaPUC:

Year	Utility	Docket No.	Represented	Subject
*	North Penn Gas Company	*	PaPUC	FAM-Gas Cost
*	Class A Pa. Electric Companies	*	PaPUC	FAM-Electric Cost
*	Metropolitan Edison Co.	C-21597	PaPUC	Coal Contracts
1979	Metropolitan Edison Co./ Pennsylvania Electric Co.	I-79040308	PaPUC	TMI Repl. Pwr Cost
1982	Pa. Power & Light Co.	R-822169	PaPUC	RC-RR
1982	Metropolitan Edison Co.	R-822249	PaPUC	RC-RR
1982	Pennsylvania Electric Co.	R-822250	PaPUC	RC-RR
1983	Duquesne Light Co.	R-832337	PaPUC	RC-RR
1983	Penn Power co.	R-832409	PaPUC	RC-RR
1983	Metropolitan Edison Co.	R-832549	PaPUC	RC-RR
1984	Duquesne Light co.	R-842583	PaPUC	RC-RR
1984	Pa. Power & Light Co.	R-842651	PaPUC	RC-RR
1987	Superior Water Co.	A-212955	Superior	CPC-all phases
1988	Meadows Sewer Company	R-881173	Meadows	RC-RR, RD
1989	Media Borough Water Works	R-891258	Townships	RC-RR, RD
1989	Valley Utilities Company Inc.	R-891358	Valley	RC-RR, RD
1989	Birch Acres Water Works	R-891430	BAWW	RC-RR, RD
1990	Northumberland Utilities Co. Inc. Butler Twp Water Division	R-901668	Butler Twp	RC-RR, RD
1990	Winona Lakes Utility Inc. (Water)	R-901749	WLJ, Inc.	RC-RR, RD
1990	Winona Lakes Utility Inc. (Sewer)	R-901750	WLJ, Inc.	RC-RR, RD
1990	CS Water & Sewer Associates	R-881147	Homeowners	RC-RR, RD
1990	CS Water & Sewer Associates	I-890088	Homeowners	RC-RR, RD
1991	LP Water & Sewer Co. Water Div.	A-211770	LP-Water	CPC-all phases
	LP Water & Sewer Co. Sewer Div.	A-230242	LP-Sewer	CPC-all phases
	LP Water & Sewer Co.	G-910255	LP-W&S	Affiliated Interest
	LP Water & Sewer Co.	C-913285	LP W&S	Cust. Complaint-Rates

