STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

I/M/O The Merger of Exelon Corporation And PEPCO Holdings, Inc.	))	**BPU Docket No. EM14060581**

DIRECT TESTIMONY OF

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ON BEHALF OF THE
DIVISION OF RATE COUNSEL

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PUBLIC VERSION

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Andrea C. Crane and my business address is 90 Grove Street, Suite 211, Ridgefield, CT 06877. (Mailing Address: P.O. Box 810, Georgetown, Connecticut 06829)

Q. By whom are you employed and in what capacity?

A. I am President of The Columbia Group, Inc., a financial consulting firm that specializes in utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and undertake various studies relating to utility rates and regulatory policy. I have held several positions of increasing responsibility since I joined The Columbia Group, Inc. in January 1989. I became President of the firm in 2008.

Q. Please summarize your professional experience in the utility industry.

A. Prior to my association with The Columbia Group, Inc., I held the position of Economic Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987 to January 1989. From June 1982 to September 1987, I was employed by various Bell Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the Product Management, Treasury, and Regulatory Departments.

Q. Have you previously testified in regulatory proceedings?

A. Yes, since joining The Columbia Group, Inc., I have testified in over 350 regulatory proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Hawaii, Kansas, Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, Washington, West Virginia and the District of Columbia. These proceedings involved gas, electric, water, wastewater, telephone, solid waste, cable television, and navigation utilities. A list of dockets in which I have filed testimony since January 2008 is included in Appendix A.

Q. Have you previously testified in regulatory proceedings in New Jersey?

A. Yes, I have. As shown in Appendix A, I have testified in numerous proceedings in New Jersey, including in cases involving Atlantic City Electric Company ("ACE"), Public Service Electric and Gas Company, Jersey Central Power and Light Company, and Rockland Electric Company. I have also testified in New Jersey in numerous cases involving gas, water, sewer, and cable television utilities.

Q. Have you previously participated in other proceedings involving utility mergers and acquisitions?

A. Yes, I have filed testimony and participated in numerous proceedings involving utility mergers and acquisitions, including proceedings involving: Delmarva Power and Light Company and ACE; Potomac Electric Power Company ("Pepco") and Baltimore Gas and Electric Company ("BGE"); Conectiv, Inc. and Pepco.; Western Resources, Inc. and the Kansas City Power and Light Company; Orange and Rockland Utilities and Consolidated

Edison; New Century Energies, Inc. and the Northern States Power Company; New England Electric System and Eastern Utility Associates; Consolidated Edison and Northeast Utilities, Inc.; Texas-New Mexico Power Company and Public Service Company of New Mexico; Midwest Energy, Inc. and Westar Energy, Inc.; and New Mexico Gas Company and TECO Energy, Inc.. In addition, I have participated in cases involving the sale of ACE's B.L. England Generating Station, Texas New Mexico Power Company's acquisition by S.W. Acquisition, L.P., and the sale of Public Service Company of New Mexico's gas assets to Continental Energy Systems, Inc.

Q. What is your educational background?

A. I received a Master of Business Administration degree, with a concentration in Finance, from Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a B.A. in Chemistry from Temple University.

II. <u>PURPOSE OF TESTIMONY</u>

Q. What is the purpose of your testimony?

A. On June 18, 2014, Exelon Corporation ("Exelon"), Pepco Holdings, Inc. ("PHI"), Exelon Energy Delivery Company, LLC, New Special Purpose Entity, LLC, Purple Acquisition Corporation ("Merger Sub"), and ACE (collectively, "Joint Petitioners") filed a Petition with the New Jersey Board of Public Utilities ("BPU" or "Board") seeking approval for the acquisition of PHI by Exelon.

The Columbia Group, Inc. was engaged by the New Jersey Division of Rate Counsel ("Rate Counsel") to review the Petition and to provide recommendations with regard to synergy savings and consolidated income tax issues. Several additional witnesses are filing testimony on behalf of Rate Counsel regarding other issues.

III. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Q. What are your conclusions and recommendations regarding synergy savings and consolidated income tax issues relating to the Joint Petitioners' proposals in this case?

A. Based on my review of the Petition, on the responses to data requests, and on other documentation, following are my conclusions and recommendations:

- The proposed transaction will provide significant benefits to the shareholders of PHI and Exelon.
- The Board should ensure that ratepayers of New Jersey benefit from the proposed transaction and require an allocation of financial benefits to ratepayers that, at a minimum, reflect ten-years of gross projected synergy savings. This would result in $90.2 million being allocated to New Jersey.
- The Board should consider a ratepayer benefit of up to $282 million, which reflects an allocation of a portion of the after-tax benefits accruing to PHI shareholders.
- Ratepayers in New Jersey should receive a credit of at least $100 per customer.
- The Board should determine how additional ratepayer benefits will be distributed after it determines the total amount to be allocated. Additional benefits may be

distributed by reducing deferred balances that would otherwise be recoverable from ratepayers, funding energy efficiency programs, providing low income assistance, or funding other programs to be determined by the Board.

- The BPU should condition its approval on Exelon's agreement to implement a base rate moratorium for ACE for three years following the merger.
- The ring fencing provisions proposed by the Joint Applicants do not impact the federal income taxes that will be paid by the consolidated group and have no bearing on the application of a consolidated income tax adjustment.
- If the merger is approved, the Board should continue to apply a consolidated income tax adjustment to ACE.

IV. DISCUSSION OF THE ISSUES

A. Overview of the Proposed Transaction

Q. Please provide a brief description of ACE.

A. ACE provides regulated electric service to approximately 545,000 customers in a 2,700 square-mile area in southern New Jersey. In 1998, ACE merged with Delmarva Power and Light Company ("DPL"), which provides electric service to approximately 506,000 customers and natural gas service to approximately 126,000 customers in Delaware and the Eastern Shore of Maryland. At the time of the ACE and DPL merger, a new holding company, Conectiv, Inc. was formed.

In 2002, Conectiv merged with Pepco, a regulated utility providing electric service to approximately 801,000 customers in the District of Columbia and in Prince George's County, Maryland. As a result of that merger, a new holding company, PHI, was formed. PHI is also the owner of Pepco Energy Services ("PES"), an unregulated energy services company. PES provides energy saving performance contracting, underground transmission and distribution services and integrated power and thermal projects.[1] PES was also a licensed retail electricity and natural gas supplier in New Jersey. On May 29, 2014, PES filed an application with the BPU to withdraw its existing licenses.[2]

Q. Please provide a brief description of Exelon.

A. As noted in paragraph 4 of the Petition, Exelon was formed in 2000 as a result of the merger of PECO Energy ("PECO") and Unicom Corporation, Inc., the parent company of Commonwealth Edison Company ("ComEd"). PECO provides electric delivery service to approximately 1.6 million customers in and around Philadelphia. In addition, PECO provides natural gas service to approximately 500,000 customers outside of Philadelphia. ComEd provides electric distribution service to over 3.8 million customers in northern Illinois, including Chicago. In 2012, Exelon acquired Constellation Energy Group, Inc. ("Constellation"), the owner of BGE, which provides electric delivery service to over 1.2

[1] Petition, paragraph 11.
[2] Id., paragraph 40.

million customers and gas service to over 655,000 customers in Baltimore and ten central Maryland counties.

