

1 I have also testified as an expert witness on rate case expenses before the
2 Railroad Commission in the following dockets:

3 (1) GUD No. 8976: on behalf of The Aligned Cities Served by TXU Lone Star
4 Pipeline (April 2000);

5 (2) GUD No. 9465: on behalf of Texas Gas Service Co.—an appeal from the rate
6 setting actions of the Cities of Port Neches, Nederland and Groves (April 2004);

7 (3) GUD No. 9695: on behalf of Atmos Texas Municipalities (“ATM”) (October
8 2007);

9 (4) GUD No. 9811: on behalf of Texas Coast Utilities Coalition of Cities
10 (“TCUC”)—CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex
11 and CenterPoint Energy Texas Gas (“CenterPoint”) rate change applications
12 before the Cities and the subsequent appeal at the Commission, and in the
13 Environs (GUD No. 9791) (July 2009); and

14 (5) GUD 10016: on behalf of Texas Gas Services El Paso Service Area, which was
15 settled after I prepared, but prior to the submission of, my testimony (November
16 2011).

17 I also was engaged by the City of Dallas to examine that municipality’s rate case
18 expenses in GUD Nos. 9145-9151, which was an appeal brought by TXU Gas
19 Distribution from the rate-setting decisions of various cities, but due to a settlement I
20 did not testify in that proceeding.

21 Finally, I was retained and prepared pre-filed rate case expense testimony on
22 behalf of Kendall County Utility Company, Inc. in September 2008, for SOAH
23 Docket No. 582-08-2241, TCEQ Docket No. 2008-0304-UCR, *Application of*
24 *Kendall County Utility Company, Inc. to Change its Water Rate/Tariff in Kendall*
25 *County and Application of Tapato Springs Service Co., Inc. to Change its Water and*
26 *Sewer Rates/Tariff in Kendall County.* That case settled prior to presentation of my
27 testimony.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my testimony is to address the issue of rate case expenses incurred by WETT in preparation of its original rate case before the PUC, which includes expenses for legal services provided by Naman Howell Smith & Lee PLLC (“Naman Howell” or “NHSL”) and Duggins Wren Mann & Romero (“Duggins Wren” or “DWMR”); and consultant services provided by Alliance Consulting Group (“Alliance”) (Dane Watson, depreciation), Booz & Co. (Thomas Flaherty, affiliate expense), Expert Powerhouse LLC d/b/a Expergy (“Expergy”) (Jay Joyce, lead-lag study), Financial Concepts and Applications, Inc. (“FINCAP”) (Dr. Bruce Fairchild, accounting), Science Applications International Corporation (“SAIC,” formerly R.W. Beck) (Daryl Pullin, prudence), Vector Advisors (Brett A. Perlman, policy witness), Sussex Economic Advisors, LLC (“Sussex”) (Robert Hevert, Return on Equity), and my law firm, Smith Trostle & Huerta LLP (J. Kay Trostle, rate case expense). Under the Public Utility Regulatory Act¹ (“PURA”) § 36.051, the Company must be permitted a reasonable opportunity to earn a reasonable return on its invested capital that is used and useful in providing service to the public in excess of its reasonable and necessary operating expenses. Rate case expenses are part of the utility’s operating expenses and recovery of reasonable and necessary rate case expenses is expressly contemplated by PURA § 36.061(b).

¹ TEX. UTIL. CODE ANN. §§ 11.001–66.017 (Vernon 2005 and Supp. 2006).

1 The Austin Court of Appeals noted in *City of El Paso v. Pub. Util. Comm'n of*
2 *Tex.*,² that a utility's requested rate case expenses will be reimbursed if the
3 Commission finds them to be reasonable.

4 I will also address the reasonableness of the expenses incurred by WETT
5 through the conclusion of this proceeding. At this time, I understand WETT intends
6 to request severance of rate case expenses from the Rate Case, which is a common
7 practice. If rate case expenses are severed into another docket, I will file testimony in
8 that docket that will include all expenses incurred by WETT through the conclusion
9 of the rate case. If rate case expenses are not severed from the Rate Case, then, I will
10 file supplemental testimony in support of additional invoices that are submitted prior
11 to the conclusion of the hearing on the merits.

12 **Q. ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR**
13 **TESTIMONY?**

14 A. Yes. I sponsor the exhibits listed in the table of contents of this testimony.

15 **Q. WERE YOUR TESTIMONY AND THE EXHIBITS ATTACHED THERETO**
16 **PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION?**

17 A. Yes.

18 **Q. ARE YOU SPONSORING ANY SCHEDULES IN THE RATE FILING**
19 **PACKAGE?**

20 A. Yes. I sponsor the schedule listed in the table of contents of this testimony.

² 916 S.W. 2d 515, 522 (Tex. App.—Austin 1995, judgment vacated and writ dismissed by agreement).

1 **Q. WAS THIS SCHEDULE PREPARED BY YOU OR UNDER YOUR DIRECT**
2 **SUPERVISION?**

3 A. Yes.

4 **Q. HAVE YOU INCLUDED YOUR WORKPAPERS?**

5 A. Yes, I have included as my Workpapers, all of the documents which I have
6 reviewed, including invoices and engagement agreements, for each vendor (law firm
7 or consultant) who billed WETT for services associated with this Rate Case.

8 **III. SUMMARY**

9 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

10 A. Based upon my review of invoices for legal services provided by Naman
11 Howell and Duggins Wren, and the professional services provided by the consultants
12 identified in Exhibit JKT-2, related to WETT's original rate case submission, I find
13 that the services rendered through May 2012 were necessary to WETT's ability to
14 initiate and file this Rate Case; and the fees and expenses with a few exceptions as
15 noted in Exhibit JKT-2, were reasonable in relation to the complexity of the issues
16 addressed. At this time, I recommend that, pursuant to PURA §§ 36.051 and 36.061,
17 the Commission authorize the reimbursement of WETT's legal and consulting fees
18 and expenses in the total sum of \$2,097,038.

19 The significant findings I made during my review of all of the invoices
20 included:

- 21 • The hourly rates charged by the lawyers and consultants are within the range of
22 reasonable rates for experienced counsel and consultants representing utilities
23 before the PUC;
- 24 • The number of attorneys and consultants within the various firms working on this
25 matter at any given time was reasonable/minimized;

- The invoices accurately documented hours worked and services provided, except as noted;
- There were very few time entries by any lawyer or consultants that exceeded 12.0 hours per day for work that was performed on this case, which are identified and explained in Exhibit JKT-2;
- Disbursements that are subject to special scrutiny (e.g., hotels, valet parking, designer coffee, airfare, meals in excess of \$25) were either nonexistent or, if reflected on the invoices, I have noted them as exceptions and WETT is not seeking recovery of those expenses.

In addition to my review of the invoices, I reviewed the total fees charged by the witnesses appearing on behalf of WETT in order to form an opinion on the reasonableness of WETT's overall request for recovery of rate case expenses. The following table summarizes the total expenditures for legal services and consultants which I recommend the Commission approve as reasonable and necessary rate case expenses for which WETT is entitled to reimbursement:

Vendor	Dates of Services Covered By Invoices	Total Recommended Fees & Expenses For Recovery
Booz & Co.	October 2010 – January 15, 2012	\$648,823
Expergy	July 2011 – May 2012	\$56,487
FINCAP	May 2011 – May 2012	\$81,375
R.W.Beck/SAIC	June 2010 – April 2012	\$228,651
Alliance	July 2011 – May 2012	\$12,003
Sussex	March 2012 – May 2012	\$50,641
Smith Trostle & Huerta	November 2011 – May 2012	\$23,871
Vector Advisors	March 2012 – May 2012	\$18,338
Duggins Wren Mann & Romero	March 2011 – May 2012	\$68,316
Naman Howell Smith & Lee	January 2011 – May 2012	\$908,533
TOTAL		\$2,097,038

1 **IV. STANDARDS FOR REVIEW OF RATE CASE EXPENSES**

2 **Q: IS WETT ENTITLED TO REIMBURSEMENT OF EXPENSES INCURRED**
3 **IN THIS DOCKET?**

4 A: Yes. Under PURA § 36.051, an electric utility is entitled to a reasonable
5 opportunity to earn a reasonable return on its invested capital used and useful in
6 providing service to the public in excess of the utility's reasonable and necessary
7 operating expenses. Rate case expenses are part of the utility's operating expenses
8 and the reasonable costs of participating in a rate proceeding may be allowed as a cost
9 or expense under PURA § 36.061(b).