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1991	LP Water & Sewer Co.	C-913304	LP W&S	Cust. Complaint-Rates
1991	LP Water & Sewer Co.	P-910533	LP W&S	Temporary Rates
1991	Evansburg Water Company	A-210870	Evansburg	CPC-all phases
1991	Media Borough Water Works	R-912150	Townships	RC-RR, CoS, RD
1992	Superior Water Company	A-212955	Superior	CPC-all phases
1992	Pennsylvania Electric Co.	M-920312	Ig. Ind.	FAM-Energy Cost/RD
1992	LP Water & Sewer Company-Sewer Div	R-922493	LP-Sewer	RC-RR, CoS, RD
1993	Borough of Phoenixville	R-932770	Phoenixville	RC-RR, CoS, RD
1993	Lake Spangenberg Water Co.	R-932658	LSW Co.	RC-RR, RD
1994	LP Water & Sewer Company-Water Div	R-943021	LP-Water	RC-RR, CoS, RD
1995	CMV Water Company, Inc.	C-956618	CMV Water	Bill Freq/Rate Design
1995	CMV Sewer Company, Inc.	C-956619	CMV-Sewer	Bill Freq/Rate Design
1995	LP Water & Sewer Company-Water Div	C-956966	LP-Water	Cust Complaint-Rates
1996	Pennsylvania Electric Co.	M-960791	Ig. Ind.	FAM-Elec RD
1997	Superior Water Company	A-212955F007	Superior	CPC-all phases
1998	Manufactures Water Company	R-00984275	Cambria Cogen &	
1998	City of Lancaster-Water Fund	R-00984567	EbensburgPwrCo.	RC-RR, CoS, RD
1999	Pa. American Water Company	R-00994638	CityOfLanc	RC-RR, CoS, RD
1999	Superior Water Company	R-00994672	Butler Twp.	
2000	City of Lancaster-Sewer Fund	R-00005109	W&S Auth.	RC-CoS, RD
2001	City of Lancaster-Water Fund RC Tapping Fee	R-000016114	Superior	RC-RR, CoS, RD
2002	Delaware Valley Utilities, Inc.	R-000016297	CityOfLanc	RC-RR, CoS, RD
2005	Three Lane Utilities, Inc.	C-00004517	CityOf Lanc	Tapping Fee/RD
2005	City of Lancaster - Sewer Fund	A-210116	Samall	Developer CIAC
2005	CMV Sewage Company, Inc.,	R-00049862	TLU	CPC-all phases
2005	City of Lancaster - Water Fund	R-00050677	CityOfLanc	RC-RR, CoS, RD
2007	Three Lane Utilities, Inc.	R-00051167	CMV	RC-RR, RD
2008	City of Bethlehem-Bureau of Water	C-	CityOf Lanc	RC-RR, CoS, RD
2008	Clean Treatment Sewage, Co.,	R-00072492	TLU	Rev. Neutral Rates
2008	CMV Sewage Company	C-200781897	Lower Saucon	RD
2008	Superior Water Company	A-230056F2002	Auth.	Cust. Compl. RD
2009	Clean Treatment Sewage Company	R-2008-2039261	CTSC	Abandonment of Service
		R-2009-2121928	CMV	RC-RR, RD, RofR
			Superior	RC-RR, RD, RofR
			CTSC	

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2010	City of Bethlehem-Bureau of Water	R-00072492 (Remand) Lower Saucon	RD
2011	CMV Sewage Company, Inc.,	R-2011-2218562	RC-RR, RD, RofR
2011	Clean Treatment Sewage, Co.,	I-2009-2109324	Section 529 Proceeding
2011	Audubon Water Company	R-2012-2286118	RC-RR, COS, RD
		Auth.	
		CMV	
		CTSC	
		AWC	

\* Actual docket numbers cannot be ascertained; time frame is approximately 1978.

**Municipal and Authority Clients**

Borough of Phoenixville  
Borough of Ambler  
Borough of Schuylkill Haven  
City of Lancaster  
Maidencreek Township Authority  
Borough of Red Lion  
Lower Macungie Township  
Sandy Township  
City of Lebanon Authority  
Borough of Duncannon  
Dallas Area Municipal Authority  
Ridgway Township Municipal Authority  
Dauphin County  
Township of Manchester

**Regulatory Audits and Support Engagements**

Utility Rate Resources maintains a professional relationship with The Liberty Consulting Group ("Liberty") and provided senior level consulting services to Liberty in the following regulatory audits and support engagements:

2002

Electric reliability audit of Commonwealth Edison Company's distribution delivery system for its inclusion in revenue requirement values in a Delivery Service Tariff preceding before the Illinois Commerce Commission at Docket Number 01-0664 Audit. Task Area Leader and Senior Consultant in the area of rate-base issues related to capital spending, transmission and distribution revenue requirements.

2003

Focused audit of NUI Corporation and NUI Utilities related to financial performance and affiliated transactions for the New Jersey Board of Public Utilities. Lead consultant for accounting systems, cash management, and accounting for energy and commodity trading. Audit included examination of financial results, sources and uses of funds, accounting systems and controls, credit intertwining, cash commingling, and affiliate transactions among others.

2004

Focused audit of SJI, South Jersey Gas, and affiliates for the New Jersey Board of Public Utilities. Lead consultant for accounting systems, cash management, and accounting for affiliate transactions. Audit included examination of financial results, sources and uses of funds, accounting systems and controls, and affiliate transactions, among others.

2005

Focused review of fuel procurement, affiliate transactions, and automatic adjustment clause implementation of Nova Scotia Power on behalf of the Nova Scotia Utility Authority Review Board at Case No. NSUARB-P-881. Lead rate consultant and witness on assessment of fuel

procurement, affiliate transactions, and automatic adjustment clauses including implementation of same.

