BEFORE THE CITY OF PHILADELPHIA WATER, SEWER AND STORM WATER RATE BOARD

In the Matter of the Philadelphia Water Department's Proposed Changes in Water, Sewer and Stormwater Rates and Related Charges

For: Fiscal Years 2022-2023

Rebuttal Testimony and Exhibits

of

BILLIE LACONTE

On Behalf of

Philadelphia Large Users Group

April 7, 2021



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GLOSSARY OF ACRONYMS

Term	Definition			
ccoss	Class Cost-of-Service Study			
EPA	Environmental Protection Agency			
FY	Fiscal Year			
GARP	Greened Acre Retrofit Program			
GPM	Gallons Per Minute			
PLUG	Philadelphia Large Users Group			
PWD	Philadelphia Water Department			
Rate Board	City of Philadelphia Water, Sewer and Storm Water Rate Board			
SMIP	Stormwater Management Incentive Program			



REBUTTAL TESTIMONY OF BILLIE S. LACONTE

1	<u>Intro</u>	duction, Qualifications and Summary
2	Q	PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
3	Α	My name is Billie LaConte. My business address is 12647 Olive Blvd., Suite 585, St.
4		Louis, Missouri 63141.
5	Q	WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?
6	Α	I am an energy advisor and Associate at J. Pollock, Incorporated.
7	Q	PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.
8	Α	I have a Bachelor of Arts degree in Mathematics from Boston University and a Master's
9		degree in Business Administration from Washington University. Since graduating in
10		1995, I have been engaged in a variety of consulting assignments, including energy
11		procurement and regulatory matters in both the United States and several Canadian
12		provinces. More details are provided in Exhibit(BSL-1) . A list of my appearances
13		is provided in Exhibit (BSL-2).
14	Q	ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?
15	Α	I am testifying on behalf of Philadelphia Large Users Group (PLUG). PLUG is an ad
16		hoc group of large volume customers receiving water, sewer, and stormwater service
17		from the Philadelphia Water Department (PWD) under the Industrial and
18		Hospital/University Rate Schedules. PLUG members require substantial volumes of
19		water in their operations, and the proposed rate increase and tariff modifications may



have an adverse impact upon their operations.

1	Q	DID YOU SUBMIT DIRECT TESTIMONY ON BEHALF OF PHILADELPHIA LARGE
2		USERS GROUP IN THIS PROCEEDING?
3	Α	No.
4	Q	WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?
5	Α	I am addressing Public Advocate witness, Jerome D. Mierzwa, on the following
6		subjects:
7		 Class Cost-of-Service Study (CCOSS); and
8 9 10		 The allocation of billing credits associated with the Stormwater Management Incentive Program (SMIP) and Greened Acre Retrofit Program (GARP) grants.
11	Q	ARE YOU ADDRESSING ALL OF THE ISSUES RAISED BY PUBLIC ADVOCATE
12		AND OTHER PARTIES IN THEIR TESTIMONIES?
13	Α	No. However, the fact that I am not addressing every issue should not be interpreted
14		as an endorsement of their proposals in this proceeding.
15		<u>Summary</u>
16	Q	PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.
17	Α	My findings and recommendations are as follows:
18 19 20 21 22 23		 The Public Advocate's CCOSS uses fiscal year (FY) 2019 and FY 2020 usage data, including actual water usage from February 2020 through June 2020. Due to the effects of the pandemic, usage data during this time period is not representative of normal usage. As a result, the allocation factors derived from this data are skewed and do not result in a proper cost allocation.
24 25 26 27		 PWD's CCOSS appropriately derived maximum hour and maximum day extra-capacity factors for each class based off the factors used in PWD's prior rate case filing because they were based on normal usage prior to the pandemic.
28 29		 Mr. Mierzwa's recommended revenue allocation shifts costs to the Public/Private Fire Protection and Wholesale classes, and it only



- addresses the Residential and Senior Citizens rate classes. If the City of Philadelphia Water, Sewer and Storm Water Rate Board (Rate Board) approves Public Advocate's proposed rates for the Public/Private Fire Protection and Wholesale classes, the additional revenue should reduce the rates for all remaining retail rate classes, not just the Residential and Senior Citizens rate classes.
 - The SMIP/GARP programs provide funding for certain customers who
 install stormwater management measures and reduce their stormwater
 runoff. Customers who install the management measures are eligible
 for stormwater billing credits. Mr. Mierzwa recommends that all
 customers receive the stormwater billing credits because the programs
 are funded by all wastewater and stormwater customers.
 - Stormwater management measures benefit all customers by helping PWD meet its stormwater management goals and thereby avoiding fines from the Environmental Protection Agency (EPA). Further, the stormwater credits are properly assigned to customers who install management measures because those customers are responsible for the continued operation of the stormwater management measures and the credits will offset additional maintenance expenses required for upkeep.
 - Therefore, only customers who install stormwater management measures should receive the stormwater billing credits.

Class Cost-of-Service Study

Q WHAT IS A CLASS COST-OF-SERVICE STUDY?