10 The inclusion of rate case expenses as part of the utility's operating expense is
11 supported by long-established Commission precedent. For example, in an early
12 Central Power & Light Company ("CP&L") rate case, the Administrative Law Judges
13 ("ALJs") described the permissible scope of expenses to be recovered, and found:

14 The Commission treats rate case expense differently from other
15 expenses included in cost of service. Other expenses are based on test
16 year numbers adjusted for known and measurable changes. Typically,
17 most or all of the rate case expenses allowed in rates are incurred after
18 the test year, and procedures—like those used in this case—are
19 established that, until virtually the end of the hearing, permit prefiling
20 of updated direct testimony supporting a request for recovery of rate
21 case expenses.³

22 Finally, the rate filing package utilized in this proceeding also supports the
23 inclusion of rate case expenses because Schedule II-E-4.5 "Rate Case Expenses"
24 requires a listing of "rate case expenses . . . which have been, or will be, incurred
25

³ PUC Docket Nos. 8646 and 9141, *Application of Central Power and Light Company for Authority to Change Rates and Petition of Central Power and Light Company to Continue Deferred Accounting for Unit I of the South Texas Project Beyond February 14, 1990*, 16 P.U.C. BULL.1388, 1589 (Oct. 19, 1990).

1 pursuant to this rate application.”⁴ In that Schedule, WETT has provided an
2 estimated rate case expense total of approximately \$3.9 million.

3 My testimony focuses on the reasonableness and necessity for the rate case
4 expenses incurred on behalf of the Company by the law firms and consultants listed
5 above.

6 **Q: IS WETT ENTITLED TO RECOVERY OF ESTIMATED RATE CASE**
7 **EXPENSES NECESSARY TO COMPLETE THE RATE CASE, INCLUDING**
8 **POSSIBLE APPEALS?**

9 A: Projected rate case expenses can be, and historically have been, found
10 reasonable and reimbursable by this Commission. The fact that a utility’s rate case
11 expenses have not all been incurred as of the date the determination of the
12 reasonableness of the rate case expenses is made does not render them unreasonable.
13 The expenses need only be incurred prior to being recovered. The future activities
14 and corresponding costs that are the subject of estimation are necessary in order to
15 complete a proceeding before the Commission and to see it through any judicial
16 appeals. For example, in CenterPoint’s Competition Transition Charge (“CTC”)
17 case, the Commission found reasonable and allowed recovery of the Cities’ estimated
18 cost to complete the case.⁵ More recently, however, the Commission found that
19 Oncor could record rate case expenses incurred after a cutoff date as a regulatory
20 asset and request recovery of those expenses in its next base rate case or other

⁴ IOU – T&D COS RFP, Public Utility Commission, at II. E-4.5 (Apr. 2, 2003).

⁵ *Application of CenterPoint Energy Houston Electric, LLC for a Competition Transition Charge*, Docket No. 30706, Order (Jul. 14, 2005) at 31 and FOF 72–74.

1 proceeding established for the purpose of reviewing those expenses.⁶ Assuming
2 WETT's rate case expenses are severed from the Rate Case, this issue will be
3 addressed at that time.

4 **Q: WHAT STANDARD MUST BE MET FOR RECOVERY OF RATE CASE**
5 **EXPENSES BY WETT?**

6 A: The Austin Court of Appeals noted in *City of El Paso* that a utility's requested
7 rate case expenses will be reimbursed if the Commission finds them to be
8 reasonable.⁷ The Third Court of Appeals noted that the Commission took the
9 position that its reasonableness determination is analogous to the trial court's
10 reasonableness determination for attorneys' fees and litigation costs, which includes
11 consideration of factors such as: (1) time and labor required; (2) nature and
12 complexities of the case; (3) amount of money or value of property or interest at
13 stake; (4) extent of responsibilities the attorney assumes; (5) whether the attorney
14 loses other employment because of the undertaking; and (6) benefits to the client
15 from the services. The Court found that the Commission "may consider other factors
16 in addition to or in place of the *Smith & Lamm* factors . . . including, but not limited
17 to, the nature and complexity of the two prior docket cases, the responsibilities
18 attorneys and consultants assumed, and the amount of money charged for attorney
19 and consultant services."⁸ These standards are also addressed in TEX. DISCIPLINARY

⁶ *Application of Oncor Electric Delivery Co. for Rate Case Expense Severed from Docket No. 38929 and SOAH Docket No. 473-11-2330*, PUC Docket No. 39239, Order (Dec. 9, 2011) at FOFs 15 and 16, and Ordering Para. 3.

⁷ 916 S.W. 2d at 522.

⁸ *Id.* at 522-523.

1 R. PROF'L CONDUCT 1.04(b), *reprinted in* TEX. GOV'T CODE ANN., tit. 2, subtit. G
2 app. A (Vernon 2006)(TEX. STATE BAR R. art. X, § 9).

3 Commission precedent requires informal auditing of invoices and other
4 documentation to determine if: (a) the individual charges and rates are reasonable as
5 compared to the usual charges for similar services; (b) the number of hours billed is
6 reasonable; (c) the calculation of the charges is correct; (d) there is no double-billing
7 of charges; (e) none of the charges has been recovered through reimbursement for
8 other expenses; (f) none of the charges should have been assigned to other matters;
9 (g) there was no occasion on which there was billing by any attorney or associated
10 legal personnel in excess of 12 hours in a single day; and (h) no luxury or personal
11 items were included, such as first class travel, alcohol, valet parking, dry cleaning,
12 designer coffee, or meals in excess of \$25 per person.⁹

13 I applied each of these standards in reviewing the invoices submitted by law
14 firms and consultants and in arriving at my recommendation of the expenses that are
15 reasonable and should be recovered.

16 **Q: DOES COMMISSION PRECEDENT REQUIRE THE DISALLOWANCE OF**
17 **ANY EXPENSE THAT FAILS TO COMPLY WITH ANY OF THE CRITERIA**
18 **YOU JUST RECITED?**

19 **A:** Not necessarily. If there is an expense item that contravenes or appears to
20 contravene any one of these criteria, it is appropriate to obtain additional information
21 to determine whether the expense item in question was in fact reasonable or not.

⁹ See *Application of El Paso Electric Company for Authority to Change Rates*, Docket No. 8363, 14 P.U.C. BULL. 2834, 2977-78 (May 5, 1989); see also *Application of CenterPoint Energy Houston Electric, LLC for a Competition Transition Charge*, Docket No. 30706, Order (Jul. 14, 2005).

1 **V. REVIEW OF LEGAL FEES AND EXPENSES**

2 **Q: HAVE YOU REVIEWED THE INVOICES FOR LEGAL SERVICES FOR**
3 **WHICH WETT SEEKS REIMBURSEMENT?**

4 A: Yes, I have. In preparation for filing this testimony, I reviewed the invoices
5 submitted to WETT by the law offices of Naman Howell for services rendered from
6 January 2011 through May 31, 2012. I also reviewed Duggins Wren's invoices for
7 services provided from March 2011 through May 31, 2012. Those invoices, which
8 are included in my Workpapers, included primarily hourly fee entries and relatively
9 small amounts of out-of-pocket expenses incurred by these two law firms. A
10 spreadsheet that summarizes the legal invoices for this Rate Case is included as
11 Exhibit JKT-2.

12 **Q. WHAT ELSE WAS INVOLVED IN YOUR REVIEW OF THE LEGAL RATE**
13 **CASE EXPENSES?**

14 A. In arriving at an opinion on the reasonableness and necessity of the attorneys'
15 fees and expenses, I initially consulted with Mr. Stephen F. Morris about the scope of
16 work performed by Naman Howell on behalf of WETT. I also discussed with Mr.
17 Kerry McGrath, Duggins Wren's role in providing legal consulting services. Based
18 upon my discussions with counsel, and my understanding of the scope of the rate
19 filing and the experience and expertise of the attorneys who billed time to these
20 matters, I am able to testify as to their qualifications, what responsibilities they had in
21 these matters, and to resolve any questions that arose during my detailed review of
22 the firms' invoices.

1 In addition to my discussions with the attorneys, I familiarized myself with
2 the work performed by each of the consultants on WETT's behalf, in order to
3 determine the necessity for and reasonableness of the attorneys' fees associated with
4 working with the consultants. This review enabled me to determine whether the work
5 performed by the law firms was relevant and reasonably necessary to the proceeding,
6 and whether the complexity and expense of the work was commensurate with the
7 complexity, number and value of the issues in the proceeding.

