BEFORE THE STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF INCREASED BASE TARIFF RATES AND CHARGES FOR GAS SERVICE AND OTHER TARIFF REVISIONS	**BPU DOCKET NO. GR03080683** **OAL DOCKET NO. PUCRL 06695-2003S**
IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO IMPLEMENT CERTAIN PROVISIONS OF ITS RATE UNBUNDLING STIPULATION	**BPU DOCKET NO. GR00050295** **OAL DOCKET NO. PUCRL 08532-2003S**

DIRECT TESTIMONY AND EXHIBITS OF BRIAN KALCIC
ON BEHALF OF THE
NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE

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Q. Please state your name and business address.

A. Brian Kalcic, 225 S. Meramec Avenue, St. Louis, Missouri 63105.

Q. What is your occupation?

A. I am an economist and consultant in the field of public utility regulation, and principal of Excel Consulting. My qualifications are described in the Appendix to this testimony.

Q. On whose behalf are you testifying in this case?

A. I am testifying on behalf of the New Jersey Division of the Ratepayer Advocate ("Ratepayer Advocate").

Q. What is the subject of your testimony?

A. I have been retained by the Ratepayer Advocate to evaluate the class cost-of-service studies and rate design proposals sponsored by South Jersey Gas Company ("SJG" or "Company"), and to derive an appropriate rate design that reflects the Ratepayer Advocate's recommended revenue adjustment in this proceeding.

In addition, I will address certain tariff issues raised in the direct testimony of Company witness Samuel A. Pignatelli.

Q. Please summarize your recommendations.

A. Based upon my analysis of the Company's base rate filing and existing rate structure, I recommend that Your Honor and the New Jersey Board of Public Utilities ("Board" or "BPU"):

- approve the Ratepayer Advocate's recommended class revenue distribution and rate design which reflects an overall increase of $3.486 million (excluding SUT) in base revenues;[1]

- consider requiring the Company to modify its current Economic Development Rate Clause – Rider C consistent with ongoing Smart Growth initiatives, rather than withdrawing this tariff provision as proposed by the Company;

- reject the Company's proposal to expand the availability of its Firm Electric Service ("FES") rate to include an affiliate of Atlantic City Electric Company which owns electric generating capacity;

- reject the Company's proposal to implement mandatory Monthly BGSS pricing for additional customers; and

- adopt the Ratepayer Advocate's recommendations with respect to the level of Miscellaneous Service Charges.

The specific details associated with the above recommendations are discussed below.

<u>Cost of Service</u>

[1] The Ratepayer Advocate's recommended revenue adjustment is presented in the testimony of Mr. David E. Peterson.

Q. Mr. Kalcic, what type of cost-of-service analysis did the Company submit in this proceeding?

A. Company witness Daniel P. Yardley prepared three (3) fully allocated cost-of-service studies ("COSS"). The distinguishing characteristic of each cost study is the methodology employed to allocate the costs associated with distribution mains. As explained by Mr. Yardley, the Company's primary or Base Case cost study splits distribution mains into demand- and customer-related components, with SJG employing a design day (coincident peak) demand allocator to assign the demand-related costs to rate classes.

In addition to its primary cost-of-service methodology, the Company performed two other cost studies labeled Alternate Cases 1 and 2. In Alternate Case 1, the customer-component of distribution mains was eliminated, and mains were allocated on a 100% demand basis using the design day demand allocator mentioned previously. In Alternate Case 2, the customer component was unchanged and the Peak and Average ("P&A") demand allocator was substituted for the design day allocator in the Company's Base Case study.

While the results of the three cost studies differ, Mr. Yardley concludes that all three cost methodologies support the conclusion that it is appropriate to assign non-uniform rate increases to customer classes in this proceeding.

Q. Are the firm rate classes that appear in the Company's COSS the same as those contained in SJG's current tariff?

A. No. As part of this proceeding, the Company is proposing to split its existing General Service ("GSG") rate schedule into two (2) separate classes. General service customers with a minimum annualized average use 27 Mcf per day (or 100,000 therms per year) would be segregated on a new General Service – Large Volume ("GSG-LV") rate schedule.[2] All other general service customers would remain on the Company's existing GSG rate schedule. Accordingly, the Company's filed cost studies include separate GSG and GSG-LV rate classes.