Q. Please provide a brief description of the proposed transaction.

A. On April 29, 2014, Exelon and PHI entered into a Stock Purchase Agreement whereby Exelon agreed to acquire the common stock of PHI for a purchase price of approximately $6.8 billion. The purchase price reflects the acquisition of PHI's outstanding common stock at a price of $27.25 per share. According to the Petition at paragraph 14, there will be no change in the common stock of Exelon or in the outstanding debt of ACE or PHI as a result of the acquisition.

ACE, along with DPL, will continue to be a direct subsidiary of Conectiv, Inc. after the merger. The Joint Petitioners state that PHI will be converted from a corporation to an LLC upon the merger, and will be held by Exelon Energy Delivery Company ("EEDC"), which also holds, directly or indirectly, PECO, ComEd, and BGE. EEDC plans to establish a Special Purpose Entity ("SPE") to ring fence PHI and its three distribution utilities. A similar entity is currently in place for BGE. In addition to EEDC, the post-merger organization will include Exelon Business Service Company ("EBSC"), PHI Service Company ("PSC"), Potomac Capital Investment Corporation ("PCI"), and Exelon Generation, which has several unregulated affiliates. PES will be transferred to Constellation New Energy after the merger and will no longer be associated from an organizational standpoint with the regulated entities.

B. Standards of Review

Q. What standards of review should be used to evaluate the proposed transaction?

A. I have been advised by counsel that approval of the transaction is governed by N.J.S.A. 48:2-51.1, which states that Board approval is required. N.J.S.A. 48:3-51.1a states that "In considering a request for approval of an acquisition of control, the board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates." In addition, N.J.A.C. 14:1-5.14(c) states that "the Board shall not approve a merger, consolidation, acquisition, and/or change in control unless it is satisfied that positive benefits will flow to customers, and the State of New Jersey." The Joint Petitioners state that the proposed transaction is in the public interest and that the merger satisfies both a "no harm" test as well as a positive benefits test under N.J.A.C. 14:1-5.14(c).[3]

Q. Have the Joint Petitioners included principal commitments with regard to the acquisition in their filing?

A. Yes, they have. In the Petition, the Joint Petitioners included twelve principal commitments.

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[3] Id., paragraph 22.

These include:

- The Joint Petitioners will not seek to recover any acquisition premium or transaction costs associated with the acquisition.
- Exelon has proposed to establish a Customer Investment Fund of $100 million, to be distributed among the three subsidiaries being acquired. This represents approximately $50 per distribution customer, or $29 million for New Jersey. The Company has indicated that each regulatory commission will be responsible for determining how these funds should be utilized.
- ACE has committed to maintain certain reliability and quality of service standards. In the event that these benchmarks are not met, the Joint Petitioners propose a financial penalty based on a reduction of 25 basis points in return on equity.
- Exelon has committed to maintain a local presence, including maintaining a local ACE operational headquarters in Mays Landing, New Jersey.
- The Joint Petitioners have committed to honoring all collective bargaining agreements. In addition, Exelon has agreed to no lay-offs for two year following the merger, to maintain current levels of compensation and benefits during this period, and to continue the commitment to workforce diversity.
- The Joint Petitioners commit to existing supplier diversity programs.
- The Joint Petitioners commit that ACE will maintain and promote programs that provide assistance to low income customers.

- The Joint Petitioners commit that they will maintain an average annual level of charitable contributions and other local community support of $709,000, which represents ACE's 2013 level.
- The Joint Petitioners commit that ACE will maintain and promote existing demand response programs.
- The Joint Petitioners commit that Exelon will submit to the BPU's jurisdiction for matters related to the acquisition and enforcement of all associated commitments, and for matters relating to affiliate transactions between ACE and Exelon or its affiliates.
- The Joint Petitioners state that they will create a SPE to ring fence the PHI utilities for a period of five years. In addition, the Joint Petitioners state that ACE will maintain separate books and records, will maintain its own debt and credit rating, and will maintain an equity target of 48% for ratemaking purposes.
- The Joint Petitioners commit to complying with all statutes regarding affiliate transactions and for permitting the BPU to examine the books and records of other affiliates in order to determine the reasonableness of the allocation factors used by Exelon to allocate costs to ACE.

Q. Which of these commitments impact on the issues that are the subject of your testimony?

A. My testimony addresses the Joint Petitioners' synergy savings estimate, including the proposal for sharing these savings with ratepayers through the Customer Investment Fund. Therefore, my testimony is primarily related to Commitments 1 and 2, i.e., the Joint Petitioners agreement not to seek recovery of any acquisition premium or transaction costs associated with the acquisition and the quantification and use of the Customer Investment Fund. While I also address consolidated tax issues, none of the Joint Petitioners' commitments related specifically to consolidated income taxes.

C. <u>Synergy Savings Study</u>

Q. How did the Exelon determine the estimated synergy savings associated with the proposed transaction?

A. Exelon engaged the Boston Consulting Group ("BCG") to evaluate potential synergy savings. BCG evaluated potential synergy savings over the first five years following the merger in two ways. First, BCG undertook what it called an "Outside In" analysis. In this approach, they estimated a range of potential savings based primarily on publicly available information for PHI, as well as publicly available information for other utility mergers. As shown on page 15 of the Synergy Savings Study provided in response to RCR-SS-19, Attachment 1, this approach resulted in a range of estimated synergy savings in year 5, from $109 million to $151 million. It was assumed year 5 represented a "steady state" by which time all anticipated synergy savings would be achieved. The midpoint of the estimated year 5 synergy savings using the Outside In approach was $130 million. This consisted of $57 million of utility and non-utility labor costs and $73 million of non-labor costs.

Next the Company utilized a "Bottom Up" approach to estimate synergy savings. This approach mapped PHI data to each Exelon organization or function and attempted to estimate synergies based on input from various Exelon teams. BCG first examined the baseline PHI costs. It separately examined labor costs and segregated labor costs between those that were expensed and those that were capitalized. Full time equivalent positions ("FTEs") were examined on a department-by-department basis. BCG's analysis included a review of both operational costs and administrative costs, as shown on page 25 of the Synergy Savings Study. Operational costs included electric operations, gas operations, customer operations, asset management, and other power delivery costs.