8 **Q: PLEASE ELABORATE ON THE SCOPE OF YOUR REVIEW.**

9 A: As an integral part of my review, I participated in discussions between the
10 consultants/witnesses and Naman Howell's attorneys during which issues were
11 identified and the scope of testimony and the responsibilities of the attorneys were
12 discussed. I kept abreast of the progress in preparing to file the rate case during
13 weekly case conference calls. After WETT files its rate case, I will continue to
14 monitor the case, including, for example, the amount of discovery that WETT will be
15 required to respond to in the coming months, the number of intervenors, and the
16 frequency of prehearing conferences and open meetings where the Rate Case is at
17 issue.

18 At this point, I understand WETT anticipates requesting that rate case
19 expenses be severed from the Rate Case and heard in a separate docket after the
20 conclusion of the Rate Case, as often occurs. Assuming rate case expenses are
21 severed, I will present testimony in that separate docket of all rate case expenses
22 incurred to prosecute WETT's case through to a final order at the Commission. If rate
23 case expenses are not severed from the Rate Case, I will review additional invoices as

1 they become available following the filing of the rate case, and will supplement my
2 testimony to update the rate case expenses.

3 **Q. IN YOUR EXPERIENCE HOW ARE HOURLY RATES ESTABLISHED?**

4 A. In my experience, the rate for each attorney within a law firm for any
5 particular matter is based upon consideration of such things as the length of the
6 relationship with the client, the nature of the work, the experience of the attorney, the
7 status of the client, and the current and anticipated workload of the attorneys. Naman
8 Howell has a long-standing relationship with WETT, including representation of the
9 utility in the transmission service provider ("TSP") selection docket, and in the three
10 Certificate of Convenience and Necessity ("CCN") dockets for the Competitive
11 Renewable Energy Zone ("CREZ") projects assigned to WETT. Duggins Wren was
12 selected as a legal consultant based upon the firm's representation of Electric
13 Transmission Texas, LLC ("ETT"), the first "new" TSP to present a rate case, and
14 Mr. McGrath's extensive experience representing electric utilities in rate proceedings
15 at the Commission. WETT carries the burden of proof in this proceeding and
16 accordingly was required to prepare and present a complete rate filing package,
17 addressing multiple complex issues requiring significant effort, especially considering
18 that this is WETT's initial application for rates. Both Naman Howell and Duggins
19 Wren attorneys have many years of experience practicing before the Commission and
20 SOAH, and Naman Howell has extensive experience representing public utility and
21 telecommunications clients. Most of the Naman Howell attorneys who billed
22 significant amounts of time on these matters are very experienced administrative and

1 regulatory attorneys, while others, with less experience, were assigned appropriately
2 less complex tasks to work on at a correspondingly lower hourly rate.

3 **Q: DURING YOUR REVIEW, WHAT DID YOU LEARN ABOUT THE HOURLY**
4 **RATES CHARGED BY NAMAN HOWELL ON BEHALF OF WETT?**

5 A: The Naman Howell partners working on this case charged hourly rates
6 between \$230 and \$345, and the range of hourly rates for associates was \$170 to
7 \$230, as reflected in the invoices included as Workpapers. Naman Howell designated
8 tasks to attorneys based on their experience levels and utilized personnel with lower
9 hourly rates for appropriate tasks where possible. I find this to be a common and
10 reasonable practice. Additional detail about the attorneys who billed time and their
11 hourly rates for this case is reflected in the Naman Howell invoices included as my
12 Workpapers.

13 The Duggins Wren attorney that billed the majority of the time on this matter,
14 Mr. McGrath, bills at the hourly rate of \$375.

15 **Q. DID YOU CONDUCT ANY OTHER COMPARISON REGARDING THE**
16 **HOURLY RATES CHARGED BY LAW FIRMS IN PROCEEDINGS BEFORE**
17 **REGULATORY BODIES?**

18 A. Yes. Because I have testified on rate case expenses several times during the
19 past decade, I have reviewed invoices for many firms and consultants practicing
20 before regulatory bodies, including the PUC and Railroad Commission, and I also am
21 familiar with surveys concerning hourly rates charged by Texas lawyers. In addition,
22 I reviewed some of the rate case expense evidence presented in the recently settled
23 Docket No. 39504, the remand of CenterPoint's stranded cost case, which indicates

1 that the hourly rate charged by lead counsel for the City of Houston in that
2 proceeding was \$355, which was a discounted rate; and the average rate charged by
3 CenterPoint's counsel was \$362. Based upon my experience and review of these
4 hourly rates I conclude that the hourly rates charged by Naman Howell and Duggins
5 Wren are generally at the lower end of a range of reasonable rates charged by other
6 firms in proceedings before the Commission.

7 **Q. WHY IS THERE A RANGE OF HOURLY RATES CHARGED BY EACH OF**
8 **THE NAMAN HOWELL ATTORNEYS YOU DISCUSS ABOVE?**

9 A. In my experience, it is a common practice for law firms to examine and adjust
10 their hourly rates on a regular basis to account for increased costs and possible
11 inflation, and to recognize increased expertise and experience. Naman Howell
12 examines its hourly rates annually (typically in September), and as is evident in the
13 invoices I reviewed, there were changes made to the attorneys' and paralegals' hourly
14 rates from one year to the next. The ranges shown above indicate the hourly rates in
15 effect in 2010-11 and the new rates that became effective September 1, 2011 that are
16 currently being charged.

17 **Q. WHAT CONCLUSION DID YOU DRAW CONCERNING THE HOURLY**
18 **RATES CHARGED BY NAMAN HOWELL'S AND DUGGINS WREN'S**
19 **ATTORNEYS?**

20 A. In order to remain competitive in my practice, I must be familiar with the
21 hourly rates generally charged by public utility practitioners in this state, and it is my
22 opinion that the hourly rates charged to WETT by these two law firms are reasonable.
23 It is also important to understand and acknowledge that there is a market for

1 regulatory counsel, and that market affects the hourly rates of utility lawyers. Each of
2 the attorneys who had primary responsibility for this docket has the experience and
3 credentials to command a premium rate within the utility market. It is not uncommon
4 for attorneys with the level of experience possessed by the lead partners on this case
5 to bill well in excess of \$350 per hour, as reflected in the hourly rates charged by one
6 or more time-billers at the firms involved in Docket 39504.

7 In my opinion, the rates for attorneys at these two law firms are competitive in
8 the market in which the firms are located and are comparable to, although generally
9 lower than, rates charged by similar practitioners in this geographic area as well as for
10 this type of regulatory work.

11 **Q. DO YOU HAVE AN OPINION ABOUT THE EFFORTS UNDERTAKEN BY**
12 **NAMAN HOWELL AND DUGGINS WREN TO CONTROL COSTS AND TO**
13 **ACHIEVE EFFICIENCIES IN THEIR REPRESENTATION OF WETT IN**
14 **THIS PROCEEDING?**

15 **A.** Yes I do. Based upon my analysis, I understand that Naman Howell attorneys
16 divided responsibility for the issues in this case. For example, Mr. Donley was the
17 billing partner which means he acted as the primary liaison between the client, his
18 firm and the witnesses; Mr. Morris, who has a BBA in Accounting, handled most of
19 the accounting matters including working closely with the witnesses in preparation of
20 the rate filing packet ("RFP") and their testimonies; and Ms. Potter conducted
21 research and worked extensively on data production necessary for the witnesses to
22 prepare the RFP and their testimony, and she also reviewed and assisted in the

1 preparation of the testimony. As the case proceeds, it is anticipated that discovery
2 will be handled primarily by associates or legal assistants, at lower hourly rates.

3 Mr. McGrath provided his considerable expertise in representing other electric
4 utilities in consultation with the Naman Howell attorneys, which added to the
5 efficiency of representation of WETT.

6 In my opinion, the division of labor and coordination among the attorneys
7 resulted in cost savings by avoiding duplication of efforts and the most efficient use
8 of billable time.

9 **Q: HAVE YOU REVIEWED THE TIME ENTRIES REFLECTED IN THE BILLS**
10 **PROVIDED TO WETT THROUGH APRIL 30, 2012 BY NAMAN HOWELL**
11 **AND DUGGINS WREN FOR REASONABLENESS?**

12 A: Yes, I have. I reviewed all of the invoices for Naman Howell and Duggins
13 Wren listed on Exhibit JKT-2.

14 **Q: PLEASE EXPLAIN THE MANNER IN WHICH YOU UNDERTOOK YOUR**
15 **EVALUATION OF THE REASONABLENESS OF THOSE TIME ENTRIES.**

16 A: I first reviewed the time entries to determine whether the level of billing detail
17 was sufficient for me to understand the nature of the activities on which each time-
18 biller's time had been expended.