A CCOSS is an analysis used to determine each class's responsibility for a utility's costs. Thus, it determines whether the revenue generated by a class covers the utility's cost of providing service to that class. A CCOSS separates a utility's total costs into portions incurred on behalf of each customer class. Most of a utility's costs are incurred jointly to serve many customers. For purposes of revenue allocation and rate design, customers are grouped into homogenous classes according to their usage patterns and service characteristics.

Q DID PWD SUBMIT CLASS COST-OF-SERVICE STUDIES IN THIS PROCEEDING?

33 A Yes. PWD submitted CCOSSs for the water, wastewater, and stormwater utilities in



PWD Statement No. 7A, Direct Testimony of Black and Veatch. I will address the water CCOSS only. The water CCOSS uses the base-extra capacity method to allocate costs to each rate class. The base-extra capacity methodology is an accepted practice and is described in the American Water Works Association's *Principles of Water Rates, Fees, and Charges,* Manual of Water Supply Practices.¹ This methodology separates costs into four primary cost components: base costs, extracapacity costs, customer costs, and fire protection costs.² PWD's CCOSS includes the following customer classes:

Table 1 PWD Customer Classes
Residential
Commercial
Industrial
Public Utilities
Housing Authority
Charity and Schools
Senior Citizens
Hand Bill
Hospitals/University
Public Fire Protection
Private Fire Protection
Wholesale

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¹ American Water Works Association, *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices*, Manual of Water Supply Practices – MI at 62-67, 7th Edition. (2017).

² Id. at 62.

1	Q	DID THE PUBLIC ADVOCATE SUBMIT A REVISED WATER CLASS COST-OF-
2		SERVICE STUDY IN THIS PROCEEDING?
3	Α	Yes. Mr. Mierzwa's submitted a revised water CCOSS. His revised CCOSS is based
4		on PWD's water CCOSS. However, Mr. Mierzwa used unrealistic assumptions in his
5		revised water CCOSS.
6	Q	WHAT UNREALISTIC ASSUMPTIONS DID MR. MIERZWA USE IN HIS REVISED
7		WATER CCOSS?
8	Α	Mr. Mierzwa used class maximum day and maximum hour extra-capacity allocation
9		factors that were unduly affected by the pandemic and are unrepresentative.
10	Q	PLEASE DESCRIBE THE CLASS MAXIMUM DAY AND MAXIMUM HOUR EXTRA-
11		CAPACITY ALLOCATION FACTORS.
12	Α	The class maximum day and maximum hour extra-capacity allocation factors are used
13		to allocate extra-capacity costs, which are expenses associated with meeting peak
14		demand usage in excess of average (base) demand.3
15	Q	WHY DO YOU ASSERT THAT MR. MIERZWA'S CLASS MAXIMUM DAY AND
16		MAXIMUM HOUR EXTRA-CAPACITY FACTORS ARE UNREPRESENTATIVE?
17	Α	The factors used by Mr. Mierzwa are based on PWD's actual water usage data for FY
18		2019 and FY 2020. The FY 2020 data includes water usage during February 2020
19		through June 2020. This period of time coincides with the shut-down of businesses
20		due to the pandemic, which significantly decreased usage for certain rate classes.
21		Including usage data from the latter half of FY 2020 skews the data and produces



³ *Id.*

allocation factors that are not representative of normal usage, which misallocates costs to all rate classes.⁴

HOW ARE THE CLASS MAXIMUM DAY AND MAXIMUM HOUR EXTRA-CAPACITY FACTORS DERIVED?

The class maximum day and maximum hour extra-capacity factors are derived using average day demand, maximum day and maximum hour demand. The values are derived using non-coincident peak demand, for the utility as a whole, as well as for each class. The class maximum day factor is the product of the class maximum day ratio and the system maximum day ratio and class maximum weekly ratio. The class maximum hour factor is the product of each class's maximum day factor and the system maximum hour ratio. Table 2 below provides an example of the derivation of the class maximum day factor and the class maximum hour factor.

	Table 2 Maximum Hour and Maximum Day Factors						
Line	Description	Factor					
1	Average Day Demand (ccf)	7,848					
2	Maximum Day Demand (ccf)	10,355					
3	Class Maximum Day Ratio (line 2 ÷ line 1)	1.32					
4	System Maximum Day Ratio	1.40					
5	Class Maximum Weekly Ratio	1.35					
6	Class Maximum Day Factor (In. 3 * In. 4 * In.5)	2.49					
7	System Maximum Hour Ratio	1.66					
8	Class Maximum Hour Factor (In. 6 * In. 7)	4.14					

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⁴ PWD's Fiscal Year runs from July through June.

HOW DID PWD DERIVE THE EXTRA-CAPACITY FACTORS IN ITS CCOSS FOR 1 Q

2 **EACH CLASS?**

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EXTRA-CAPACITY FACTORS?

- 3 Α PWD's extra-capacity factors for the class maximum day and class maximum hour use the method described above and are based on the factors used in the CCOSS in its 4 5 last rate case, prior to the pandemic.
- Q HOW DO MR. MIERZWA'S EXTRA-CAPACITY FACTORS COMPARE TO PWD'S 6 7
- 8 Α Table 3 compares PWD's class extra-capacity factors with Mr. Mierzwa's class extra-9 capacity factors.