Administrative or Shared Services costs included IT, finance, supply chain, regulatory/government affairs, human resources, legal, and other. BCG also examined non-labor operating costs by cost category and attempted to identify the specific drivers of costs for each segment. Based on this approach, BCG estimated labor savings of $46 million, non-labor savings of $34 million, and pension/OPEB/Benefits savings of $15 million, for a total of $96 million, as shown on page 32 of the Synergy Savings Study. CVK-2, p.5. The $96 million represents approximately 8% of the total non-fuel PHI baseline operating and maintenance costs. **[Begin Confidential]** [redacted]

[redacted] [**End Confidential**]

As discussed on page 26 of Carim Khouzami's Testimony, based on these two approaches for calculating synergy savings, BCG recommended a projected level of annual savings from the merger of $130 million by year 5. BCG then developed what it termed a "Glidepath" in order to estimate the speed with which these savings could be achieved. As shown on page 59 of the Synergy Savings Study, the Glidepath assumed that 38% of the annual savings target could be achieved in year 1, 76% in year 2, 91% in year 3, 96% in year 4, and 100% in year 5. CVK-2, p.6. **[Begin Confidential]** [redacted] **[End Confidential]** BCG calculated total five-year cumulative savings of $522 million for the total organization. CVK-2, p.8.

Q. Does the BCG estimate include any capital cost savings?

A. No, it does not. BCG assumed that any actual reduction in capital costs associated with a specific project would simply be reallocated to other projects. Therefore, there was no net capital synergy savings included in the projection.

Q. Did BCG also examine the estimated costs-to-achieve these savings?

A. Yes, it did. As shown on page 62 of the Synergy Savings Study, BCG estimated costs-to-achieve the savings in four categories. Estimated costs-to-achieve initially included $63 million of IT costs[4], severance/other compensation costs of $163 million, regulatory support costs of $15 million, and other transition costs of $29 million, for a total of $270 million. CVK-2, p.7. The vast majority of costs to achieve are expected to be incurred in the first year of the merger. Khouzami Direct Testimony, p.24, Table 1. In addition, Exelon estimated $265 million of transaction costs that it is not seeking to recover from ratepayers. CVK-2, p.7. [**Begin Confidential**] [redacted] [**End Confidential**]

Q. What assumptions regarding severance did the Company include in its filing?

A. As discussed on pages 64 and 65 of the Synergy Savings Study, BCG assumed that there

[4] Approximately 50% of these costs, or $31 million, would be capitalized.

would be [**Begin Confidential**] [redacted] [**End Confidential**]

Q. Did Exelon subsequently revise its estimate of net synergy savings?

A. Yes, it did. The Joint Petitioners filed an errata on September 19, 2014, along with an updated Synergy Savings Study.[5] While the Joint Petitioners did not revise the estimated synergy savings of $522 million, it did reduce the estimated costs-to-achieve. Specifically, the costs-to-achieve associated with severance and other compensation costs were reduced from $163 million in the original filing to $90 million. Exelon indicated in its errata that it

[5] The revised study was provided in response to RCR-SS-47.

was not their intent to recover accelerated SERP payments, retention payments and certain equity payments from ratepayers. This reduction in severance and other compensation costs resulted in a reduction in costs-to-achieve, from $270 million in the initial filing to $197 million.

Q. What are the total net synergy savings that BCG estimates will be achieved over the first five years following the merger?

A. Over the first five years, BCG now estimates total synergy savings of $522 million and total costs-to-achieve of $197 million, excluding the transaction costs that the Company is not proposing to charge to ratepayers. Therefore, the net synergy savings over the first five years are now estimated at $325 million. CVK-2 (revised).

Q. Did Exelon allocate net synergy savings among the various post-merger entities?

A. Yes, both gross synergy savings and costs-to-achieve were allocated among each of the utilities as well as to non-utility operations. Based on the updated costs provided in the errata, the Joint Petitioners propose to allocate to PHI gross synergy savings of $160 million and costs-to-achieve of $58 million, for net synergy savings to PHI of $102 million. Of this amount, $40 million in savings and $15 million of costs-to-achieve are allocated to ACE, resulting in net synergy savings of $25 million to ACE over the first five years, as shown on Exhibit CVK-2 (revised). This is an increase over the $23 million that was allocated to ACE in the original filing.

Q. What is the basis for the allocation of synergy savings to each entity?

A. Both synergy savings and costs-to-achieve have been allocated among the various entities based on the underlying function or cost. Allocations were made using a three-factor formula consisting of gross revenues, assets, and direct labor costs, as shown on page 73 of the Synergy Savings Study. Synergy savings and costs-to-achieve were allocated 1) across all PHI entities, 2) across all Exelon entities, or 3) across a subset of PHI and Exelon entities. For example, as discussed on page 74 of the Synergy Savings Study, [**Begin Confidential**] [redacted] **[End Confidential]**

Q. Is the size of the Customer Investment Fund that Exelon is proposing in this case directly linked to the estimated synergy savings?

A. Yes, it is. As explained by Carim Khouzami at page 24, the Customer Investment Fund of $100 million is intended "to provide an immediate tangible benefit to PHI customers from the Merger-related savings the PHI utilities are expected to achieve during the first five years following completion of the Merger." Table 1 to Carim Khouzami's testimony provides the PHI Utilities "Synergies" and PHI Utilities "Costs to Achieve" for each of the first five years following closing, as well as the costs-to-achieve expected to be incurred prior to the closing. The net synergies allocated to PHI, i.e. synergy savings less costs-to-achieve, is $102 million and forms the basis for the $100 million Customer Investment Fund proposed in this case. In the response to RCR-SS-2, the Company stated that the allocation of the $100 million Customer Investment Fund among the PHI utilities was based on allocating the fund by the approximate number of customers in each jurisdiction. Moreover, as stated in that response, "[t]his amount is equivalent to more than $50 for each distribution customer and will confer immediate benefits as a result of the Merger." Following are the amounts to each jurisdiction based on actual customer counts per the Form 10K, as well as the amounts that the Joint

Petitioners are proposing to allocate to each jurisdiction:

	$50 per Customer	Proposed Allocation	Allocation Based on Customer Counts
Maryland	$36,876,300	$40,000,000	$39,644,770
District of Columbia	$13,219,200	$14,000,000	$14,211,620
Delaware	$15,721,850	$17,000,000	$16,902,160
New Jersey	$27,199,450	$29,000,000	$29,241,430
Total	$93,016,800	$100,000,000	$100,000,000

Q. What is the percentage of net synergy savings being allocated to the New Jersey jurisdiction?

A. In the updated Synergy Savings Study filed with the errata, approximately 62.77% of net synergy savings is being allocated to the regulated entities. Of that amount, 50% is being allocated to PHI and 24.5% of the PHI allocation is being allocated to New Jersey. This results in an allocation of 7.7% of net synergy savings to New Jersey.