19 **Q: DID YOU FIND THE LEVEL OF BILLING DETAIL SUFFICIENT?**

20 A: Yes. The level of detail provided in the invoices of both law firms was
21 sufficient for me to gain a reasonable understanding of the nature of the work being
22 undertaken by each time-biller on behalf of the Company. It was also generally
23 sufficient to permit me to formulate some judgment as to the reasonableness of the

1 time expended. In the few instances in which I found that additional information
2 from the lawyers was necessary in order for me to form an opinion as to the
3 reasonableness and necessity of the time spent, I either inquired of the attorney or
4 reviewed the appropriate pleading or testimony to be able to conclude to my
5 satisfaction that the fees should be recovered.

6 **Q: DO YOU BELIEVE THAT TIME-BILLERS SHOULD ALWAYS DESCRIBE**
7 **IN DETAIL THE TIME SPENT ON EACH TASK UNDERTAKEN DURING**
8 **THE DAY ON BEHALF OF A CLIENT?**

9 A: In my opinion, a time-biller should try to accommodate the level of billing
10 detail requested by the client; and for utilities seeking reimbursement, the detail must
11 be sufficient to allow a determination of reasonableness and necessity. As discussed
12 in response to the preceding question, I was satisfied that the description of services
13 rendered by Naman Howell and Duggins Wren as reflected on the invoices was
14 sufficient to allow me to thoroughly review the rate case expenses incurred by WETT
15 for those services and to reach a reasoned conclusion.

16 **Q: PLEASE CONTINUE DESCRIBING YOUR REVIEW OF TIME ENTRIES.**

17 A: As I reviewed the bills, I carefully looked at each day's entry for all attorneys
18 billing on this matter to determine whether there were inconsistencies.

19 **Q: WERE THERE ANY INCONSISTENCIES?**

20 A: No, I did not find any inconsistencies. To the contrary, I found, for example,
21 if Mr. Morris indicated he had a telephone conversation with Mr. McGrath, there was
22 a comparable time entry on Duggins Wren's invoice for the same date.

1 **Q: PLEASE CONTINUE YOUR DESCRIPTION OF YOUR REVIEW OF THE**
2 **TIME ENTRIES.**

3 A: Next, I attempted to evaluate the amount of time spent by attorneys in the
4 context of the scope and magnitude of the issues presented.

5 **Q. HAVE YOU SUMMARIZED THE TIME AND FEES BILLED BY EACH**
6 **NAMAN HOWELL ATTORNEY ON THIS MATTER?**

7 A. Yes. In my Workpapers, at the beginning of the Naman Howell Invoices,
8 there is a summary of hours and fees billed by each Naman Howell attorney and legal
9 assistant, and the total disbursements made by Naman Howell through April 30,
10 2012. The invoice for May 2012 is not included in that summary due to the short
11 timeframe between issuance of that invoice and the filing of this testimony. In
12 addition to my review of the individual time entries, I considered the total hours and
13 fees for each attorney, in coming to my conclusion on reasonableness.

14 As is evident from the Naman Howell invoices, the law firm included as
15 Disbursements approximately \$792,000 that the firm paid in Professional Fees to
16 consultants and other law firms. To the extent that I independently reviewed invoices
17 from those consultants and law firms, I have listed them in Exhibit JKT-2 and
18 removed them from the Naman Howell totals, so there is no double-counting. In
19 addition, there are other Professional Fees reflected as Disbursements on the Naman
20 Howell invoices that were moved to another matter and WETT is not seeking
21 recovery of them as rate case expenses. Each of the adjustments to the Naman
22 Howell invoices for disbursements for professional fees is explained in Exhibit JKT-
23 2.

1 **Q: WHAT DID YOU CONCLUDE CONCERNING THE REASONABLENESS**
2 **OF THE FEES AND EXPENSES CHARGED BY NAMAN HOWELL AND**
3 **DUGGINS WREN?**

4 A: In my opinion, the amount of time spent to date by the two law firms is
5 proportionate to the number, complexity, and gravity of the issues posed by WETT's
6 preparation of its initial rate case.

7 This initial rate case arises directly as a result of WETT's successful
8 participation in the CREZ TSP selection docket and the successful completion of four
9 CREZ CCN cases. The Company is presenting a complete rate case, which includes
10 cost of service, rate base, and rate design issues. Yet, three lawyers are handling the
11 bulk of the case for WETT – Messrs. Donley and Morris and Ms. Potter with Naman
12 Howell. Naman Howell's fees charged through May 2012 total \$899,121. The
13 expenses, or disbursements for which recovery is sought, total only \$9,412, which
14 includes \$7,438 paid for consultations with Financo and Aon Hewitt, leaving only
15 \$1,974 of Naman Howell expenses incurred in-house that were billed to WETT.
16 Duggins Wren's invoices include only fees, and total \$68,316 through May 2012. I
17 have concluded that the time spent and the total expenses incurred by Naman Howell
18 and Duggins Wren are proportionate to the efforts necessary to represent the
19 Company given the novelty and complexity of the case and the total revenue at stake.

20 **Q: ARE THERE ANY TIME-BILLERS AT THE LAW FIRMS OTHER THAN**
21 **ATTORNEYS THAT WERE INVOLVED IN THIS PROCEEDING?**

22 A: Yes. Naman Howell employs legal assistants who billed time to WETT for
23 this case at \$70 to \$95 per hour. Prior to the filing of the Rate Filing Package, the

1 legal assistants worked primarily on testimony. Their individual billable hours and
2 fees on these matters are reflected in the Naman Howell Invoices included with my
3 Workpapers. I examined all legal assistants' time entries for the same issues I
4 employed to review the attorneys' billable entries.

5 Based upon my review of these time-billers other than attorneys, I conclude
6 that their assistance was necessary to the representation of WETT, added economic
7 efficiency to the legal representation, and was reasonable and necessary.

8 **Q: ARE THE HOURLY RATES CHARGED BY NAMAN HOWELL FOR**
9 **LEGAL ASSISTANTS REASONABLE?**

10 A: The hourly rates for the Naman Howell legal assistants are comparable to
11 rates charged by other firms for the services of legal assistants, are neither high nor
12 out-of-the-ordinary, and are quite reasonable in my opinion. The hourly rates charged
13 by Naman Howell for legal assistants are consistent with rates charged in Austin by
14 other law firms representing utilities in proceedings before the Commission.

15 **Q: YOU PREVIOUSLY TESTIFIED THAT THERE ARE CERTAIN ISSUES**
16 **RELATED TO FEES AND BILLINGS WHICH ARE SUBJECT TO SPECIAL**
17 **SCRUTINY. DID YOU FIND ANY INSTANCE IN WHICH A TIME-BILLER**
18 **BILLED IN EXCESS OF 12 HOURS OR MORE IN ANY ONE DAY?**

19 A: Yes. During May 2012, as the Company was moving closer to filing the Rate
20 Filing Package and accompanying testimony, there were three instances in which a
21 Naman Howell attorney billed more than 12.0 hours on the rate case matter on any
22 single day. Naman Howell bills reflect their practice of billing separately for each
23 service provided on any given day, so if there were multiple entries by an attorney on

1 any given day, I added those separate entries to determine the total hours worked by
2 each attorney on each day. As I explain in Exhibit JKT-2, I find the very limited
3 number of billings that were greater than 12 hours to be reasonable and necessary to
4 accomplishing the task of finalizing the case for filing.

5 **Q: DID YOU FIND ANY INSTANCES IN WHICH AN HOURLY RATE WAS**
6 **CHARGED THAT WAS HIGHER THAN THE AGREED-UPON RATE?**

7 A: No. As I explain above, Naman Howell reviews its hourly rates annually and
8 may change the hourly rates it charges, but the client has agreed to the new rates and
9 therefore there is nothing improper about the change in rates that took effect
10 September 1, 2011. The rates charged by Duggins Wren did not change during the
11 period covered by the invoices I reviewed.

12 **Q: DID YOU FIND ANY INSTANCES IN WHICH THE COMPANY WAS**
13 **CHARGED MORE THAN ONCE FOR A SERVICE?**

14 A: No. There was no double-billing for any work performed by attorneys or
15 legal assistants. As can be seen on the Naman Howell invoices, several consultants'
16 fees were billed by Naman Howell, instead of being submitted directly to WETT. In
17 all but two instances, because I reviewed the consultants' invoices, I removed those
18 disbursements from the Naman Howell invoices and discuss them separately for each
19 consultant, and thereby avoid duplication of rate case expenses.