Q. What is your recommendation with respect to the Company's proposal to split the current GSG rate class?

A. I do not oppose, in principle, the Company's proposal to create a new GSG-LV rate class. However, as discussed below, I do take issue with certain aspects of the Company's proposed GSG-LV rate design.

Q. Mr. Kalcic, have you reviewed the various COSS methodologies and results presented by the Company in this proceeding?

A. Yes, I have.

[2] Per SJG's 9+3 update, there are 167 out of a total of 21,118 general service customers who would be segregated on GSG-LV.

Q. Do you recommend that any changes in such methodologies be incorporated at this time?

A. No. While I do not endorse any of the specific cost-of-service runs presented by the Company, I note that SJG's cost-of-service results are employed only as a general guide in the development of its class revenue distribution. In addition, the Company does not place strict reliance on any *one* cost methodology when developing its proposed rate design. As such, I have chosen not to engage in debate over alternative cost of service methodologies in this case.

<u>Class Revenue Distribution / Rate Design</u>

Q. Mr. Kalcic, how does SJG propose to recover its requested base revenue increase of $49.7 million (before SUT) from ratepayers?

A. Schedule BK-1 summarizes the Company's proposed increases in class delivery revenues.[3] On a delivery revenue basis, Schedule BK-1 shows that only two firm service classes would receive a base rate increase under the Company's proposal. Specifically, residential customers on Rate RSG would receive an average increase of 45.6% (line 1). Smaller commercial customers remaining on Rate GSG would receive a system average increase of 39.3% (line 2). In addition, the Company proposes to collect approximately

[3] As SJG has not yet updated its rate structure proposals, Schedule BK-1 reflects the Company's original (i.e., 3+9) filing.

$301,000 of its requested revenue adjustment from a 16.3% average increase to Miscellaneous Service charges (per line 11).

Q. Are the revenues provided by special contract customers (line 9) subject to change in this proceeding?

A. No. It is my understanding that the Company's special contract rates were previously approved by the BPU on a case-by-case basis, and are not subject to adjustment in this proceeding.

Q. How did SJG arrive at the proposed revenue distribution shown in Schedule BK-1?

A. As discussed on page 22 of his direct testimony, Mr. Yardley indicates that the Company's COSS results were employed as a general guide to develop individual class revenue requirement targets. Specifically, Mr. Yardley states that the Company sought to move the residential class towards its claimed system average rate of return of 9.14%, but in a manner which moderated the impact of its overall requested increase on residential customers. To that end, SJG's class revenue distribution proposal reflects: 1) a proposed system average increase to Rate GSG; and 2) no decrease in the revenue requirement of any rate class deemed to be over-contributing.

Stated differently, the Company's proposed residential rate adjustment is equal to the residual increase necessary to obtain its overall requested revenue requirement, given the proposed increases to Rate GSG and miscellaneous service charges.

Q. Do you believe that SJG's proposed revenue distribution provides an appropriate balance between the traditional goals of moving rate classes toward cost of service and gradualism?

A. Yes, I do. For example, the residential class would receive an increase of 1.16 times the Company's requested system average increase in delivery revenues. This result would move the class toward cost without causing undue customer impacts. At the same time, no class would experience a base revenue decrease under the Company's proposal. This outcome is also appropriate since implementing a rate decrease would necessitate that other classes absorb an aggregate increase in excess of the total amount awarded the Company.

While I conclude that the Company's proposed class revenue distribution is reasonable, I wish to make clear that the Ratepayer Advocate is not endorsing the *level* of SJG's requested increase, only the *relative* spread of any awarded revenue adjustment to rate classes.

Q. Have you utilized the Company's proposed relative class increases shown in Schedule BK-1 to apportion the Ratepayer Advocate's recommended revenue adjustment in this proceeding?

A. Yes, I have. My recommended class revenue distribution is shown in Schedule BK-2. As shown in column 5 of Schedules BK-1 and BK-2, the relative class increases are virtually the same under the two proposals.

Q. Does the Ratepayer Advocate intend to revise its recommended revenue requirement position based on the Company's 12+0 update?

A. Yes. Accordingly, the recommended revenue distribution and rate design submitted with my direct testimony should be considered illustrative in nature. The above will be revised to comport with the Ratepayer Advocate's final (12+0) revenue requirement position in accordance with the approved schedule in this proceeding.