2006

Focused review of the Arizona Public Service Company (APS) fuel and purchased power costs to be included in the Power Supply Adjustor (PSA) for APS before the Arizona Corporation Commission. Lead consultant on assessment of PSA filings, fuel and purchase power costs included in same and related accounting matters.

2006-2007

Focused audit of NJNG, New Jersey Natural Gas, and affiliates for the New Jersey Board of Public Utilities. Lead consultant for accounting systems, accounting for affiliate, and continuing property record transactions. Audit included examination of financial results, sources and uses of funds, accounting systems and controls, and affiliate transactions, among others.

2008

Development and implementation of formalized automatic adjustment clause methods and procedures of Nova Scotia Power Inc., on behalf of the Nova Scotia Utility And Review Board.

2008

Focused audit Duke Power Indiana and Duke Power Kentucky; merger of Duke Energy Corporation and Cinergy Corp. parent of PSI Energy, Inc., later renamed Duke Energy Indiana for the Indiana Utility Regulatory Commission. Lead consultant for accounting issues related to continuing property record transactions pertaining to the comprehensiveness, accuracy, sufficiency, and compliance with relevant statutory and regulatory requirements for asset transfers within the merger and related affiliated transactions for same.

2009

Focused audit of Long Island Power Authority's ("LIPA") Fuel and Purchased Power Cost Adjustment ("FPPCA") mechanism. Lead consultant in the review of LIPA's FPPCA cost reporting to include review of accounting system controls, financial reporting, and other timely reports related to the determination of the FPPCA charges and ultimate recovery of fuel and purchase power cost through LIPA's FPPCA rate charges under approved tariff's from May 1998 through 2008.

Focused review of Nova Scotia Power, Inc., 2009 Fuel Adjustment Mechanism clause filings on behalf of the Nova Scotia Utility And Review Board.

2010

Focused audit of Nova Scotia Power, Inc., 2009 Fuel Adjustment Mechanism ("FAM") filings on behalf of Nova Scotia Utility And Review Board. Lead consultant in review of NSPI's FAM cost reporting including review of accounting system controls, financial reporting, and other timely reports related to determination of the FAM charges

and ultimate recovery of fuel and purchase power cost through NSPI's FAM charges under approved tariff's for the calendar year 2009.

2012

Focused audit of Nova Scotia Power, Inc., Fuel Adjustment Mechanism ("FAM") filings on behalf of Nova Scotia Utility And Review Board. Lead consultant in review of NSPI's FAM cost reporting including review of accounting system controls, financial reporting, and other timely reports related to determination of the FAM charges and ultimate recovery of fuel and purchase power cost through NSPI's FAM charges under approved tariff's for the calendar years 2010 and 2011.

2013

Provide professional consulting services as an Extension of Staff to Assist the State of Connecticut Public Utilities Regulatory Authority ("PURA") in its regulatory oversight of utility rate making and all other utility issues affecting the cost and provisions of utility service in Connecticut. Lead consultant in providing assistance to PURA in the review of the depreciation study and related revenue requirements associated with The United Illuminating Company's ("UI") application to increase rate and charges. Services included the development of interrogatories, review of critical documents, cross-examination of UI depreciation expert witnesses, assist in preparation of PURA draft and final decision in at matter at Docket No. 13-01-19.

2014

Focused audit of Nova Scotia Power, Inc., Fuel Adjustment Mechanism ("FAM") filings on behalf of Nova Scotia Utility And Review Board. Lead consultant in review of NSPI's FAM cost reporting including review of accounting system controls, financial reporting, and other timely reports related to determination of the FAM charges and ultimate recovery of fuel and purchase power cost through NSPI's FAM charges under approved tariff's for the calendar years 2012 and 2013.

Testimony in Non-PaPUC Proceedings:

In The Court of Common Pleas of Westmoreland County, Pennsylvania:

Allegheny Ludlum Corporation, Plaintiff Alleg. Ludlum Co.

v.