20 **Q. CHANGING NOW FROM FEES AND HOURLY BILLINGS TO OUT-OF-**
21 **POCKET EXPENSES, WHAT DID YOU LEARN ABOUT THE LAW FIRMS'**
22 **OUT-OF-POCKET EXPENSES?**

1 A: First, there are no out-of-pocket expenses included on Duggins Wren's
2 invoices. Second, Naman Howell's out-of-pocket disbursements, excluding
3 Professional Fees for consultants Aon Hewitt and Financo, were minimal (totaling
4 \$1,973.71), and included reasonable charges for postage, copying, teleconferencing,
5 and court reporter fees.

6 **Q: WHAT IS YOUR OPINION CONCERNING THE RATES AND LEVEL OF**
7 **THE OUT-OF-POCKET EXPENSES INCLUDED AS DISBURSEMENTS ON**
8 **NAMAN HOWELL INVOICES?**

9 A: In any proceeding before this Commission, courier costs are commonplace.
10 The costs for courier or messenger services reflected on some of the invoices from
11 Naman Howell are necessary to the Company's ability to exchange documents
12 between the witnesses, counsel, and WETT, and will also be necessary for filing the
13 Rate Case and other documents at the Commission. The rates for those services are
14 reasonable based on my experience with similar services in Austin, Texas. Other out-
15 of-pocket expenses, including teleconferencing and court report fees for transcripts
16 are also reasonable based upon my experience in procuring similar charges for my
17 clients.

18 **Q: DID YOU FIND ANY INSTANCES IN WHICH WETT WAS CHARGED**
19 **MORE THAN ONCE FOR AN OUT-OF-POCKET EXPENDITURE?**

20 A: No.

21 **Q: DID YOU FIND ANY INSTANCE IN WHICH NON-COMMERCIAL**
22 **AIRCRAFT OR FIRST-CLASS AIR TRAVEL WAS USED?**

23 A: No, there was no air fare charged to WETT by Naman Howell.

1 Q: DID YOU FIND ANY INSTANCE IN WHICH LUXURY ITEMS SUCH AS
2 LIMOUSINE SERVICE, SPORTING EVENTS, ALCOHOLIC DRINKS,
3 DESIGNER COFFEE, HOTEL MOVIES, OR OTHER ENTERTAINMENT
4 WAS BILLED TO THE COMPANY?

5 A: No. There were no instances of any luxury items or services charged to
6 WETT by Naman Howell.

7 Q: DID YOU FIND ANY INSTANCE IN WHICH THE COST OF A MEAL
8 EXCEEDED \$25.00 PER PERSON?

9 A: No, WETT was not charged for any meals by Naman Howell.

10 Q: DID YOU UNDERTAKE ANY FURTHER REVIEW OF OUT-OF-POCKET
11 EXPENSES?

12 A: Yes. I examined the expenses claimed by Naman Howell to determine
13 whether the incurrence of any expense was unnecessary.

14 Q: DID YOU FIND ANY INSTANCE OF UNNECESSARY EXPENSE?

15 A: No. I found nothing that would lead me to believe that an excessive number
16 of photocopies were being billed to WETT, but rather I found expenses associated
17 with copies were minimal in light of the complexity of the case. Similarly, I found
18 charges for court reporter fees, courier expenses, teleconferencing and mileage
19 reflected on the Naman Howell invoices to be reasonable.

20 VI. WETT'S REQUEST FOR RECOVERY OF LEGAL RATE CASE EXPENSES

21 Q: PLEASE SUMMARIZE YOUR CONCLUSION CONCERNING THE
22 COMPANY'S REQUEST FOR RECOVERY OF LEGAL RATE CASE

**EXPENSES INCURRED THROUGH THE END OF APRIL 2012 FOR
THIS PROCEEDING.**

A: In summary, considering the factors discussed above, it is my opinion that the rate case expenses incurred to date by WETT for legal services in this docket discussed herein are reasonable and necessary, and should be reimbursed in full. The legal fees and expenses charged through May 31, 2012 by Naman Howell to WETT, which I find should be reimbursed total \$908,533, as reflected on Exhibit JKT-2. The legal fees charged through May 31, 2012 by Duggins Wren to WETT, which I find should be reimbursed total \$68,316.

Q: BASED UPON YOUR REVIEW OF THE RATE CASE EXPENSES AND THE UNDERLYING DOCUMENTATION PERTINENT THERETO, DO YOU HAVE AN OPINION AS TO THE REASONABLENESS OF THOSE EXPENSES?

A: Yes. In my opinion, the rate case expenses associated with legal services for which WETT seeks recovery in this case are reasonable, should be approved in this proceeding, and should be collected through the rider described in the testimony of Dr. Bruce Fairchild.

Q. WHAT IS THE TOTAL AMOUNT OF LEGAL RATE CASE EXPENSES THAT YOU RECOMMEND WETT BE PERMITTED TO RECOVER IN THIS PROCEEDING?

A. The total amount of legal fees and expenses, including invoices for both law firms discussed herein, that I recommend WETT be permitted to recover in this proceeding is \$976,849.

1 **VII. REASONABLENESS OF CONSULTANTS' RATE CASE EXPENSES**

2 **Q. HAVE YOU REVIEWED THE FEES AND EXPENSES OF EACH OF THE**
3 **CONSULTANT WITNESSES TESTIFYING ON BEHALF OF WETT?**

4 A. I reviewed the invoices for professional consultants that provided services to
5 WETT in anticipation of and presentation of the Rate Case as expert witnesses. I
6 have summarized the invoices I reviewed for this group of vendors in Exhibit JKT-2.
7 I reviewed each of these invoices based upon the standards and criteria I discuss
8 above concerning the legal rate case expenses.

9 **Q. DO YOU HAVE ANY GENERAL OBSERVATIONS ABOUT THE**
10 **CONSULTANTS' INVOICES THAT YOU REVIEWED?**

11 A. Yes. The consultants' invoices are very similar to others I have reviewed both
12 as an Administrative Law Judge and as an expert witness, and are notable because of
13 the lack of detailed hourly billing descriptions that are commonly presented in law
14 firm invoices. Consultants do not generally, in my experience in reviewing these
15 types of invoices, provide detailed daily descriptions of the work performed. I have
16 found this to be true for consultants who provide services to utilities and for
17 consultants who provide services to municipalities that are also entitled to
18 reimbursement of rate case expenses. Therefore, in order to determine if the fees and
19 expenses they are paid are reasonable and necessary, it is essential to understand what
20 services they provided, and then, based on my experience, I must arrive at an opinion
21 on the reasonableness of the charges as paid by the utility.

22 (1) Alliance Consulting Group

23 **Q. DID YOU REVIEW INVOICES FOR ALLIANCE CONSULTING GROUP?**

1 A. Yes. The invoices for Alliance Consulting Group are found in my
2 Workpapers and are listed on Exhibit JKT-2.

3 **Q. PLEASE DESCRIBE WHAT SERVICES THIS CONSULTANT PROVIDED**
4 **TO WETT?**

5 A. Dane Watson, Partner at Alliance Consulting Group, prepared a depreciation
6 study and presents testimony on that issue on behalf of WETT.

7 **Q. PLEASE DESCRIBE MR. WATSON'S EXPERIENCE AND EXPERTISE.**

8 A. Mr. Watson holds a BS in Electrical Engineering from the University of
9 Arkansas at Fayetteville and an MBA from Amberton University. Since graduating
10 from college in 1985, Mr. Watson has worked in the area of depreciation and
11 valuation. He founded Alliance Consulting Group in 2004 and is responsible for
12 conducting depreciation, valuation, and certain other accounting-related studies for
13 utilities in various regulated industries. His duties related to depreciation studies
14 include the assembly and analysis of historical and simulated data, conducting field
15 reviews, determining service life and net salvage estimates, calculating annual
16 depreciation, presenting recommended depreciation rates to utility management for
17 consideration, and supporting such rates before regulatory bodies. Mr. Watson's
18 prior employment from 1985 to 2004 was with Texas Utilities ("TXU"). During his
19 tenure with TXU, he was responsible for, among other things, conducting valuation
20 and depreciation studies for the domestic TXU companies. During that time, he also
21 served as Manager of Property Accounting Services and Records Management in
22 addition to his depreciation responsibilities.

Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DID YOU MAKE ANY EXCEPTIONS FOR THE PAYMENTS MADE BY WETT TO THIS CONSULTANT?