	Exhibit CVK-2 (Revised)
Regulated	63.0%
PHI	50.0%
ACE	24.5%
Total ACE	7.7%

D. Customer Investment Fund

Q. **Do you believe that the Customer Investment Fund provides a sufficient benefit for the Board to approve the proposed transaction?**

A. No, I do not. The Joint Petitioners' proposal is woefully inadequate and will not provide New Jersey ratepayers with sufficient benefits. This merger is being driven by Exelon's desire to maximize value for shareholders. Exelon is paying a significant acquisition premium of approximately $3.9 billion in order to effect this merger.[6] This transaction is intended to provide significant benefits to both PHI's current shareholders as well as to the shareholders of Exelon. For Exelon, the transaction represents the acquisition of a lower risk regulated business that will allow the Company to maintain a balanced mix of operations.[7] In addition, the transaction is expected to be accretive to earnings in the first full year. With regard to the shareholders of PHI, this transaction represents a premium of 29.5% over the average stock price for the 20 days immediately preceding the announcement of the merger. In total, the transaction represents a $3.9 billion windfall premium for the shareholders of PHI.

Ratepayers, on the other hand, have experienced annual rate increases over the past few years. In addition to annual rate increases, ACE's ratepayers have also been subject to an increasing array of clause mechanisms and riders that have shifted risk from shareholders to ratepayers, such as the Infrastructure Investment Surcharge, Regional Greenhouse Gas

[6] Response to RCR-SS-1 (Revised).
[7] See the response to RCR-FIN-4.

Initiative Recovery Charge, Societal Benefits Charge, and others. Shareholders of PHI no longer have any risk related to recovery of generation costs. Yet every new clause or surcharge mechanism has resulted in an increase in the risk to ratepayers.

In addition, this transaction, like any merger, carries a certain risk for ratepayers. As the utility is subsumed into a larger entity, both local control and oversight is inevitably weakened. The ratepayers of New Jersey have seen this happen three times over the past twenty years – with the DPL merger, with the Pepco merger, and now with the proposed acquisition by Exelon. With each merger, the link between the shareholders and the ratepayers gets further diluted, as does the link between the ultimate parent company's Board of Directors and the customer. Thus, while it may be difficult to quantify the risks attendant with the merger, they are nevertheless real and should be considered by the Board in evaluating the proposed transaction.

Q. How have you attempted to quantify the range of possible benefits that should be shared with the ratepayers of New Jersey?

A. At a minimum, the benefits include the synergy savings that may result from the transaction. Therefore, my analysis began with a review of the Company's Synergy Savings Study.

Q. Are you recommending any revision to the Synergy Savings as estimated by BCG in the Synergy Savings Study?

A. No, I am not recommending any adjustment to the savings as quantified in the study.

However, in considering how to apply the savings to the benefits that should be flowed through to ratepayers if the merger is approved, I am making two recommendations. First, I recommend that the Board examine a 10-year time horizon, rather than the five years reflected in the study. Second, I recommend that the Board require shareholders to bear all costs of the merger, including the costs-to-achieve that Exelon proposed to recover from ratepayers.

Q. Why do you recommend that a 10-year time horizon be utilized?

A. It is my understanding that a 10-year time horizon has been accepted by the Board in other merger proceedings. In fact, I understand that a 10-year synergy savings estimate was provided in both the ACE/DPL merger proceeding as well as in the Pepco/BGE merger proceeding.[8] In addition, the Joint Petitioners estimate total costs associated with this merger of $535 million. No rational entity would undertake a transaction of this type based on synergy savings that are less than the associated costs. Yet, that is exactly what the Joint Petitioners have proposed in this case. The Customer Investment Fund is based on estimated synergy savings of $522 million, less than the total costs of $535 million associated with the merger. This imbalance makes it clear that the synergy savings proposed by the Joint Petitioners are inadequate.

[8] The Pepco / BGE merger was not completed.

Q. What level of synergy savings results from consideration of operations over a 10-year period?

A. The Joint Petitioners did not provide a 10-year synergy savings study. However, based on the BCG analysis, annualized savings are projected to reach $130 million in Year 5. Assuming that these savings will continue indefinitely into the future, then total savings over the first ten years following the merger would be $1.172 billion - $522 million in the first five years and $650 in the last five years. The Joint Petitioners allocated 7.7% of total synergy savings to ACE. Thus, over the first ten years of the merger, the amount allocated to ACE would be $90.2 million ($1.172 billion X 7.7%). This is the minimum level of customer benefit that the Board should consider.

Q. What would be the resulting benefit retained by Exelon if your recommendation was approved by the Board?

A. The actual amount retained by Exelon would depend upon adjustments made by the other state commissions that are reviewing this transaction. However, assuming that each commission utilized a ten-year time horizon, then Exelon would retain approximately 69% of these savings, or approximately $808 million. These are the savings that would be allocated to the non-regulated entities as well as to the utilities currently owned by Exelon.

Q. What is the second adjustment that you are recommending?

A. I am recommending that shareholders, not ratepayers, be responsible for all costs related to the merger, including the costs-to-achieve that Exelon allocated to New Jersey ratepayers.

Q. What is the basis for this recommendation?

A. There is no reason to treat the costs-to-achieve the merger any differently from the transaction costs that Exelon has already agreed will not be recovered from ratepayers. The Joint Petitioners have proposed to distinguish between certain transaction and compensation costs, which will be borne by shareholders, and other types of merger-related costs that it proposes to recover from ratepayers. However, there is no fundamental reason why these two categories should be treated differently for ratemaking purposes.

This merger is being driven by Exelon's desire to maximize value for shareholders. Exelon is paying a significant acquisition premium of approximately $3.9 billion in order to effect this merger. If shareholders of Exelon are willing to pay a significant acquisition premium in order to acquire PHI, then they should also be willing to pay the associated costs of the acquisition. Accordingly, I recommend that the costs of the acquisition be borne by shareholders and not the ratepayers of New Jersey.

Q. If your recommendations to use a ten-year time horizon and to have shareholders pay for the acquisition costs are adopted, what would be the impact on the savings allocated to New Jersey ratepayers?

A. My recommendations would result in ratepayer benefit of $90.2 million. This is the minimum amount that the Board should consider when determining the benefit to pass through to New Jersey ratepayers.

Q. Would it be reasonable for the Board to consider passing on to ratepayers a significantly higher benefit?

A. Yes, it would. Given the significant acquisition premium that Exelon has agreed to pay for PHI, I believe that it would be reasonable for the Board to consider passing through to ratepayers a benefit that is significantly higher than $90.2 million. In my opinion, a benefit of up to $282 million may be reasonable and should be considered by the Board.