Table 3 Comparison of Customer Class Extra-Capacity Factors PWD and Public Advocate									
Customer	PWD Public Advocate								
Class	Max Day	Max Hour	Max Day	Max Hour					
Residential	2.00	3.60	2.00	3.40					
Commercial	1.80	2.65	2.10	3.40					
Industrial	1.60	2.00	2.90	3.80					
Public Utilities	1.60	2.00	2.40	4.00					
Housing Authority	1.90	3.13	2.40	3.90					
Charity & Schools	1.80	2.70	2.00	3.30					
Senior Citizens	2.00	3.60	1.80	3.00					
Hand Bill	1.80	2.70	2.00	3.40					
Hospital/University	1.80	2.33	3.00	4.90					

Sources: PWD Statement No. 7A, Direct Testimony of Black & Veatch Management Consulting, LLC, Schedule BV-1; Public Advocate Statement No. 2, Direct Testimony of Jerome D. Mierzwa, Schedule JDM-1.

As demonstrated above, the Public Advocate's class extra-capacity factors for the Residential and Senior Citizens customer classes are equal to or below PWD's class extra-capacity factors. Public Advocate's class extra-capacity factors for all other rate classes are significantly above PWD's class extra-capacity factors.



1 Q WHY DO THE CLASS EXTRA-CAPACITY FACTORS DERIVED BY MR. MIERZWA 2 DIFFER FROM PWD'S CLASS EXTRA-CAPACITY FACTORS?

The variation is due to the significant change in usage patterns in FY 2020. For example, in FY 2019, the average day demand for the Hospital/University rate class was 7,848 ccf and the peak day demand was 10,355 ccf.⁵ The ratio of the peak day demand to the average day demand is 1.32. In FY 2020, the average day demand drops significantly, to 6,248 ccf, and the peak day demand increases to 11,263 ccf.⁶ The ratio of the FY 2020 peak day demand and the average day demand increases to 1.80. The main reason for the increase in the ratio is due to the dramatic decrease in usage for February 2020 through June 2020, which lowers the average day demand. The reduction in the average day demand increases the extra-capacity factors; therefore, significantly more costs are allocated to this rate class, as compared to the allocated costs based on normal usage patterns.

Q DO THE DIFFERENCES IN THE CLASS EXTRA-CAPACITY FACTORS EXPLAIN HOW PWD'S PROPOSED REVENUE INCREASE IS ALLOCATED TO THE RATE CLASSES?

A Yes. Table 4 compares the results of Mr. Mierzwa's CCOSS and PWD's CCOSS for FY 2022. Mr. Mierzwa's use of unrepresentative data largely explains the much lower increases for the Residential and Senior Citizens rate classes and the much higher increases for the other rate classes (excluding the Wholesale rate class).

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⁵ Public Advocate Statement No. 2, Direct Testimony of Jerome D. Mierzwa, workpaper: Exeter Monthly Volumes PA-IV-17.

⁶ *Id.*

Table 4 PWD Vs. Public Advocate Proposed Revenue Increases FY 2022

Rate Class	PWD	Public Advocate
Residential	6.7%	2.4%
Senior Citizens	8.3%	(3.4%)
Commercial	10.9%	19.2%
Industrial	3.2%	33.4%
Public Utilities	(5.7%)	18.9%
Housing Authority	14.4%	22.8%
Charities & Schools	8.0%	13.3%
Hospitals/Universities	14.4%	57.0%
Hand Billed	30.9%	39.7%
Private Fire Protection	(2.8%)	2.6%
Public Fire Protection	(24.7%)	(12.6%)
Wholesale	(14.6%)	(17.7%)
Total Water System	8.4%	8.4%

Sources: PWD Statement No. 7A, Table W-17. Public Advocate Statement No. 2, Direct Testimony of Jerome D. Mierzwa at 17.

The rate increases for most classes are much higher than PWD's proposed rate increases. The Public Fire Protection class receives a decrease, although it is smaller, and the Private Fire Protection receives a rate increase, rather than a rate decrease.

Q WHY DO MR. MIERZWA'S FIRE PROTECTION RATE INCREASES VARY FROM

PWD'S PROPOSAL?

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The variance is due to differences in the assumed Fire Protection demand. PWD's water CCOSS includes demands for two fires occurring simultaneously, one requiring 10,000 gallons per minute (gpm) demand for 10 hours and one requiring 5,000 gpm



demand for 8 hours.⁷ Mr. Mierzwa adjusted the demands, increasing the first fire to 12,000 gpm and the second fire to 8,000 gpm.⁸ In addition, Mr. Mierzwa allocated base functional costs to the Public Fire Protection rates.⁹ PWD's CCOSS assumes zero gallons of actual water usage for the Public Fire Protection class. As a result, no base functional costs were allocated to the Public Fire Protection class. Therefore, Mr. Mierzwa's CCOSS results in more costs being allocated to Public and Private Fire Protection services.