A. Yes. Based upon my review of these invoices, I found that certain expenses should be disallowed under the standards and criteria for review that are appropriate in this case. As reflected on Exhibit JKT-2, I recommend that \$643.85 be removed from rate case expenses, primarily because of a 5% miscellaneous office expense fee. That fee, which is calculated by marking up professional fees by 5%, appears to be an overhead adder, which is a type of expense that the Commission has expressly disallowed from rate case expense recovery. The other fees and expenses totaling \$12,002.89 paid by WETT to Alliance, summarized in Exhibit JKT-2, should be recovered as rate case expenses because they are reasonable and necessary.

(2) Booz & Co.

Q. DID YOU REVIEW INVOICES FOR BOOZ & CO?

A. Yes. The invoices for Booz & Co. are found in my Workpapers and are listed on Exhibit JKT-2. As of the date of the filing of this testimony, I have received invoices from Booz & Co. for services provided through January 15, 2012, but I anticipate I will receive and review more recent Booz & Co. invoices, which I will address in my testimony in the future.

Q. PLEASE DESCRIBE WHAT SERVICES THIS CONSULTANT PROVIDED TO WETT?

A. Thomas Flaherty provides expert testimony on behalf of WETT on issues related to affiliate expenses. His direct testimony addressees the reasonableness of

1 affiliate charges incurred by WETT based on his evaluations of the following: 1)
2 WETT's contract planning and preliminary decision-making with respect to affiliate
3 transactions; 2) WETT's contracting process and terms of its affiliate contracts; and
4 3) the effectiveness of WETT's affiliate contract administration as it relates to the
5 planning and development of its transmissions lines and substations.

6 **Q. PLEASE DESCRIBE MR. FLAHERTY'S EXPERIENCE AND EXPERTISE.**

7 A. Mr. Flaherty holds a BA in Accounting from the University of Oklahoma. He
8 joined Touche Ross immediately upon graduation in 1973, and remained with the
9 firm when it merged with Deloitte, Haskins & Sells in December 1989 to become
10 Deloitte & Touche. He retired from Deloitte & Touche in February 2004, and the
11 next month he joined Booz Allen as a Senior Vice President specializing in Utilities.
12 In 2008, a corporate transaction was announced resulting in the federal consulting
13 practice of Booz Allen Hamilton being acquired by the Carlyle Group and Booz &
14 Company being created as an independent entity with a focus on commercial sector
15 clients. Mr. Flaherty continues to be a Senior Vice President of Booz & Company in
16 the post-transaction organization. He is a Certified Management Consultant and a
17 member of the Institute of Management Consultants.

18 Over the course of Mr. Flaherty's consulting career, he has specialized in the
19 public utility industry and has participated in numerous regulatory consulting
20 engagements for gas, electric, water and telephone utilities encompassing rate base,
21 operating income, capital structure, rate of return, revenue requirements, affiliate
22 transactions and cost allocations. Specifically, he has previously testified with
23 respect to affiliated interest issues related to service company formation; service

1 company activity, necessity, and benefits; service company activity overlap; service
2 company budgeting and cost management; service company cost comparability; and
3 service company cost apportionment processes.

4 Based upon my review of his qualifications and the scope of his testimony on
5 behalf of WETT, his services are necessary and reasonable, and the fees charged by
6 Booz & Co. for services provided to WETT through January 15, 2012, totaling
7 \$640,860, are reasonable and should be recovered as rate case expenses. The
8 expenses included in the invoices I have reviewed to date, with the exceptions noted
9 below, are also reasonable and necessary.

10 **Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DO YOU**
11 **RECOMMEND ANY DISALLOWANCES FOR THE PAYMENTS MADE BY**
12 **WETT TO THIS CONSULTANT?**

13 A. Yes. I recommend several disallowances of out-of-pocket expenses included
14 on Booz & Co. invoices, as indicated on Exhibit JKT-2. In many instances the
15 disallowances are due to failure to document expenditures so that they can be
16 reviewed for reasonableness. *See, for example*, Exhibit JKT-2, Booz Invoice
17 222008815. I have also recommended disallowance of charges for “admin. support,
18 research and overhead,” which the Commission has disallowed in other rate cases.
19 The practice of adding overhead is not uncommon among consultants and in my
20 opinion is not unreasonable. However, the Commission has disallowed overhead
21 “adders” such as these, and I therefore conclude that they should not be recovered
22 here. In some instances, documentation of Booz & Co.’s out-of-pocket expenditures
23 does not support the amounts listed for each individual. *See, for example*, Exhibit

1 JKT-2, Booz Invoice 22209839 (Expenses only – no fees – for July 25, 2011 through
2 September 30, 2011 totaling \$15,698). Based upon my review, the only expenses
3 from that invoice that should be included in rate case expenses total \$5,775. In total,
4 I reviewed invoices that included Expenses of \$27,030, and recommend approval of
5 only \$7,963.

6 In sum, based upon my review of the invoices and back-up documentation
7 provided by Booz & Co. to WETT through January 15, 2012, the reasonable and
8 necessary fees and expenses that should be recovered as rate case expense total
9 \$648,823, as shown on Exhibit JKT-2. I anticipate receiving additional invoices from
10 this consultant and intend to update my recommendation after reviewing those.

11 (3) Expergy

12 **Q. DID YOU REVIEW INVOICES FOR EXPERGY?**

13 A. Yes, the eight Expergy Invoices that I reviewed are included in my
14 Workpapers and are listed on Exhibit JKT-2.

15 **Q. PLEASE DESCRIBE WHAT SERVICES THIS CONSULTANT PROVIDED**
16 **TO WETT?**

17 A. Mr. Jay Joyce, President of Expergy, prepared a lead-lag study and presents
18 expert testimony on that issue on behalf of WETT.

19 **Q. PLEASE DESCRIBE MR. JOYCE'S EXPERIENCE AND EXPERTISE.**

20 A. Mr. Joyce graduated from the University of Texas in 1986 with a degree in
21 Finance. In 1989, he earned his MBA degree from Southern Methodist University.
22 While at Southern Methodist University, he was employed by Reed-Stowe & Co. as a
23 Senior Consultant. His responsibilities at Reed-Stowe included developing and

1 presenting analyses and testimony concerning revenue requirements, cost allocation,
2 and rate design for water, wastewater, gas, electric, and cable utilities.

3 In 1995, Mr. Joyce joined the Management Consulting division of Deloitte &
4 Touche LLP (now Deloitte Consulting) as a Manager and was later promoted to
5 Senior Manager. His responsibilities included project management for a wide range
6 of utility-related projects including merger and acquisition analyses, merger synergy
7 analyses, cost of service studies, management audits, cash working capital studies,
8 and preparation of expert testimony before various commissions, courts, and other
9 governmental authorities.

10 Starting in 2003, he spent five years consulting at two professional services
11 firms which specialized in utilities before launching his own consulting firm,
12 Expergy. As President of Expergy, his client responsibilities include preparing and
13 presenting analyses relating to pricing and rate design matters; cost of service and
14 revenue requirement issues; cash working capital studies; customer and weather
15 normalization; and other gas, electric, water, and wastewater related matters.

16 Based upon my review of his qualifications and the scope of his testimony on
17 behalf of WETT, his fees and expenses are reasonable and necessary.

18 **Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DO YOU**
19 **RECOMMEND ANY DISALLOWANCES FOR THE PAYMENTS MADE BY**
20 **WETT TO THIS CONSULTANT?**

21 **A.** No, I found that all of the fees and expenses totaling \$56,487 paid by WETT
22 to Expergy, summarized in Exhibit JKT-2, should be recovered as rate case expenses
23 because they are reasonable and necessary.

1 (4) FINCAP

2 **Q. DID YOU REVIEW INVOICES FOR FINANCIAL CONCEPTS AND**
3 **APPLICATIONS, INC. (FINCAP)?**

4 A. Yes, the eight FINCAP Invoices that I reviewed are included in my
5 Workpapers and are listed on Exhibit JKT-2.

6 **Q. PLEASE DESCRIBE WHAT SERVICES THIS CONSULTANT PROVIDED**
7 **TO WETT?**

8 A. Dr. Bruce Fairchild, Principal in FINCAP, developed an overall rate of return
9 to apply to WETT's rate base and calculated WETT's revenue requirement. He
10 presents testimony on these issues on behalf of WETT.

11 **Q. PLEASE DESCRIBE DR. FAIRCHILD'S EXPERIENCE AND EXPERTISE.**

12 A. Dr. Fairchild holds a BBA degree from Southern Methodist University and
13 MBA and PhD degrees from the University of Texas at Austin. He is also a Certified
14 Public Accountant. His previous employment includes working in the Controller's
15 Department at Sears, Roebuck and Company and serving as Assistant Director of
16 Economic Research at the PUC. He has also been on the business school faculties at
17 the University of Colorado at Boulder and the University of Texas at Austin, where
18 he taught undergraduate and graduate courses in finance and accounting.