Q. How did you quantify a potential benefit of $282 million?

A. According to the response to RCR-SS-1, Exelon is paying PHI shareholders an acquisition premium of approximately $3.9 billion. Assuming ACE's composite tax rate of 40.85%, this would result in an after-tax benefit to PHI shareholders of $2.3 billion. Assuming a 50/50 split between ratepayers and shareholders, the ratepayer benefit would be approximately $1.15 billion. According to the allocation factors shown in the Company's Synergy Savings Study, ACE is approximately 24.5% of the PHI entities. Allocating 24.5% of the $1.15 billion to ACE ratepayers results in a New Jersey ratepayer benefit of approximately $282 million. Accordingly, I recommend that the Board consider a range of $89.9 million to $282 million when evaluating the potential benefit to flow-through to New Jersey ratepayers.

Q. Are you recommending a specific amount that should be flowed through to ratepayers?

A. No, at this time I believe that there are still too many unanswered questions to provide a narrower range than $89.9 to $282 million. In spite of the extension from the original procedural schedule in this case, the parties have still had limited time to evaluate this complex transaction. Moreover, other parties in this proceeding, including other Rate Counsel witnesses, may raise additional issues that would impact on the benefit that should be allocated to ratepayers. For these reasons, I am proposing a range for the Board's consideration at this time.

Q. How do you recommend that benefits resulting from the merger be flowed through to ratepayers?

A. It is difficult to provide specific recommendations on how the benefits should be flowed through the ratepayers, without knowing exactly how much of a benefit the Board will authorize. However, at a minimum, I recommend that ratepayers receive a bill credit of $100 per customer. This would provide a tangible, quantifiable benefit for every ACE customer. Based on the customer counts provided in the response to RCR-SS-2, this would amount to a credit of approximately $54.5 million. I am recommending that the $54.5 million be returned to ratepayers on a per-customer basis as a one-time credit on customers' bills. This method is easy to apply and will ensure that all ratepayers realize an immediate benefit from the merger. In addition, allocating the $100 as a one-time credit based on the number of customers is similar to the allocation used by Exelon for the customer credit when it acquired

Constellation, although in that case the credit was limited to residential customers. Each residential customer of BGS received a credit of $100.00 in that case. In addition, in the Constellation proceeding, Exelon also agreed to invest $113.5 million over a three-year period to fund energy efficiency and low-income energy programs at shareholders' expense.

Based on my recommended range of $90.2 - $282 million, there will still be $35.7 to $227.5 million that should be flowed through to ratepayers in some manner. Depending on the magnitude of the amount ultimately approved by the Board, the Board should consider using these funds for some combination of ratepayer benefit. This could include reducing any existing deferred balances that would otherwise be charged to ratepayers, promoting energy efficiency programs, providing low-income assistance, or funding other programs that benefit ratepayers and the State.

Q. Are you making any other recommendation with regard to distribution rates?

A. Yes, in addition to crediting ACE ratepayers with the financial benefits discussed above, I am also recommending that the BPU condition approval of the merger upon a commitment by the Joint Petitioners that ACE will not increase base distribution rates within three years of the merger.

Q. Why do you believe that a base rate moratorium should be required?

A. I believe that a base rate case moratorium should be required for several reasons. First, while Exelon is estimating that the proposed merger will result in significant synergy savings, any such savings can quickly be offset by other rate increases, particularly given ACE's recent history of filing for annual rate increases. The benefits of a Customer Investment Fund credit will be lost if ACE simply turns around and files annual base rate cases in quick succession.

Second, it would be difficult to evaluate a rate request based on a test year within the first few years following the merger. This is because it will take several years for Exelon to complete the organizational changes resulting from the merger. It will take some time after the merger for functions to be reassigned, for systems to be combined, etc. In addition, the Joint Petitioners have made a commitment that there will be no lay-offs during the first two years following the merger and that salaries and benefits will be comparable to current levels during that period. A three-year rate moratorium will allow time for many of the organizational changes to take place and the majority of the synergies to be achieved before the Board is faced with evaluating a test year filed in a base rate case for reasonableness. For all these reasons, I recommend that the merger be conditioned upon a requirement for a three-year base rate moratorium.

Q. Would ACE will still be able to increase its revenues if the Board approved a base rate moratorium?

A. Yes, it would. I recommend that the three-year rate moratorium apply only to base distribution rates. However, in addition to base distribution rates, ACE receives revenues from a variety of surcharge and clause mechanisms, most of which have an annual true-up feature. Approximately 25% of ACE's total revenues relate to base distribution rates. Thus, even if the Board approves a three-year base rate moratorium, ACE would still have the ability to change rates for approximately 75% of its revenue stream.

Q. Please summarize your testimony regarding synergy savings.

A. The Company's synergy savings study should be used as the starting point for quantifying the benefits of the merger that should be shared with New Jersey ratepayers. Shareholders of both Exelon and PHI will benefit tremendously from this merger and these benefits should be considered by the Board when it is determining the conditions to impose on the merger.

I recommend that the Board approve a ratepayer benefit in the range of $90.2 million to $282 million. All ratepayers should receive a bill credit of $100.00. The manner in which additional amounts are returned to ratepayers will depend upon the total amount approved by the Board but may include reductions to deferred balances, financing of energy efficiency projects, low-income assistance, or funding of other programs. In addition, I recommend that the Board condition approval of the merger on a three-year base rate moratorium. These recommendations will help to ensure that New Jersey ratepayers receive a reasonable benefit from the proposed transaction.

E. <u>Consolidated Income Taxes</u>

Q. What are the Joint Petitioners requesting with regard to consolidated income taxes?

A. As stated on page 14 of Mr. Khouzami's testimony, "the Joint Petitioners have expressly requested a determination by the Board that a consolidated tax adjustment not be made in the future base rate cases of ACE should the Merger be approved."

Q. What is a consolidated tax adjustment?

A. Many companies do not file income taxes on a stand-alone basis, but rather file as part of a consolidated income tax group. Both Exelon and PHI currently file income taxes on a consolidated basis, i.e., the companies owned by Exelon and PHI respectively file a consolidated federal income tax return with the Internal Revenue Service ("IRS") that calculates an overall tax liability for the group. The filing of a consolidated income tax return allows the taxable income of group members with positive income to be offset by tax losses incurred by other members of the group. In this way, the overall tax liability for the group is lower than it would otherwise be.

In New Jersey, both the Board and the New Jersey courts have found that the benefits of filing a consolidated income tax return should be shared with a utility's ratepayers. Utility rates include a federal income tax expense at the statutory income tax rate. Therefore, if a consolidated income tax adjustment is not made, ratepayers will have paid more in federal income taxes than their reasonable share of the consolidated income tax liability. The consolidated income tax adjustment is the mechanism whereby the revenue requirement associated with the federal income tax liability at the statutory rate is adjusted in order to reflect the sharing of the consolidated income benefit with ratepayers. As noted in its Decision in the 1991 Jersey Central Power and Light Company ("JCP&L") base rate case (BPU Docket No. ER91121820J), dated June 15, 1993, at pages 7-8, the BPU held that:

> The Board believes that it is appropriate to reflect a consolidated tax savings adjustment where, as here, there has been a tax savings as a result of filing a consolidated tax return. Income from utility operations provides the ability to produce tax savings for the entire GPU system because utility income is offset by the annual losses of the other subsidiaries. Therefore, the ratepayers who produce the income that provides the tax benefits should share in those benefits. The Appellate Division has repeatedly affirmed the Board's policy of requiring utility rates to reflect consolidated tax savings and the IRS has acknowledged that consolidated tax adjustments can be made and there are no regulations which prohibit such an adjustment.