Q. Why does the total delivery revenue increase of $3.48 million shown in Schedule BK-2 differ from Mr. Peterson's recommended base revenue adjustment of $3.69 million?

A. As in the Company's presentation, Mr. Peterson's total recommended adjustment includes the revenue effect associated with New Jersey's Sales and Use Tax ("SUT"). However, the delivery revenues reported in Schedules BK-1 and BK-2 exclude all SUT.

To be consistent, the SUT portion of Mr. Peterson's total recommended revenue adjustment has been removed from Schedule BK-2.[4]

Q. Mr. Kalcic, have you designed a set of rates to implement your recommended revenue distribution?

A. Yes, I have.

Q. What is the total level of pro-forma delivery revenues utilized in your recommended rate design?

A. The starting point for my recommended rate design is $127.9 million in pro-forma revenues at current rates as shown on line 12 of Schedule BK-2. This total corresponds to the 9+3 update to SJG's pro-forma revenue position, which was utilized by Mr. Peterson to develop the Ratepayer Advocate's recommended 9+3 revenue adjustment.

Q. What is shown in Schedule BK-3?

A. Schedule BK-3 shows my recommended rate design and proof of revenue, following the same general format of Exhibit DPY-6.

Q. Mr. Kalcic, what is the source of the class billing determinants shown in Schedule BK-3?

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[4] Dividing $3.69 million by 1.06 results in the $3.48 million shown in Schedule BK-2.

A. The class billing determinants shown in Schedule BK-3 were provided in the Company's response to RAR-RD-54.

Q. How did you determine your recommended charges for Rate RSG shown on page 1 of Schedule BK-3?

A. SJG proposed a $3.00 or 41.4% increase in the residential customer charge, from $7.25 to $10.25 per month. I recommend no increase to the RSG customer charge, with the targeted residential increase instead recovered from an approximate 4.5% increase in the Rate RSG delivery charge.

Compared to the Company's proposal, my recommended rate design will enable residential customers to retain more control over the size of their monthly bills. In addition, due to the modest size of the Ratepayer Advocate's overall recommended residential increase, collecting 100% of the RSG increase in the delivery charge will not cause larger than average residential customers to experience unreasonable bill impacts.[5]

Q. How did you develop your recommended charges for Rate GSG, i.e., general service customers using less than 100,000 therms per year?

A. Unlike Rate RSG, the current GSG rate schedule contains a declining block volumetric delivery charge. SJG is proposing to eliminate the declining block and implement a flat

[5] By definition, no Rate RSG bill impacts can exceed 4.5% i.e., the increase assigned to the RSG delivery charge. This result compares favorably with the Ratepayer Advocate's recommended overall class increase of 3.2%.

volumetric charge. The Ratepayer Advocate supports this proposal, as it should provide smaller commercial customers with a greater incentive to conserve.

However, the implementation of a flat volumetric rate introduces intra-class rate impacts. In order to balance the intra-class rate impacts associated with replacing SJG's present declining-block volumetric charges with a flat rate volumetric charge, I recommend increasing the GSG customer charge from $15.00 to $18.75 per month, or 25%. My recommended GSG delivery charge is $0.1823 per therm. This rate entails a decrease of 33% and 6%, respectively, in the (former) first and second rate blocks, while it would increase the (former) third rate block by 33%.

Q. Please discuss how you developed your recommended rate design for the proposed Rate GSG-LV service class.

A. Like the Company, my recommended Rate GSG-LV rate design contains a customer charge and a flat-rate volumetric charge, but *no* demand charge. Still, the flat-rate volumetric charge would represent a new rate design element for these customers and would therefore introduce intra-class rate impacts, despite the fact that the total revenue requirement target of the class would be unchanged.[6]

In order to mitigate intra-class bill impacts and yet properly differentiate between the GSG and GSG-LV rate schedules, I increased the GSG-LV customer charge from $15 to $200, and set the delivery charge at the residual level (i.e., $0.1605 per therm) necessary to leave total class revenues unchanged. As in the case of Rate GSG, flattening the delivery charge results in an increase in the (former) third rate block which should provide all GSG-LV commercial customers with a greater incentive to conserve.[7]

Q. Why did you decline to adopt the Company's proposal to implement a demand charge for GSG-LV customers?

A. Upon examining the Company's proposed rate structure in detail, I concluded that the implementation of *both* a demand charge and a flat rate delivery charge would introduce too many new rate design elements at one time, and cause undue rate impacts within the GSG-LV class. On the other hand, I believe the rate impacts caused by the introduction of a flat rate delivery charge would be manageable in this case.