8 Q SHOULD THE RATE BOARD ADOPT MR. MIERZWA'S PROPOSED CLASS 9 EXTRA-CAPACITY FACTORS?

No. Mr. Mierzwa's recommended class extra-capacity factors are based on abnormal usage patterns and produce faulty cost allocations. His class extra-capacity factors include actual usage data that occurred during a portion of the pandemic, which skews his data and over-allocates costs to several rate classes. Therefore, his adjusted extracapacity factors should be rejected.

Q DOES MR. MIERZWA USE THE RESULTS OF HIS REVISED WATER CCOSS TO DETERMINE THE ALLOCATION OF THE PROPOSED INCREASE?

No. Mr. Mierzwa's recommended revenue allocation deviates from his CCOSS results. Recognizing the principle of gradualism, he recommends that all rate classes, excluding the Residential, Senior Citizens, Fire Protection, and Wholesale rate classes should be increased based on PWD's recommendation. For the Residential and

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⁷ PWD Statement No. 7A, Direct Testimony of Black & Veatch Management Consulting, LLC, Schedule BV-5 at 4-9

⁸ Public Advocate Statement No. 2, Direct Testimony of Jerome D. Mierzwa at 15.

⁹ *Id.* at 13.

1 Senior Citizens rate classes, he recommends increasing the rates slightly above the 2 results of his CCOSS, to 5.9% and 5.3%, respectively. For the Fire Protection classes, 3 he recommends a 2.6% increase for Private Fire Protection and no increase for Public 4 Fire Protection. He also recommends no change in the Wholesale rate class' rates. 10 5 Presumably, the increase in the Public and Private Fire Protection and Wholesale rate 6 classes (as compared to PWD's proposal) revenues are allocated to the Residential 7 and Senior Citizens rate classes, which reduces their rate increases compared to 8 PWD's recommendation. 9 Q DID MR. MIERZWA PROVIDE REVISED RATES BASED ON HIS RECOMMENDED **REVENUE ALLOCATION?** 10 11 Α Mr. Mierzwa did not calculate the rates based on his recommended rate 12 increases. He states: 13 I recommend that to the extent possible, under PWD's current water 14 rate structure which provides for the same declining block volumetric 15 rates for each general retail customer class, rates be established that 16 provide for the proposed rates identified in Table 3.11 Therefore, the water rates based on his recommendation are unknown. 17 18 Q SHOULD THE RATE BOARD ADOPT MR. MIERZWA'S RECOMMENDED **REVENUE ALLOCATION?** 19 20 Α No. First, Mr. Mierzwa failed to appropriately allocate the additional revenues that will 21 be recovered from the Fire Protection and Wholesale classes to all of the remaining 22 Second, he has not provided revised rates based on his rate classes. 23 recommendation. Therefore, the Rate Board should reject his recommended revenue 24 allocation.



¹⁰ *Id.* at 21.

¹¹ *Id.* at 20.

1 Q WHAT DO YOU RECOMMEND IF THE RATE BOARD ADOPTS MR. MIERZWA'S 2 PROPOSED REVENUE ALLOCATION? Α 3 If the Rate Board adopts Mr. Mierzwa's methodology, I recommend that the additional revenues recovered from the Fire Protection and Wholesale rate classes be allocated 4 5 to all other rate classes, not only the Residential and Senior Citizens customer classes. 6 based on each customer class's revenues. All of the general retail rate classes should 7 benefit from the increased revenues from the Fire Protection and Wholesale rate 8 classes. **Stormwater Incentive Program** 9 10 Q PLEASE DESCRIBE THE SMIP AND GARP PROGRAMS. 11 Α The SMIP and GARP programs provide financial and environmental incentives to 12 eligible non-residential, condominium, and some multi-family residential customers to 13 promote projects that manage stormwater runoff and help PWD meet its stormwater 14 management goals. 15 Q **HOW ARE THESE PROGRAMS FUNDED?** 16 Α The SMIP/GARP programs are funded through grants and recovery in Wholesale and 17 retail wastewater revenues and stormwater revenues. BILLING Q **CUSTOMERS** RECEIVE 18 DO CREDITS **AFTER** INSTALLING MANAGEMENT MEASURES THAT MANAGE STORMWATER RUNOFF? 19 20 Α Yes. Customers who install management measures to reduce their stormwater runoff 21 funded, in whole or in part, by SMIP or GARP are eligible for billing credits which 22 reduce their stormwater charges. Stormwater billing credits can be earned as a result



of the construction, operation, and maintenance of Stormwater Management Practices

that reduce a parcel's contribution of stormwater runoff.¹² As a result of these management measures, customers are eligible for Impervious Area Stormwater credits or Gross Area Stormwater credits.¹³

A customer who self-funds a management measure is also eligible for a credit. The amount of credits for each recipient is based upon unique characteristics of the site and the management measures in terms of the impact of the impervious area management for impervious credits and stormwater management practices or surface discharge for gross area credits.

WHY ARE CUSTOMERS WHO IMPLEMENT STORMWATER MANAGEMENT MEASURES USING SMIP OR GARP FUNDING ELIGIBLE FOR BILLING CREDITS WHEN THE INSTALLATION OF THE MANAGEMENT MEASURES ARE FUNDED, AT LEAST IN PART, BY PWD?