19 While at the PUC, Dr. Fairchild assisted in managing a division comprised of
20 approximately twenty-five professionals responsible for financial analysis, cost
21 allocation and rate design, economic and financial research, and data processing
22 systems. He testified on behalf of the PUC staff in numerous cases involving most
23 major investor-owned and cooperative electric, telephone, and water/sewer utilities in

1 the state regarding a variety of financial, accounting, and economic issues. Since
2 forming FINCAP in 1979, he has participated in a wide range of analytical
3 assignments involving utility-related matters on behalf of utilities, industrial
4 consumers, municipalities, and regulatory commissions. He has also prepared and
5 presented expert testimony before a number of regulatory authorities addressing
6 revenue requirements, cost allocation, and rate design issues for gas, electric,
7 telephone, and water/sewer utilities. Dr. Fairchild has been a frequent speaker at
8 regulatory conferences and seminars and has published research concerning various
9 regulatory issues.

10 Based upon my review of his qualifications and the scope of his testimony on
11 behalf of WETT his fees are reasonable and necessary.

12 **Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DO YOU**
13 **RECOMMEND ANY DISALLOWANCES FOR THE PAYMENTS MADE BY**
14 **WETT TO THIS CONSULTANT?**

15 A. No. FINCAP charged only for the professional fees for services provided by
16 Dr. Fairchild. I found that the fees totaling \$81,375 paid by WETT to FINCAP,
17 summarized in Exhibit JKT-2, should be recovered as rate case expenses because
18 they are reasonable and necessary.

19 (5) SAIC (fka R.W. BECK)

20 **Q. DID YOU REVIEW INVOICES FOR SAIC (FORMERLY R.W. BECK)?**

21 A. Yes, the 22 SAIC Invoices that I reviewed are included in my Workpapers and
22 are listed on Exhibit JKT-2.

1 **Q. PLEASE DESCRIBE WHAT SERVICES THIS CONSULTANT PROVIDED**
2 **TO WETT?**

3 A. Alvy Daryl Pullin, Senior Project Manager at SAIC, served in an independent
4 advisory role for WETT's affiliate transactions related to the CREZ transmissions
5 projects and presents testimony on related issues on behalf of WETT.

6 **Q. PLEASE DESCRIBE MR. PULLIN'S EXPERIENCE AND EXPERTISE.**

7 A. Mr. Pullin holds a BS in Mechanical Engineering Technology from Fairleigh
8 Dickinson University and an MBA from the University of Houston. For the past
9 twenty-five years, he has consulted with clients over a broad range of management
10 advisory services, primarily in the electric and water utility industries. He has advised
11 utility companies on how to approach and manage important enterprise-wide
12 initiatives and projects. Prior to entering the consulting business, he worked hands-on
13 for clients in the electric utility industry. He spent twelve years in various
14 engineering and engineering management positions with engineering and construction
15 companies.

16 Based upon my review of his qualifications and the scope of his testimony on
17 behalf of WETT his fees and expenses are reasonable and necessary.

18 **Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DO YOU**
19 **RECOMMEND ANY DISALLOWANCES FOR THE PAYMENTS MADE BY**
20 **WETT TO THIS CONSULTANT?**

21 A. No. SAIC's invoices¹⁰ contain minimal out-of-pocket expenses totaling
22 \$965.57, and the remainder of the invoices cover professional services fees. I found

¹⁰ I reviewed only those SAIC invoices related to the Rate Case. SAIC invoices for services performed related to affiliate transactions are not included in the rate case expenses sought to be recovered herein.

1 that those expenses, plus fees of \$227,685.50, for a total of \$228,651 paid by WETT
2 to SAIC, summarized in Exhibit JKT-2, should be recovered as rate case expenses
3 because they are reasonable and necessary.

4 (6) Sussex Economic Advisors, LLC

5 **Q. DID YOU REVIEW INVOICES FOR SUSSEX ECONOMIC ADVISORS,**
6 **LLC?**

7 A. Yes, the three Sussex invoices that I reviewed are included in my Workpapers
8 and are listed on Exhibit JKT-2.

9 **Q. PLEASE DESCRIBE WHAT SERVICES THIS CONSULTANT PROVIDED**
10 **TO WETT?**

11 A. Robert B. Hevert, Managing Partner of Sussex, evaluated WETT's return on
12 equity and presents testimony on that issue on behalf of WETT.

13 **Q. PLEASE DESCRIBE MR. HEVERT'S EXPERIENCE AND EXPERTISE.**

14 A. Mr. Hevert holds a Bachelor's degree in Business and Economics from the
15 University of Delaware, and an MBA with a concentration in Finance from the
16 University of Massachusetts. He also holds the Chartered Financial Analyst
17 designation.

18 Mr. Hevert has worked in regulated industries for over twenty-five years,
19 having served as an executive and manager with consulting firms, a financial officer
20 of a publicly-traded natural gas utility, and an analyst at a telecommunications utility.
21 In his role as a consultant, he has advised numerous energy and utility clients on a
22 wide range of financial and economic issues including corporate and asset-based
23 transactions, asset and enterprise valuation, transaction due diligence, and strategic

1 matters. As an expert witness, he has provided testimony in many proceedings
2 regarding various financial and regulatory matters before numerous state utility
3 regulatory agencies and the Federal Energy Regulatory Commission.

4 Based upon my review of his qualifications and the scope of his testimony on
5 behalf of WETT his fees are reasonable and necessary.

6 **Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DO YOU**
7 **RECOMMEND ANY DISALLOWANCES FOR THE PAYMENTS MADE BY**
8 **WETT TO THIS CONSULTANT?**

9 A. No. Sussex charged only for the professional fees for services provided by
10 Mr. Hevert. I found that the fees totaling \$50,641 paid by WETT to Sussex,
11 summarized in Exhibit JKT-2, should be recovered as rate case expenses because
12 they are reasonable and necessary.

13 (7) Vector Advisors

14 **Q. DID YOU REVIEW INVOICES FOR VECTOR ADVISORS?**

15 A. Yes, the two Vector Advisors invoice that I reviewed are included in my
16 Workpapers and listed on Exhibit JKT-2.

17 **Q. PLEASE DESCRIBE WHAT SERVICES THIS CONSULTANT PROVIDED**
18 **TO WETT?**

19 A. Brett A. Perlman, President of Vector Advisors, assessed WETT's
20 relationships with its affiliates regarding services provided by the affiliates in
21 furtherance of WETT's CREZ transmission projects. He provides testimony on these
22 issues on behalf of WETT.

23 **Q. PLEASE DESCRIBE MR. PERLMAN'S EXPERIENCE AND EXPERTISE.**

1 A. Mr. Perlman received his BA in Economics from Northwestern University in
2 1981, where he graduated *Phi Beta Kappa*. He received his JD from the University
3 of Texas School of Law in 1984, where he served as an Associate Editor on TEXAS
4 LAW REVIEW.

5 Mr. Perlman has worked as a consultant with Vector Advisors for
6 approximately nine years. His management consulting practice focuses on advising
7 senior executives and management teams in the telecommunications and electric
8 utility industries on business strategy, product and strategic marketing, and merger
9 and acquisition issues. Prior to joining Vector, he spent 10 years as a consultant
10 performing similar functions for McKinsey and Company, Inc. Before that, he
11 practiced law in the private sector.

12 In 1999, Mr. Perlman was appointed to the PUC by then-Governor George W.
13 Bush. From 1999 to 2003, he served as a PUC Commissioner. He was charged with
14 leading a complex, multi-year industry restructuring process for the state's
15 telecommunications and electric utility industries. Texas's restructuring process has
16 been widely recognized as one of the most successful electric utility industry
17 restructurings in the U.S., and he became nationally recognized as an expert in
18 electric utility industry and telecommunications issues.

19 Based upon my review of his qualifications and the scope of his testimony on
20 behalf of WETT his fees are reasonable and necessary.

21 **Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DO YOU**
22 **RECOMMEND ANY DISALLOWANCES FOR THE PAYMENTS MADE BY**
23 **WETT TO THIS CONSULTANT?**

1 A. No. Vector charged only for the professional fees for services provided by
2 Mr. Perlman. I found that the fees totaling \$18,338 paid by WETT to Vector,
3 summarized in Exhibit JKT-2, should be recovered as rate case expenses because
4 they are reasonable and necessary.