Q. How do the Rate GSG-LV bill impacts compare under the Company versus Ratepayer Advocate rate designs?

A. Under the Company's proposal, I found that GSG-LV customers would experience base rate bill impacts ranging from –24% to +78%. In contrast, my recommended rate design would limit bill impacts to between –8% and +9%. Also, keep in mind that the contrast in the above results are independent of the Ratepayer Advocate's lower recommended revenue requirement, as the targeted increase in GSG-LV revenues is zero in both scenarios.

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[6] See line 3 of Schedule BK-2.

Q. Mr. Kalcic, is there any other aspect of the Company's proposed GSG-LV rate schedule that you wish to discuss?

A. Yes. As proposed, all Rate GSG-LV customers who elect sales service would be subject to Monthly BGSS Subrider, as shown in SJG's proposed Rider A. Currently, all such customers using less than 250,000 therms per year are subject to Periodic BGSS pricing. In other words, SJG's proposal to split the current GSG rate class into two separate rate schedules also entails a proposal to lower the usage threshold for mandatory monthly BGSS pricing from 250,000 to 100,000 therms per year.

Q. Does the Ratepayer Advocate oppose the mandatory switching of GSG-LV customers to Monthly BGSS service in this base rate proceeding?

A. Yes. Given the proposed changes in Rate GSG-LV rate structure (under either the Company or Ratepayer Advocate rate design), it would not be appropriate to also expose these customers to the pricing volatility that can be associated with Monthly BGSS service at this time. In addition, in order to insure consistency across gas distribution companies with respect to the type/size of customer selected for Monthly BGSS service, the Ratepayer Advocate believes that this issue may be more appropriately addressed in a generic proceeding. In the meantime, all relevant GSG-LV customers should remain eligible for Periodic BGSS service.

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[7] Under the Ratepayer Advocate's GSG-LV rate design, the third rate block (i.e., greater than 15,000 therms per month) would increase 17.6%.

Alternatively, Your Honor and the Board may wish to consider allowing GSG-LV to switch to Monthly BGSS service on a voluntary basis. Such a result would be consistent with the Board's recent decision to allow certain non-residential electric Basic Generation Service ("BGS") customers the option of switching from a fixed-price service to hourly pricing.[8]

Proposed Tariff Changes

Q. Mr. Kalcic, what is the Company's proposal with respect to its Cogeneration Service ("CS") rate schedule?

A. SJG is proposing to withdraw Rate CS, primarily due to the fact that no customers have utilized the rate schedule for several years. However, SJG is proposing to add a new Electric Generation Service ("EGS") rate schedule which would serve customers that might otherwise have utilized Rate CS.

Q. Please describe Rate EGS.

A. The rate schedule would be available to all commercial and industrial electric generation facilities (except electric utilities). Both firm sales service and firm transportation service would be offered. However, customers must exhibit a Firm Daily Contract Demand of less than 200 Mcf per day to qualify for the rate.

[8] See the Board's order in Docket No. EO03050394 issued December 2, 2003.

As filed, the EGS rate schedule contains a customer charge and both demand and volumetric delivery charges. Sales service would be provided via the Company's Monthly BGSS Subrider.

Q. How did the Company develop its proposed Rate EGS charges?

A. The Company assessed the cost of serving EGS loads based on the level of its claimed *system average* costs, as adjusted for certain expected facility configurations (mainly metering) needed to serve potential EGS customers.[9] Mr. Yardley's system-wide unit cost analysis is presented in Exhibit DPY-8. The resulting units costs are subsequently combined with expected EGS load characteristics to arrive at the Company's proposed EGS charges shown in Exhibit DPY-9.

Q. Do you recommend any changes to the Company's EGS rate design analysis?

A. Yes. On pages 1 and 2 of Exhibit DPY-8, the Company has eliminated the production plant and stored natural gas components of rate base from its EGS unit cost analysis. However, these cost components are recovered from base rates and therefore should be recouped from all customers, including prospective EGS customers.