In the Board's Final Order, dated May 14, 2004, in the 2002 JCP&L base rate case, Docket No. ER02080506, page 45, it stated:

> As a result of making a consolidated tax filing during the years 1991-1999, GPU, JCP&L's parent company during that time period, as a whole paid less federal income taxes than it would have if each subsidiary filed separately, thus producing a tax savings. The law and Board policy are well-settled that consolidated tax savings are to be shared with customers.

Q. Do the Joint Petitioners acknowledge that the Board has a policy of implementing a consolidated income adjustment for utilities that participate in filing a consolidated income tax return?

A. Yes, it does. On page 14 of Mr. Khouzami's testimony, he notes that "[t]he Joint Petitioners acknowledge that the Board has a current practice of imposing consolidated income tax adjustments in base rate proceedings to reflect the purported benefits of participation by utilities in the consolidated federal income tax filings of their parent companies."

Q. How does the Board quantify consolidated income tax adjustments?

A. The Board has adopted what is traditionally referred to as the "Rate Base Method." With the Rate Base method, the cumulative tax benefits are allocated among all entities in the consolidated income tax group that have cumulative positive taxable income, based on each entity's share of the total cumulative positive taxable income. The amount of the cumulative tax benefits allocated to the utility are then reflected as a reduction to rate base. This method does not directly reduce the income tax expense included in a utility's revenue requirement, but rather provides for the treatment of these accumulated benefits as cost-free capital, similar to a loan made by the utility to other members of the consolidated income tax group.

Q. What is the basis for the Joint Petitioners' proposal that if the merger is approved, the Board should no longer apply a consolidated income tax adjustment in ACE base rate cases?

A. Mr. Khouzami links this request to the Joint Petitioners' Ring Fencing proposal. Specifically, he states on page 14 that "[g]iven the suite of ring-fencing measures...ACE and the PHI Utilities will be insulated from the results of the unregulated business operations of Exelon." Mr. Khouzami goes on to state on page 15 of his testimony that it would be unfair to confer benefits upon the ratepayers of ACE since they are not bearing the risks associated with the unregulated operations.

Q. Does the ring fencing proposal provide a rationale for the Board to terminate the application of a consolidated income tax adjustment?

A. No, it does not, for several reasons. First, the consolidated income tax adjustment was never intended to compensate ratepayers for risks in unregulated operations. Consolidated tax adjustments have never imputed non-regulated transactions to the utility. Such adjustments simply recognize the benefits accruing to each group member, including the utility, as a result of participating in a consolidated return. The tax savings enjoyed by the consolidated group, including the regulated entity, is being allocated among the companies with positive taxable income. The net operating losses of consolidated group members have value only because they can be used to offset positive taxable income of other group members. Thus, it is the positive taxable income of ACE, and other consolidated group members, that give the net operating losses their value and result in the consolidated income tax savings. The consolidated income tax adjustment does not attempt to transfer to ratepayers the tax benefit of any unregulated entity; it simply recognizes that the filing of a consolidated tax return results in a collective benefit to all members of the consolidated income tax group, and that a portion of that benefit should be allocated to ACE and its ratepayers.

Second, the consolidated income tax methodology used by the Board does not distinguish between losses of regulated and non-regulated entities. All tax losses incurred by companies with cumulative tax losses are considered, and the benefits of these losses are allocated to all companies with positive taxable income. Based on the methodology traditionally used by the Board, the percentage of the tax benefits allocated to ACE is approximately 26.6%. This percentage would likely decline significantly post-merger, given the larger size of Exelon's consolidated income tax group.

Once the parent company decided that a consolidated income tax return would be filed, all members of the consolidated group became individually responsible for the entire annual tax liability. Therefore, it is entirely reasonable for the Board to recognize that the consolidated group results in a lower effective tax rate for ACE. Moreover, the methodology adopted in New Jersey, i.e., calculating a rate base offset for the cost-free capital provided by the consolidated income tax filing, means that ratepayers are only benefiting by earning a carrying charge on the excess taxes reflected in rates. Even under the BPU-approved methodology, ratepayers are not compensated for the actual excess of income taxes that they pay in rates relative to the Company's allocated share of the actual taxes paid.

Second, the ring fencing proposal is designed to protect the utility's credit rating, not its income tax liability. As discussed more fully in the testimony of Mr. Kahal, the ring fencing proposal is similar to the one utilized when Exelon acquired BGE. It is intended to provide credit insulation of utility operations so that the financing costs of the utility will not be impacted by fluctuations in the more volatile unregulated sectors of the business. The ring fencing proposal is not intended to provide insulation regarding income tax issues.

Third, as acknowledged by the Joint Petitioners, the ring fencing proposal does not impact tax liability. As noted in the response to RCR-CTA-5, "[t]he proposed ring-fencing has no impact on the tax liability of either the consolidated income tax group or the individual members of the consolidated income tax group." In fact, not only did the Joint

Petitioners acknowledge that the ring fencing proposal does not impact on the group's tax liability, but they also affirmed that they would implement ring fencing regardless of the Board's decision on consolidated income taxes. There is simply no relationship between the consolidated income tax adjustment and the Joint Petitioners' ring fencing proposal. Any attempt to link the two should be soundly rejected by the Board.

Q. Has the BPU initiated a generic proceeding to investigate the issue of consolidated income tax adjustments?

A. Yes, it has. The BPU issued an order on January 23, 2013 in BPU Docket No. EO12121072, establishing a generic proceeding on the issue of consolidated income taxes. In that proceeding, the BPU received several rounds of comments from various parties. In addition, it has received historical financial and tax data from the New Jersey utilities. Rate Counsel has filed comments in that proceeding and I incorporate those comments by reference here. In the Order establishing the Generic proceeding, the BPU stated that "until such time as the Board makes a final determination on the consolidated tax adjustment issues, the current consolidated tax savings policy shall apply."

Q. Can you very briefly summarize the comments that have been filed by Rate Counsel in the Board's Generic proceeding.

A. Rate Counsel stated that it is settled law in New Jersey that income tax savings derived from filing a consolidated tax return must be shared with the utility ratepayers who pay income tax expense through their utility rates.