PWD created the credit system to incentivize implementation of stormwater management measures by reducing stormwater costs for property owners undertaking such projects. Additionally, customers who install stormwater management measures are responsible for the continued operation of these projects. As stated in PWD's Credit and Appeals Manual, this responsibility includes complying with maintenance obligations, which will require the property owners to incur ongoing maintenance costs that are not incurred by other customers.¹⁴

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¹² Philadelphia Water Department, *Stormwater Management Service Charge*, Credits and Appeals Manual at 6 (Oct. 2020).

¹³ *Id.* at 18, 22.

¹⁴ Id. at 28.

1 Q WHAT IS MR. MIERZWA'S PROPOSAL REGARDING THE STORMWATER

BILLING CREDITS?

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A Mr. Mierzwa recommends that all customers receive the financial benefits from the SMIP/GARP retrofit program. Because all customers fund the SMIP/GARP programs, he recommends an adjustment to the stormwater rates, specifically using an average of the rates based on the current rate design and the rates without the billing credits. In this way all customers would receive the stormwater credits.

Q DO ALL CUSTOMERS BENEFIT FROM THE SMIP/GARP PROGRAM?

Yes. All customers benefit from the program because the retrofits allow PWD to manage stormwater runoff and meet its stormwater management goals. If PWD did not manage its stormwater runoff it may be exposed to fines issued by the EPA. As explained in PWD Statement No. 4, PWD's current National Pollutant Discharge Elimination System MS4 permit "...establishes numerous permit conditions and requires stormwater management practices to ensure water quality standards...¹⁶ Because the stormwater management measures allow PWD to avoid potential EPA fines, stormwater costs are lower and all customers benefit from the lower rates.

SHOULD ALL CUSTOMERS BENEFIT FROM STORMWATER BILLING CREDITS?

A No. Only customers who install stormwater management measures on their properties should be eligible for stormwater billing credits. PWD's credit policy is clearly intended to offer incentives associated with the installation of management measures. Penalizing property owners participating in these programs by eroding eligibility for

¹⁶ PWD Statement No. 4, Direct Testimony of Donna Schwartz, Benjamin Jewell, Brendan Reilly and Mary Ellen Senss at 12.



¹⁵ Public Advocate Statement No. 2, Direct Testimony of Jerome D. Mierzwa at 25.

future credits diminishes the intended incentives. As explained above, customers who install stormwater management measures will also incur ongoing maintenance expenses and are responsible for continued operation of the management measures. Incentivizing long-term maintenance and preservation of the management measures is critical to ensure PWD and all of its customers benefit from compliance with PWD's Consent Order and Agreement.¹⁷ Therefore, there are both valid policy and ratemaking bases for offering stormwater credits only to customers who install stormwater management measures. PWD has demonstrated that all customers benefit from the current practice. As a result, the Public Advocate's proposal should be rejected.

Conclusion

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- Q WHAT FINDINGS SHOULD THE RATE BOARD MAKE BASED ON THE
- 13 RECOMMENDATIONS DISCUSSED IN YOUR TESTIMONY?
- 14 A The Rate Board should make the following findings:
- Reject Public Advocate's class extra-capacity factors.
 - Allocate the increased revenue from the Fire Protection and Wholesale classes to all other classes if Public Advocate's revenue allocation is adopted.
 - Reject the allocation of stormwater billing credits to all stormwater customers.
- 21 Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?
- 22 A Yes.



J.POLLOCK INCORPORATED

Qualifications of Billie S. LaConte

1	Q	PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
2	Α	Billie S. LaConte. My business mailing address is 12647 Olive Blvd., Suite 585, St.
3		Louis, Missouri 63141.
4	Q	WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?
5	Α	I am an energy advisor and am currently employed by J. Pollock, Incorporated as
6		Associate Consultant.
7	Q	PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.
8	Α	I have a Bachelor of Arts Degree in Mathematics from Boston University and a
9		Master's degree in Business Administration from Washington University.
10		Upon graduation in May 1995, I joined Drazen Consulting Group, Inc. (DCGI).
11		DCGI was incorporated in 1995 assuming the utility rate and economic consulting
12		activities of Drazen Associates, Inc., active since 1937. I joined J.Pollock in May 2015.
13		During my tenure at DCGI and J.Pollock my work has focused on revenue
14		requirement issues, cost of capital (return on equity and capital structure), cost
15		allocation, rate design, sales and price forecasts, power cost forecasting, electric
16		restructuring issues, integrated resource plans, formula rate plans, asset management
17		agreements and contract interpretation.
18		I have been engaged in a wide range of consulting assignments including
19		energy and regulatory matters in both the United States and several Canadian
20		provinces. This has included advising clients on economic and strategic issues
21		concerning the natural gas pipeline, oil pipeline, electric, wastewater and water
22		utilities. I have prepared cost allocation and rate design studies to provide timely



support to clients engaged in settlement negotiations in electric and gas utilities,

provided power cost forecasting studies to assist clients in project planning and negotiated contracts with electric utilities for standby services and interruptible rates. I have also prepared studies on electric and gas utilities' performance-based rates (PBR) and benchmarking programs to evaluate their success and to provide recommendations on methods to be used. I worked on contract interpretation to resolve contract disputes for several clients. I have provided financial and cost of service analysis for natural gas pipelines certificate approval from the Federal Energy and Regulatory Commission (FERC) and the Canadian National Energy Board (NEB). Additionally, I completed the Corporate Credit Rating Analysis course presented by Moody's Analytics.