No. 5851 Of 1992

Municipal Authority of Westmoreland County, Defendant

Testified on behalf of Allegheny Ludlum Corporation- Cost of Service and Rate Design

Before the Philadelphia Water Department:

Philadelphia Water Department

Proposed Water & Wastewater Rates FY's 2002-2004

v.

Water Reg. Nos. 81, 82, & 83

Sewer Reg. Nos. 23 and 24

Public Advocate, Commercial Customer Consortium,

Philadelphia Condominium Managers Association, and  
Other Citizens of Philadelphia

Testified on behalf of Commercial Customer Consortium (CCC): Building Owners' and Managers' Association (BOMA) of Phila.; Interfaith Coalition on Energy (ICE); and, Apartment Association of Greater Philadelphia (AAGP) Revenue Requirement, Cost of Service, and Rate Design.

Before the Illinois Commerce Commission:  
Commonwealth Edison Company

v. ICC Dkt. No. 01-0664 Audit  
Illinois Commerce Commission

In 2002, Utility Rate Resources provided senior level consulting services to Liberty related to an electric reliability audit of Commonwealth Edison Company distribution delivery service system for its inclusion in revenue requirement values in a Delivery Service Tariff proceeding before the ICC at the above docket number.

Testified in support of audit finds.

Before the Missouri Public Service Commission

In the Matter of the General Rate Increase for  
Water Service Provided by Missouri-American Water Company  
Case No. WR-2003-0500

In 2003 and 2004, Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Empire District Electric Company.

Testified on behalf of the Empire District Electric Company in support cost of service and rate design matters; more specifically industrial interruptible rates.

In The Court of Common Pleas of Lehigh County, Pennsylvania:

Fieldstone Associates, L.P., Plaintiff

vs.

No. 2002 C 2583

Lower Macungie Township, Defendant,

vs.

Lehigh County Authority, Additional Defendant,

Testified on behalf of Lower Macungie Township - Tapping Fee and Usage Fees

In The Court of Common Pleas of Clearfield County, Pennsylvania:

Sandy Township, a municipal corporation, Plaintiff

vs.

No. 2002-978 C.D.

City of DuBois, a municipal corporation, Defendant,

Testified on behalf of Sandy Township - Revenue Requirement And Usage Fees

Before the Nova Scotia Utility And Review Board, Nova Scotia, Canada:  
In the Matter of Nova Scotia Power Incorporated  
Electric Power - Rate Case Case No. NSUARB-P-881

In 2005, Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Nova Scotia Utility And Review Board regarding fuel costs and fuel adjustment mechanisms.

Testified on behalf of Nova Scotia Utility And Review Board - Fuel Costs and Fuel Adjustment Mechanism Matters

Before the Philadelphia Water Department:

Philadelphia Water Department

Proposed Water & Wastewater Rates FY's 2005-2008

v.

Water Reg. Nos. 301

Sewer Reg. Nos. 302

Public Advocate, Commercial Customer Consortium,  
And Other Citizens of Philadelphia

Testified on behalf of Commercial Customer Consortium (CCC): Building Owners' and Managers' Association (BOMA) of Phila.; Interfaith Coalition on Energy (ICE); Apartment Association Of Greater Philadelphia (AAGP); Jefferson Health System; Philadelphia College of Osteopathic Medicine; Delaware Valley Health Council; Temple University; University of Pennsylvania; St. Joseph's University; UniversityOf Sciences; Trigen-Philadelphia Energy Corp.; Sunoco; Philadelphia Coco-Cola Bottling; and, Pepsi Bottling Group.

Revenue Requirement, Cost of Service, and Rate Design

Before the Philadelphia Water Department:

Philadelphia Water Department

Proposed Water & Wastewater Rates FY's 2009-2012

v.

Water Reg. Nos. 301

Sewer Reg. Nos. 302

Public Advocate, Commercial Customer Consortium,  
And Other Citizens of Philadelphia

Testified on behalf of Commercial Customer Consortium (CCC): Building Owners' and Managers' Association (BOMA) of Phila.; Interfaith Coalition on Energy (ICE); Jefferson Health System; Philadelphia College of Osteopathic Medicine; Delaware Valley Health Council; Temple University; University of Pennsylvania; St. Joseph's University; University Of Sciences; Trigen-Philadelphia Energy Corp.