My recommended unit cost analysis is presented in Schedule BK-4. Aside from the incorporating the above changes in methodology, I have adjusted the Company's

[9] SJG states that its proposed EGS charges were developed on a basis consistent with that used to develop a similar tariff for New Jersey Natural Gas that the Board approved in Docket No. GT01070450. See RAR-RD-048.

claimed revenue requirement components to comport with the levels recommended by Ratepayer Advocate witness Peterson.

Q. What are your recommended Rate EGS charges?

A. My recommended charges are shown in Schedule BK-5.

Q. Mr. Kalcic, what is the Company's proposal with respect to its Economic Development Rate Clause ("EDR") – Rider C?

A. SJG is proposing to withdraw Rider C.

Q. What is the Company's rational for withdrawing its EDR?

A. SJG offers no reason other than the fact that it currently has no customers taking service under the EDR.

Q. From the Ratepayer Advocate's perspective, does a lack of current EDR customers provide sufficient reason to withdraw the rider?

A. No. The elimination of the Company's EDR would appear to be inconsistent with New Jersey's on-going Smart Growth initiative, which seeks to enhance economic development within select/targeted areas statewide.

Q. What do you recommend in this area?

A. Your Honor and the Board may wish to consider retaining the Company's EDR, with the rider's applicability terms and language updated so as to promote economic development in the appropriate areas of SJG's service territory.

Q. Mr. Kalcic, what changes does the Company wish to include in the applicable use section of its proposed Firm Electric Service ("FES") rate schedule?

A. The Company seeks to: 1) expand the applicability of Rate FES to include an affiliate of Atlantic City Electric Company ("ACE") which owns electric generating capacity; and 2) require a customer to hold clear and marketable title to gas made available for delivery to the customer before such customer may be eligible for Firm Transportation service.

The Ratepayer Advocate does not take issue with the "marketable title" language.[10] However, the Ratepayer Advocate does oppose making Rate FES, as currently designed, available to an affiliate of ACE.

Q. What rationale does the Company provide for making Rate FES available to an ACE affiliate?

A. The current FES rate is available only to "[a]ll electric utility customer regulated by the Board pursuant to N.J.S.A. 48:2-13 for the generation of electric power." The Company explains that ACE has been the only customer served on the FES rate schedule since its inception. However, in light of electric industry restructuring, SJG believes that affiliates of ACE that own electric generating facilities should be eligible for Rate FES.

Q. Does the Ratepayer Advocate agree?

A. No. In fact, it is precisely due to restructuring that the Ratepayer Advocate opposes the Company's proposed expansion in the availability of Rate FES.

Q. Please explain.

A. In New Jersey's restructured electric environment, electric generators must compete with other suppliers. Competition rather than regulation is to determine the price of generation. However, if competition is to succeed, the emerging generation market must contain a level playing field – one that does not favor one or more participants.

In the Ratepayer Advocate's view, if the current FES rate were made available to unregulated generation owners, it would not promote a level playing field when viewed in conjunction with SJG's new EGS rate proposal.

Q. Mr. Kalcic, must Rates FES and EGS be the *same* in order to promote competition?

A. No. However, I believe that both rate schedules should be developed in a consistent manner before Rate FES is made available to ACE's competitive affiliates, or any other generation owner participating in the competitive electric generation market.

Q. How does the development of Rate FES differ from that of Rate EGS?

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[10] Such language is appropriate and, indeed, already appears in most of the Company's other rate schedules.

A. The developments differ in at least two important respects. First, for pricing sales service, Rate FES has evolved to include the Firm Market Volumetric Charge contained in the Company's Rider B. However, Rate EGS will utilize the BGSS charges shown in Rider A. Second, the base rates contained in the two tariffs are developed in entirely different fashions. Rate FES is structured as "limited firm" service, i.e., not available on the Company's coldest day(s). As a result, FES base rates are not designed to recover *any* portion of SJG's design day related revenue requirement. On the other hand, Rate EGS is designed to contribute toward the recovery of the Company's design day costs. As long as Rate FES is given a "free pass" in this area, the two rate schedules should not be considered competitively neutral.