In addition, Rate Counsel noted that the consolidated income tax adjustment also represents sound ratemaking policy and noted that without a consolidated tax adjustment, ratepayers would be paying for fictitious expenses that the holding company would retain as excess profits, which would be unreasonable and contrary to the Board's statutory mandate to set just and reasonable rates. Rate Counsel recommended that if the Board determines that its current methodology for determining a consolidated income tax adjustment should be revised, then it should utilize a period of twenty-years to determine the adjustment.[9] This is the period of time during which tax losses can be carried forward. Rate Counsel also pointed that the current methodology already results in a significant sharing between ratepayers and shareholders. If the Board finds that a further sharing is required, then Rate Counsel recommended that at least 50% of the calculated benefit be allocated to ratepayers.

Q. Did the Board subsequently issue an order in the generic proceeding?

A. Yes, on October 22, 2014, the Board issued an order in the generic proceeding. In its order, the Board reaffirmed that it would continue to reflect a consolidated income tax adjustment in utility base rate filings based on the Rate Base Methodology. It did adopt certain changes to the mechanics of the calculation, which are the subject of an appeal that was subsequently filed by Rate Counsel .[10]

[9] The current methodology is based on cumulative losses from 1991.
[10] Rate Counsel filed an appeal of the Board's order on November 3, 2014.

Q. Do the mechanics of the calculation ultimately adopted by the Board impact on your recommendation that the Board should continue to apply a consolidated income tax adjustment in ACE base rate case proceedings?

A. No. Regardless of the specific consolidated income tax methodology that is ultimately adopted, the consolidated income tax adjustment should be applied to ACE as well as to other New Jersey utilities. There is no reason to treat ACE differently from other companies. As noted earlier, the ring fencing provisions proposed by Exelon do not affect the consolidated group's income tax liability and should not impact on the Board's application of a consolidated income tax adjustment for ACE.

Q. Please summarize your recommendation on consolidated income taxes.

A. The BPU has a long-standing policy on consolidated income tax adjustments. Any findings made by the Board in the generic docket should apply to ACE. Thus, the Board should reject the Joint Petitioners' position that the ring fencing proposal should eliminate the need for a consolidated tax adjustment in future ACE base rate case proceedings.

Q. Does this conclude your testimony?

A. Yes, it does.

APPENDIX A

QUALIFICATIONS OF

ANDREA C. CRANE

The Columbia Group, Inc., Testimonies of Andrea C. Crane

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Public Service Electric and Gas Co.	E/G	New Jersey	EO14080897	11/14	Energy Efficiency Program Extension II	Division of Rate Counsel
Black Hills/Kansas Gas Utility Company	G	Kansas	14-BHCG-502-RTS	9/14	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	14-00158-UT	9/14	Renewable Energy Rider	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	13-00390-UT	8/14	Abandonment of San Juan Units 2 and 3	Office of Attorney General
Atmos Energy Company	G	Kansas	14-ATMG-320-RTS	5/14	Revenue Requirements	Citizens' Utility Ratepayer Board
Rockland Electric Company	E	New Jersey	ER13111135	5/14	Revenue Requirements	Division of Rate Counsel
Kansas City Power and Light Company	E	Kansas	14-KCPE-272-RTS	4/14	Abbreviated Rate Filing	Citizens' Utility Ratepayer Board
Comcast Cable Communications	C	New Jersey	CR13100885-906	3/14	Cable Rates	Division of Rate Counsel
New Mexico Gas Company	G	New Mexico	13-00231-UT	2/14	Merger Policy	Office of Attorney General
Water Service Corporation (Kentucky)	W	Kentucky	2013-00237	2/14	Revenue Requirements	Office of Attorney General
Oneok, Inc. and Kansas Gas Service	G	Kansas	14-KGSG-100-MIS	12/13	Plan of Reorganization	Citizens' Utility Ratepayer Board
Public Service Electric & Gas Company	E/G	New Jersey	EO13020155 GO13020156	10/13	Energy Strong Program	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	12-00350-UT	8/13	Cost of Capital, RPS Rider, Gain on Sale, Allocations	New Mexico Office of Attorney General
Westar Energy, Inc.	E	Kansas	13-WSEE-629-RTS	8/13	Abbreviated Rate Filing	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	E	Delaware	13-115	8/13	Revenue Requirements	Division of the Public Advocate
Mid-Kansas Electric Company (Southern Pioneer)	E	Kansas	13-MKEE-447-MIS	8/13	Abbreviated Rate Filing	Citizens' Utility Ratepayer Board
Jersey Central Power & Light Company	E	New Jersey	ER12111052	6/13	Reliability Cost Recovery Consolidated Income Taxes	Division of Rate Counsel
Mid-Kansas Electric Company	E	Kansas	13-MKEE-447-MIS	5/13	Transfer of Certificate Regulatory Policy	Citizens' Utility Ratepayer Board
Mid-Kansas Electric Company (Southern Pioneer)	E	Kansas	13-MKEE-452-MIS	5/13	Formula Rates	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	12-450F	3/13	Gas Sales Rates	Attorney General
Public Service Electric and Gas Co.	E	New Jersey	EO12080721	1/13	Solar 4 All - Extension Program	Division of Rate Counsel
Public Service Electric and Gas Co.	E	New Jersey	EO12080726	1/13	Solar Loan III Program	Division of Rate Counsel
Lane Scott Electric Cooperative	E	Kansas	12-MKEE-410-RTS	11/12	Acquisition Premium, Policy Issues	Citizens' Utility Ratepayer Board
Kansas Gas Service	G	Kansas	12-KGSG-835-RTS	9/12	Revenue Requirements	Citizens' Utility Ratepayer Board
Kansas City Power and Light Company	E	Kansas	12-KCPE-764-RTS	8/12	Revenue Requirements	Citizens' Utility