Revenue Requirement, Cost of Service, and Rate Design

In The Court of Common Pleas of Dauphin County, Pennsylvania:  
The County Of Dauphin, Plaintiff

v.

No. \_\_\_\_ Of 2008

The Harrisburg Authority, Defendant

Matter Assigned to Court Appointed Arbitrator; Testified on behalf of The County Of Dauphin related to the provision of municipal waste disposal services by Authority at appropriate "tipping fee" rates per a formal Disposal Agreement. Decision entered February 18, 2009.

Before the Nova Scotia Utility And Review Board, Nova Scotia, Canada:  
In the Matter of Nova Scotia Power Incorporated  
Electric Power - Rate Case Case No. FAM 2010 P-887

In 2009, Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Nova Scotia Utility And Review Board regarding fuel costs and fuel adjustment mechanisms.

Testified on behalf of Nova Scotia Utility And Review Board - regarding NSPI's 2009 FAM automatic adjustment factor.

Before the Arizona Corporation Commission:  
In the Matter of Arizona Electric Power Cooperative Inc.'s ("AEPCO")  
Electric General Rate Increase - Docket No. E-01773A-09-0472

In the Matter of Southwest Transmission Cooperative Inc.'s ("SWTC")  
Electric General Rate Increase - Docket No. E-04100A-09-0496

In 2010, Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Arizona Corporation Commission regarding two electric base rate filing to include cost of service and rate design matters.

Testified on behalf of Arizona Corporation Commission, Utilities Division on AEPCO and SWTC Cost of Service and Rate Design Matters.

Before the Nova Scotia Utility And Review Board, Nova Scotia, Canada:  
In the Matter of Nova Scotia Power Incorporated  
Electric Power - 2012 Rate Case Case No. NSPI - P-892

In 2011, Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Nova Scotia Utility And Review Board regarding a general rate case filing by NSPI.

Testified on behalf of Nova Scotia Utility And Review Board - regarding NSPI's 2012 General Rate Increase operating expense claims,

including labor and other related operating expenses.

In The Court of Common Pleas of Berks County, Pennsylvania:

Penn View Park L.P., Plaintiff

v.

No. 05-15922

Mt. Penn Borough Municipal Authority, Defendant

Antietam Valley Municipal Authority, Defendant

On May 15, 2012 testified on behalf of Penn View Park L.P., regarding a billing dispute pertaining to charges for the provision of municipal water and wastewater services provided by Mt. Penn Borough Municipal Authority and Antietam Valley Municipal Authority, respectively.

Before the Arizona Corporation Commission:

In the Matter of Arizona Electric Power Cooperative Inc.'s ("AEPCO")

Electric General Rate Increase -

Docket No. E-01773A-12-0305

In the Matter of Southwest Transmission Cooperative, Inc.'s ("SWTC")

Electric General Rate Increase -

Docket No. E-04100A-12-0353

In 2013, Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Arizona Corporation Commission regarding two electric base rate filings to include revenue requirement, cost of service and rate design matters.

Testified on behalf of Arizona Corporation Commission, Utilities Division on AEPCO and SWTC Revenue Requirement, Cost of Service and Rate Design Matters.

Before the Arizona Corporation Commission:

In the Matter of Arizona Public Service Company ("APS")

Four Corners Adjustment Rider Request

Docket No. E-01345A-11-0224

In 2014, Utility Rate Resources provided senior level consulting services to Liberty on behalf of the Arizona Corporation Commission regarding APS request for approval of a Four Corners Rate Rider, to include review of all associated revenue requirements, i.e., rate base values, acquisition adjustment, associated expenses and deferral matters, and development of surcharge rate and related rate design matters.

Testified on behalf of Arizona Corporation Commission, Utilities Division, on APS Revenue Requirement components, rate of return, Acquisition Adjustment claim, and Surcharge Rate Design Matters.