I have worked on various projects located in many states and several Canadian provinces including Alberta, British Columbia, Saskatchewan, Nova Scotia and Quebec. I have testified before the state regulatory commissions of Arkansas, Georgia, Iowa, Louisiana, Michigan, Minnesota, Missouri, New Mexico, Pennsylvania, Texas and South Carolina, and the provincial regulatory boards of Alberta and Nova Scotia. I similarly have appeared before the St. Louis Metropolitan Sewer District Commission.

Q PLEASE DESCRIBE J. POLLOCK, INCORPORATED.

Α

J. Pollock assists clients to procure and manage energy in both regulated and competitive markets. The J. Pollock team also advises clients on energy and regulatory issues. Our clients include commercial, industrial and institutional energy consumers. J. Pollock is a registered Class I aggregator in the State of Texas.



UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
SOUTHWESTERN ELECTRIC POWER COMPANY	Texas Industrial Energy Consumers	51415	Direct	TX	Early Plant Retirement; Excess Accumulated Deferred Federal Income Taxes; Self-Insurance Reserve; Imputed Capacity	3/31/2021
SHARYLAND UTILITIES, L.L.C.	Texas Industrial Energy Consumers	51611	Direct	TX	Rate-Case Expenses; Operation and Maintenance Expense; Transmission Cost of Service Refund Rider	3/8/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2020-3018929	Surrebuttal	PA	Revenue Allocation; Rate Design	2/9/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2020-3018929	Rebuttal	PA	Allocation of Distribution Mains; Revenue Allocation; Rate Design; Universal Service Fund Charge	1/19/2021
PECO ENERGY COMPANY	Philadelphia Area Industrial Energy Users Group	2020-3018929	Direct	PA	Class Cost-of-Service Study; Class Revenue Allocation	12/22/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Surrebuttal (FRP Extension)	AR	FRP Extension; Return on Equity; Capital Structure; Class Cost-of-Service Study; Industrial Rate Design	11/17/2020
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	2020-3019369 2020-3019371	Surrebuttal	PA	Rate Design; Regionalization and Consolidation Surcharge; Return on Equity	10/20/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct (FRP Extension)	AR	FRP Extension; Return on Equity; Capital Structure; Class Cost-of-Service Study; Industrial Rate Design	10/19/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct (2020 Eval. Report)	AR	Historical Year Netting Adjustment; :Long-Term Debt Costs	10/5/2020
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	2020-3019369 2020-3019371	Rebuttal	PA	Rate Design	9/29/2020
PENNSYLVANIA-AMERICAN WATER COMPANY	Pennsylvania-American Large Water Users Group	2020-3019369 2020-3019371	Direct	PA	Regionalization and Consolidation Surcharges; Commercial Rate Design	9/8/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20697	Rebuttal	MI	Financial Compensation Mechanism; Deferred Capital Spending Recovery Mechanism; Karn 1 & 2 Retention and Separation costs, return on equity, storm restoration deferral; PowerMIFleet Pilot Foundational Infrastructure Program; Conservation Voltage Reduction	7/14/2020
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Projected Year Capital Expenditures; Capitalization Policy; Projected Year Adjustments	7/2/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20697	Direct	MI	Return on Equity; Capital Structure; Debt Cost; Additional Surcharges and Deferred Regulatory Accounts	6/24/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Rebuttal	MI	Return on Equity; Statistical Analysis of Distribution Mains Allocation	5/5/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20650	Direct	MI	Return on Equity; Capital Structure; Long-Term Debt Cost	4/14/2020
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20642	Rebuttal	MI	Return on Equity	4/14/2020
DTE GAS COMPANY	Association of Businesses Advocating Tariff Equity	U-20642	Direct	MI	Return on Equity; Operation and Maintenance Expenses	3/24/2020
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20618	Direct	MI	Certificate of Convenience and Necessity	1/17/2020
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/30/2019
GEORGIA POWER COMPANY	Georgia Association of Manufacturers and Georgia Industrial Group	42516	Direct	GA	Alternate Rate Plan; Coal Combustion Residual Cost Recovery; Amortization of Retired Plant	10/17/2019
ENTERGY ARKANSAS, LLC	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Tax Cuts and Jobs Act Impact; Projected Year Revenues; Projected Year BRORB; Grid Modernization; Advanced Metering Infrastructure Expense	10/4/2019



UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
SOUTHWESTERN ELECTRIC POWER COMPANY	Western Arkansas Large Energy Consumers	19-008-U	Surrebuttal	AR	SWEPCO's Formula Rate Review; Energy Cost Recovery Rider; Distribution Reliability Rider	9/24/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Settlement Support	AR	Support of Settlement	7/31/2019
SOUTHWESTERN ELECTRIC POWER COMPANY	Western Arkansas Large Energy Consumers	19-008-U	Direct	AR	SWEPCO's Formula Rate Review; Capital Structure; Distribution Reliability Rider; Arkansas Formula Rate Plans	7/16/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Formula Rate Plan, Capital Additions, Operation and Maintenance Expenses	7/2/2019
ENTERGY LOUISIANA, LLC	Occidential Chemical Corporation	U-35130	Cross-Answering	LA	Fuel Tracking Mechanism	7/1/2019
CENTERPOINT ENERGY HOUSTON ELECTRIC, LLC	Texas Industrial Energy Consumers	49421	Direct	TX	Unprotected Excess Deferred Income Tax Rider; Incentive Compensation	6/6/2019
ENTERGY LOUISIANA, LLC	Occidential Chemical Corporation	U-35130	Direct	LA	Fuel Tracking Mechanism	5/10/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Rebuttal	MI	Return on Equity	4/29/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	18-057	Supplemental Surrebuttal	AR	Gas Distribution Uprstream Services Contracting Process	4/23/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	18-057	Surrebuttal	AR	Gas Distribution Uprstream Services Contracting Process	4/12/2019
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20322	Direct	MI	Return on Equity; Capital Structure; Project vs. Historical Test Year; Earnings Sharing Mechanism	4/5/2019
DUKE ENERGY PROGRESS, LLC	Nucor Steel - South Carolina	2018-318-E	Direct	SC	Excess Deferred Income Tax Rider; Post-Test Year Adjustments; Coal Ash Pond Closure Expense; End-of- Life Nuclear Costs; Regulatory Assets; Return on Equity and Equity Ratio	3/4/2019
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	18-057	Direct	AR	Gas Distribution Uprstream Services Contracting Process	2/12/2019
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/30/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Formula Rate Plan Tariff; Long-Term Debt Cost and Preferred Equity; Projeced Year Capital Additions; Historical Year Capital Additions	10/4/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20134	Rebuttal	MI	Return on Equity	10/1/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-20134	Direct	MI	Return on Equity, Capital Structure and Long-Term Debt Cost, Investment Recovery Mechanism Excess Sharing Mechanism	9/10/2018
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Opposition	AR	Opposition to Settlement Agreement	8/3/2018
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Impact of Tax Cuts and Jobs Act of 2017; Forecast Revenues; Uncollectible Expense; Pipeline Integrity Assessment and Remediation Expense	7/2/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	17-052	Surrebuttal	AR	Utility Restructuring Costs and Tax Effects	5/31/2018
PUBLIC SERVICE COMPANY OF NEW MEXICO	City of Farmington, New Mexico; Board of County Commissioners for San Juan County	17-00174	Direct	NM	Integrated Resource Plan; Future of San Juan Generation Station	5/4/2018
ENTERGY ARKANSAS, INC. and CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Electric Energy Consumers, Inc. and Arkansas Gas Consumers, Inc.	18-006	Direct	AR	Effect on Revenue Requirement due to 2017 Tax Cuts and Jobs Act	3/29/2018



UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U18424	Rebuttal	MI	Rate of Return	3/21/2018
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	18-014-TF	Direct	AR	Impact of Tax Cuts and Jobs Act of 2017 and Tax Adjustment Rider	3/19/2018
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18424	Direct	MI	Rate of Return, Capital Structure	2/28/2018
CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	17-050-U	Surrebuttal	AR	Asset Management Agreement Proposal	1/12/2018
CENTERPOINT ENERGY ARKANSAS GAS	Arkansas Gas Consumers, Inc.	17-050-U	Direct	AR	Asset Management Agreement Proposal	12/8/2017
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/31/2017
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Forecast Revenues, Cost of Debt, Revenue Requirement and Capital Additions	10/4/2017
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18322	Rebuttal	MI	Return on Equity	9/7/2017
CONSUMERS ENERGY COMPANY	Association of Businesses Advocating Tariff Equity	U-18322	Direct	MI	Return on Equity, Capital Structure	8/10/2017
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Settlement Support	AR	Support of Settlement	7/31/2017
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Gas Consumers, Inc.	17-010-FR	Direct	AR	Rate of Return, Capital Structure, Labor Expense	7/3/2017
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Settlement Support	AR	Support of Settlement	10/24/2016
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	16-036-FR	Direct	AR	Rate of Return, Forecast Revenue, Capitalization	9/30/2016
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY AND WEST PENN POWER	MEIUG, PICA and WPPII	2016-2537349, 2016-2537352, 2016-2537359	Surrebuttal	PA	Return on Equity	8/31/2016
METROPOLITAN EDISON COMPANY; PENNSYLVANIA ELECTRIC COMPANY AND WEST PENN POWER	MEIUG, PICA and WPPII	2016-2537349, 2016-2537352, 2016-2537359	Direct	PA	Return on Equity	7/22/2016
NORTHERN STATES POWER	Xcel Large Industrials	15-826	Direct	MN	Return on Equity, Multi-Year Rate Plan	6/14/2016
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Electric Energy Consumers, Inc.	15-098-U	Surrebuttal	AR	Return on Equity, Formula Rate Plan, Capital Structure	6/7/2016
CENTERPOINT ENERGY RESOURCES CORP	Arkansas Electric Energy Consumers, Inc.	15-098-U	Direct	AR	Return on Equity, Captial Structure	4/14/2016
MISSOURI-AMERICAN WATER COMPANY	BJC Healthcare	WR-2011-0337	Rebuttal	МО	Return on Equity	1/19/2012
MISSOURI-AMERICAN WATER COMPANY	BJC Healthcare	WR-2011-0337	Direct	MO	Return on Equity	11/17/2011
METROPOLITAN ST. LOUIS SEWER DISTRICT	Barnes-Jewish Hospital	N/A	Supplemental	МО	Rate Model	9/16/2011
METROPOLITAN ST. LOUIS SEWER DISTRICT	Barnes-Jewish Hospital	N/A	Surrebuttal	МО	Rate Increase, CIRP, Consent Decree	8/19/2011
METROPOLITAN ST. LOUIS SEWER DISTRICT	Barnes-Jewish Hospital	N/A	Rebuttal	МО	Rate Increase, CIRP, Consent Decree	7/18/2011
AMEREN UE	Missouri Energy Group	ER-2011-0028	Surrebuttal	МО	Return on Equity, Energy Efficiency Cost Recovery	4/15/2011
AMEREN UE	Missouri Energy Group	ER-2011-0028	Rebuttal	МО	Return on Equity, Energy Efficiency Cost Recovery	3/25/2011