Company	Utility	State	Docket	Date	Topic	On Behalf Of
						Ratepayer Board
Woonsocket Water Division	W	Rhode Island	4320	7/12	Revenue Requirements	Division of Public Utilities and Carriers
Atmos Energy Company	G	Kansas	12-ATMG-564-RTS	6/12	Revenue Requirements	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	E	Delaware	110258	5/12	Cost of Capital	Division of the Public Advocate
Mid-Kansas Electric Company (Western)	E	Kansas	12-MKEE-491-RTS	5/12	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Atlantic City Electric Company	E	New Jersey	ER11080469	4/12	Revenue Requirements	Division of Rate Counsel
Mid-Kansas Electric Company (Southern Pioneer)	E	Kansas	12-MKEE-380-RTS	4/12	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	11-381F	2/12	Gas Cost Rates	Division of the Public Advocate
Atlantic City Electric Company	E	New Jersey	EO11110650	2/12	Infrastructure Investment Program (IIP-2)	Division of Rate Counsel
Chesapeake Utilities Corporation	G	Delaware	11-384F	2/12	Gas Service Rates	Division of the Public Advocate
New Jersey American Water Co.	W/WW	New Jersey	WR11070460	1/12	Consolidated Income Taxes Cash Working Capital	Division of Rate Counsel
Westar Energy, Inc.	E	Kansas	12-WSEE-112-RTS	1/12	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Puget Sound Energy, Inc.	E/G	Washington	UE-111048 UG-111049	12/11	Conservation Incentive Program and Others	Public Counsel
Puget Sound Energy, Inc.	G	Washington	UG-110723	10/11	Pipeline Replacement Tracker	Public Counsel
Empire District Electric Company	E	Kansas	11-EPDE-856-RTS	10/11	Revenue Requirements	Citizens' Utility Ratepayer Board
Comcast Cable	C	New Jersey	CR11030116-117	9/11	Forms 1240 and 1205	Division of Rate Counsel
Artesian Water Company	W	Delaware	11-207	9/11	Revenue Requirements Cost of Capital	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	10-KCPE-415-RTS (Remand)	7/11	Rate Case Costs	Citizens' Utility Ratepayer Board
Midwest Energy, Inc.	G	Kansas	11-MDWE-609-RTS	7/11	Revenue Requirements	Citizens' Utility Ratepayer Board
Kansas City Power & Light Company	E	Kansas	11-KCPE-581-PRE	6/11	Pre-Determination of Ratemaking Principles	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	10-421	5/11	Revenue Requirements Cost of Capital	Division of the Public Advocate
Mid-Kansas Electric Company	E	Kansas	11-MKEE-439-RTS	4/11	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
South Jersey Gas Company	G	New Jersey	GR10060378-79	3/11	BGSS / CIP	Division of Rate Counsel
Chesapeake Utilities Corporation	G	Delaware	10-296F	3/11	Gas Service Rates	Division of the Public Advocate

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Westar Energy, Inc.	E	Kansas	11-WSEE-377-PRE	2/11	Pre-Determination of Wind Investment	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	10-295F	2/11	Gas Cost Rates	Attorney General
Delmarva Power and Light Company	G	Delaware	10-237	10/10	Revenue Requirements Cost of Capital	Division of the Public Advocate
Pawtucket Water Supply Board	W	Rhode Island	4171	7/10	Revenue Requirements	Division of Public Utilities and Carriers
New Jersey Natural Gas Company	G	New Jersey	GR10030225	7/10	RGGI Programs and Cost Recovery	Division of Rate Counsel
Kansas City Power & Light Company	E	Kansas	10-KCPE-415-RTS	6/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Atmos Energy Corp.	G	Kansas	10-ATMG-495-RTS	6/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	10-EPDE-314-RTS	3/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	E	Delaware	09-414 and 09-276T	2/10	Cost of Capital Rate Design Policy Issues	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	09-385F	2/10	Gas Cost Rates	Division of the Public Advocate
Chesapeake Utilities Corporation	G	Delaware	09-398F	1/10	Gas Service Rates	Division of the Public Advocate
Public Service Electric and Gas Company	E	New Jersey	ER09020113	11/09	Societal Benefit Charge Non-Utility Generation Charge	Division of Rate Counsel
Delmarva Power and Light Company	G	Delaware	09-277T	11/09	Rate Design	Division of the Public Advocate
Public Service Electric and Gas Company	E/G	New Jersey	GR09050422	11/09	Revenue Requirements	Division of Rate Counsel
Mid-Kansas Electric Company	E	Kansas	09-MKEE-969-RTS	10/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Westar Energy, Inc.	E	Kansas	09-WSEE-925-RTS	9/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Jersey Central Power and Light Co.	E	New Jersey	EO08050326 EO08080542	8/09	Demand Response Programs	Division of Rate Counsel
Public Service Electric and Gas Company	E	New Jersey	EO09030249	7/09	Solar Loan II Program	Division of Rate Counsel
Midwest Energy, Inc.	E	Kansas	09-MDWE-792-RTS	7/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Westar Energy and KG&E	E	Kansas	09-WSEE-641-GIE	6/09	Rate Consolidation	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	09-60	6/09	Cost of Capital	Division of the Public Advocate
Rockland Electric Company	E	New Jersey	GO09020097	6/09	SREC-Based Financing Program	Division of Rate Counsel
Tidewater Utilities, Inc.	W	Delaware	09-29	6/09	Revenue Requirements Cost of Capital	Division of the Public Advocate

Company	Utility	State	Docket	Date	Topic	On Behalf Of
Chesapeake Utilities Corporation	G	Delaware	08-269F	3/09	Gas Service Rates	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	08-266F	2/09	Gas Cost Rates	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	09-KCPE-246-RTS	2/09	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Jersey Central Power and Light Co.	E	New Jersey	EO08090840	1/09	Solar Financing Program	Division of Rate Counsel
Atlantic City Electric Company	E	New Jersey	EO06100744 EO08100875	1/09	Solar Financing Program	Division of Rate Counsel
West Virginia-American Water Company	W	West Virginia	08-0900-W-42T	11/08	Revenue Requirements	The Consumer Advocate Division of the PSC
Westar Energy, Inc.	E	Kansas	08-WSEE-1041-RTS	9/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Artesian Water Company	W	Delaware	08-96	9/08	Cost of Capital, Revenue, New Headquarters	Division of the Public Advocate
Comcast Cable	C	New Jersey	CR08020113	9/08	Form 1205 Equipment & Installation Rates	Division of Rate Counsel
Pawtucket Water Supply Board	W	Rhode Island	3945	7/08	Revenue Requirements	Division of Public Utilities and Carriers
New Jersey American Water Co.	W/WW	New Jersey	WR08010020	7/08	Consolidated Income Taxes	Division of Rate Counsel
New Jersey Natural Gas Company	G	New Jersey	GR07110889	5/08	Revenue Requirements	Division of Rate Counsel
Kansas Electric Power Cooperative, Inc.	E	Kansas	08-KEPE-597-RTS	5/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Company	E	New Jersey	EX02060363 EA02060366	5/08	Deferred Balances Audit	Division of Rate Counsel
Cablevision Systems Corporation	C	New Jersey	CR07110894, et al..	5/08	Forms 1240 and 1205	Division of Rate Counsel
Midwest Energy, Inc.	E	Kansas	08-MDWE-594-RTS	5/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	07-246F	4/08	Gas Service Rates	Division of the Public Advocate
Comcast Cable	C	New Jersey	CR07100717-946	3/08	Form 1240	Division of Rate Counsel
Generic Commission Investigation	G	New Mexico	07-00340-UT	3/08	Weather Normalization	New Mexico Office of Attorney General
Southwestern Public Service Company	E	New Mexico	07-00319-UT	3/08	Revenue Requirements Cost of Capital	New Mexico Office of Attorney General
Delmarva Power and Light Company	G	Delaware	07-239F	2/08	Gas Cost Rates	Division of the Public Advocate
Atmos Energy Corp.	G	Kansas	08-ATMG-280-RTS	1/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board