Q. What is the Ratepayer Advocate's recommendation with respect to Rate FES availability?

A. As long as Rate FES continues in its current form, the Ratepayer Advocate recommends that its availability be unchanged, i.e., restricted to: "All electric utility customers regulated by the Board pursuant to N.J.S.A. 48:2-13 for the generation of electric power."

<u>Other Tariff Issues</u>

Q. Mr. Kalcic, what other topics do you wish to address in your testimony?

A. I will examine the issue of the Capacity Allocation Charge ("CAC") that was originally raised in BPU Docket No. GR00050295, but which has now been consolidated with this base rate proceeding.

Q. Has the Company submitted a CAC proposal in this proceeding?

A. Yes. The Company's current CAC proposal is presented in its response to the following discovery requests: RAR-RD-027 (UPDATED) and NJLEUC-SJG-057 (UPDATED). To date, the Company has not presented any supplemental testimony explaining its current proposal.

Q. Is the Ratepayer Advocate in a position to address the CAC issue at this time?

A. No. The Company's current CAC proposal was not received until January 30, 2004. As a result, the Ratepayer Advocate has not had sufficient time to analyze the proposal or prepare a response. Accordingly, the Ratepayer Advocate will address this issue in supplemental direct testimony that will be provided to all parties as soon as practical.

<u>Miscellaneous Service Charges</u>

Q. What increase is the Company proposing to its turn-on charge?

A. The Company proposes to increase its turn-on charge from $20.00 to $25.00 or 25.0%.

Q. What is the basis for the Company's requested increase?

A. Mr. Pignatelli indicates that SJG performed a transactional cost analysis that produced an average cost per turn-on of $44.53.[11] By increasing its turn-on charge from $20.00 to $25.00, the Company seeks to recover a greater portion of its turn-on costs from those customers who require turn on service.

Q. Do you agree with the Company's cost estimate of $44.53?

A. No. The Company's transactional cost analysis includes *indirect* costs (i.e., supervision and overhead) of $26.34 per hour. If these indirect costs are removed from the analysis, the turn-on charge cost benchmark falls to $28.73.

Q. Do you recommend any changes to SJG's present turn-on charge of $20.00?

A. No. In light of the modest overall increase in base revenues recommended by the Ratepayer Advocate, I recommend that SJG's current turn-on charge remain unchanged. While my proposal would not move the reconnection charge toward cost, I note that any unrecovered turn-on costs would be recouped in my recommended base rates.

Q. Mr. Kalcic, please describe the Company's proposal with respect to its field collection fee?

A. The Company proposes to increase its field collection fee from $12.00 to $20.00 or 66.7%.

Q. How did the Company determine its proposed fee of $20.00?

A. RAR-RD-015 indicates that the transaction cost to the Company per field collection stop is $23.08. However, the Company chose to limit its proposed fee to $20.00 at this time.

Q. Do you agree with the Company's collection cost estimate of $23.08?

A. No. Once again, the Company's transactional cost analysis includes indirect costs of $26.34 per hour. When these indirect costs are removed, the field collection cost benchmark falls to $15.13.

Q. What is your recommendation in this area?

A. Given the revised out-of-pocket cost estimate of $15.13, and in light of the modest overall increase in base revenues recommended by the Ratepayer Advocate, I recommend that the Company's field collection fee remain at the current level of $12.00.

Q. What increase is the Company proposing to its returned bank item charge?

A. Based upon its transactional cost estimate of $22.63 per returned check, the Company proposes to increase its return check charge from $18.00 to $20.00 or 11.1%.

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[11] See SJG's response to RAR-RD-015.

Q. Is the Company's returned bank item cost estimate appropriate?

A. No. As before, the Company's transactional cost analysis includes indirect costs of $26.34 per hour. When these indirect costs are removed, the average cost per returned check falls to $16.48.

Q. What is your recommendation with respect to the Company's proposed returned bank item charge?

A. Given that SJG's current returned bank item charge of $18.00 exceeds its direct out-of-pocket costs, I recommend that the current returned check charge remain unchanged.

Q. Does this conclude your direct testimony at this time?

A. Yes.

APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Illinois Benedictine College with a Bachelor of Arts degree in Economics in December, 1974. In May, 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University, including such subjects as Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic joined the firm of Cook, Eisdorfer & Associates, Inc. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice which offers business and regulatory services.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas, and the Bonneville Power Administration.