UTILITY	ON BEHALF OF	DOCKET	TYPE	REGULATORY JURISDICTION	SUBJECT	DATE
AMEREN UE	Missouri Energy Group	ER-2011-0028	Direct	MO	Return on Equity	2/8/2011
AMEREN UE	Missouri Energy Group	EO-2010-0255	Direct	MO	Prudence Audit of FAC Periods 1 and 2	11/22/2010
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	09-084-U	Direct - In Support	AR	Supporting the Proposed Settlement Agreement	5/11/2010
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	09-084-U	Surrebuttal	AR	Return on Equity	4/14/2010
ENTERGY ARKANSAS, INC.	Arkansas Electric Energy Consumers, Inc.	09-084-U	Direct	AR	Return on Equity	2/26/2010
AMEREN UE	Missouri Energy Group	ER-2010-0036	Direct	МО	Energy Efficiency Costs	12/18/2009
AMEREN UE	Missouri Energy Group	ER-2008-0318	Surrebuttal	МО	Return on Equity	11/5/2008
AMEREN UE	Missouri Energy Group	ER-2008-0318	Direct	MO	Return on Equity, Off-System Sales	8/28/2008
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Rebuttal	МО	Long-Term Financial Plan, Capital Financing	5/2/2007
AMEREN UE	Missouri Energy Group	ER-2007-0002	Surrebuttal	МО	Return on Equity, Interruptible Demand, Response Pilot	2/27/2007
AMEREN UE	Missouri Energy Group	ER-2007-0002	Direct	МО	Interruptible Rate	12/29/2006
AMEREN UE	Missouri Energy Group	ER-2007-0002	Direct	МО	Return on Equity, Off-System Sales, Sharing Mechanism, 10% Cap on Residentials	12/15/2006
AMEREN UE	Missouri Energy Group	EA-2005-0180	Rebuttal	МО	Economic Analysis	1/31/2005
NOVA SCOTIA POWER INC.	Avon Valley Greenhouses	NSUARB-P-881	Direct	NS	Cost of Capital	10/12/2004
MISSOURI-AMERICAN WATER COMPANY	Missouri Energy Group	WR-2003-0500	Surrebuttal	МО	Working Capital, Return on Equity, Cost Allocation	12/5/2003
MISSOURI-AMERICAN WATER COMPANY	Missouri Energy Group	WR-2003-0500	Rebuttal	МО	Rate Design	11/10/2003
MISSOURI-AMERICAN WATER COMPANY	Missouri Energy Group	WR-2003-0500	Direct	МО	Return on Equity, Acquisition Adjustment, Cash Working Capital	10/3/2003
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Direct	MO	Revenue Requirement, Financial Planning	4/22/2003
INTERSTATE POWER AND LIGHT COMPANY	Lee County Energy Users Group- Direct	RPU-02-3	Surrebuttal	IA	Revenue Requirement, Return on Equity	9/19/2002
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Surrebuttal	МО	Revenue Requirement, Capital Financing	8/13/2002
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Surrebuttal	MO	Revenue Requirement, Captial Financiaing, Cost Allocation	7/28/2002
INTERSTATE POWER AND LIGHT COMPANY	Lee County Energy Users Group- Direct	RPU-02-3	Direct	IA	Revenue Requirement, Return on Equity	7/26/2002
METROPOLITAN ST. LOUIS SEWER DISTRICT	Missouri Energy Group	N/A	Rebuttal	MO	Revenue Requirement, Capital Financing	7/10/2002