5 (8) Smith Trostle & Huerta LLP

6 **Q. DID YOU REVIEW INVOICES FOR SERVICES PROVIDED BY YOUR**
7 **FIRM?**

8 A. Yes, I reviewed five Smith Trostle & Huerta Invoices that are included in my
9 Workpapers and which are listed on Exhibit JKT-2.

10 **Q. PLEASE DESCRIBE WHAT SERVICES YOU PROVIDED TO WETT?**

11 A. As explained above, I was retained to provide expert testimony on the
12 recovery of rate case expenses.

13 **Q. PLEASE DESCRIBE YOUR EXPERIENCE AND EXPERTISE.**

14 A. My experience and expertise to render the opinions in this testimony are
15 described above. Based upon my qualifications and the scope of this testimony on
16 behalf of WETT, my fees are reasonable and necessary.

17 **Q. BASED UPON YOUR REVIEW OF THESE INVOICES, DO YOU**
18 **RECOMMEND ANY DISALLOWANCES FOR THE PAYMENTS MADE BY**
19 **WETT TO YOUR FIRM?**

20 A. No. I have charged only for the fees for services I and my assistant provided
21 to WETT that were reasonable and necessary to formulating this testimony. To date,
22 our expenses have been limited to copy charges at ten cents per page. My firm's

1 invoices totaling \$23,871 paid by WETT are summarized in Exhibit JKT-2, and
2 should be recovered as rate case expenses because they are reasonable and necessary.

3 **VIII. FUTURE RATE CASE EXPENSES**

4 **Q. DOES WETT INTEND TO SEEK RECOVERY OF ADDITIONAL RATE**
5 **CASE EXPENSES RELATED TO THIS RATE CASE FILING?**

6 A. Yes. Assuming rate case expenses are severed from the Rate Case, I will file
7 additional testimony to address the additional rate case expenses incurred through the
8 conclusion of the Rate Case. In addition, WETT will request findings and ordering
9 language allowing it to book as a regulatory asset, and seek recovery of additional
10 rate case expenses that may be incurred after the rate case expense hearing in a future
11 rate case.

12 **IX. SUMMARY AND CONCLUSION**

13 **Q. WHAT IS THE OVERALL TOTAL RATE CASE EXPENSE FOR WHICH**
14 **WETT IS SEEKING RECOVERY?**

15 A. At this time, WETT is seeking to recover total rate case expenses of
16 **\$2,097,038**. As indicated earlier in my testimony, this number will change either in a
17 severed Rate Case Expense Docket, or through supplemental filings if not severed
18 from the Rate Case.

19 **Q. IN YOUR OPINION, IS THE COMPANY'S REQUEST FOR**
20 **REIMBURSEMENT OF \$2,097,038 REASONABLE?**

21 A. Yes. Based upon the complexity of issues, the scope of services provided, and
22 the importance of this initial rate case for WETT, I conclude that WETT's request for
23 reimbursement of **\$2,097,038** is reasonable. I have concluded that the time spent by

1 the Company and the total expenses incurred by the law firms and consultants as
2 described above, is proportional to the efforts necessary to represent WETT's interest,
3 given the complexity of the case and the total revenue at stake, and is reasonable.

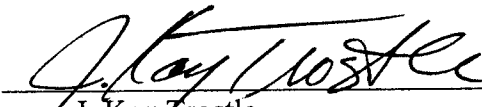
4 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 A. Yes. However, I reserve the right to make changes or corrections as
6 necessary, in particular to provide additional invoices as they are made available
7 during the pendency of this matter before the Commission.

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §


BEFORE ME, the undersigned authority, on this day personally appeared J. Kay Trostle, who, having been placed under oath by me, did depose as follows:

My name is J. Kay Trostle. I am of legal age and a resident of the State of Texas. The foregoing direct testimony and the attached exhibits offered by me are true and correct, and the opinions stated therein are accurate, true and correct.


J. Kay Trostle

14th **SUBSCRIBED AND SWORN TO BEFORE ME** by the said J. Kay Trostle this
day of August, 2012.




Notary Public, State of Texas

Smith Trostle & Huerta LLP

ATTORNEYS AT LAW

J. KAY TROSTLE

Partner

EDUCATION

Doctor of Jurisprudence, The University of Texas School of Law, 1979
Bachelor of Arts, *with High Honors*, The University of Texas at Austin, 1975

PROFESSIONAL LICENSES

Attorney at Law, Texas, 1979

LEGAL EXPERTISE

Ms. Trostle's legal expertise is in administrative law and litigation, focusing primarily on regulation of and transactions related to electric, water and wastewater, gas and telecommunications utilities and the competitive markets in which those industries operate, as applicable.

PROFESSIONAL EXPERIENCE

Managing Partner, Smith Trostle & Huerta LLP – Austin, Texas October 2011 to present
Managing Partner, Smith Trostle LLP – Austin, Texas March 2006 to September 2011
Partner, Sifuentes, Drummond & Smith, L.L.P. – Austin, Texas February 2002 to February 2006
Partner, Casey, Gentz & Sifuentes, L.L.P. – Austin, Texas, April 2000 to February 2002.
Of Counsel, Brown McCarroll & Oaks Hartline – Austin, Texas, February 1997 to March 2000.
Utility Division Director, State Office of Administrative Hearings – Austin, Texas, September 1995 to January 1997.
Various positions including Senior Administrative Law Judge, Assistant Director of Hearings, and Administrative Law Judge at Public Utility Commission of Texas – Austin, Texas, June 1987 to August 1995.
Hearings Examiner, Texas Water Commission – Austin, Texas, January 1986 to June 1987.
Associate, Long and Webber – Austin, Texas, January 1985 to July 1985.
Senior Hearing Examiner, Texas Health Facilities Commission – Austin, Texas, February 1981 to December 1984.
Associate, Wynn, Brown, Mack, Renfro and Thompson – Fort Worth, Texas, September 1979 to February 1981.

PROFESSIONAL AFFILIATIONS, ACTIVITIES AND HONORS

State Bar of Texas (member of Administrative and Public Law and Public Utility Law Sections)
Administrative and Public Law Council of the State Bar of Texas, Council Member
Robert W. Calvert American Inn of Court, Master Member (2006-present)
College of the State Bar of Texas, Member (since 2008)
"Go-To Lawyer" in Administrative Law, Texas Lawyer's 2007 Go-To Guide of Top Notch Lawyers
Austin Bar Association, Administrative Law and Solo and Small Firm Sections, Member
Co-Director, 2nd Annual Advanced Texas Administrative Law Seminar (August 2007)
Course Director, 14th Annual Advanced Administrative Law Course (September 2002)
Gulf Coast Power Association, Member

RECENT SPEECHES

Issues Out of Crez, Moderator and Panelist, 6th Annual Advanced Texas Administrative Law Seminar, Austin, Texas, August 26, 2011.
Agency Review of SOAH PFDs – Who Decides?, Moderator, 17th Annual Advanced Administrative Law Course 2005, Austin, Texas, September 22, 2005

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Rate Case Expenses –WETT
Summary of Invoices and Exceptions

Vendor	Invoice #/Date/ Total Invoice	Dates of Service	Explanation of Exception	Resolution of Exception And/or Notes re Invoice
CONSULTANT WITNESSES				
<u>Booz & Co.</u> Thomas Flaherty Affiliated Capital and Expenses	222008815/Mar 30, 2011 \$35,802.04 Total Fees \$32,680	Oct 18, 2010 – Nov 9, 2010	No exceptions.	
Booz & Co.	222008815 Expenses \$1,122.04 Remove (\$1,222.04) Expenses \$0		(2) No documentation of Expenses totaling \$1,122.04. Expenses include \$145.28 for “travel” without documentation; and \$976.76 for “admin. support, research, and overhead” – PUCT does not allow recovery of separate charges for overhead.	Remove -\$1,122.04 no documentation to support travel expense of \$145.28, and percentage adder for overhead not supportable.
Booz & Co.	222008820/Mar 31, 2011 \$54,930.33 Total Fees \$53,160	Jan 11, 2011 – Feb 28, 2011	(1) Fees - No exceptions.	Daily time entries for T. Flaherty and D. Wilderrotter equal or exceed hours invoiced.
Booz & Co.	222008820 Expenses \$1,770.33 Remove (\$1,643.69) Expenses \$126.64		(2) No documentation of Expenses for \$1,643.69 out of \$1,770.33 on invoice. (a) \$849.50 for travel and expenses for T. Flaherty w/o documentation; (b) \$146.96 for travel and expenses for D.	Remove – (a) T. Flaherty \$849.50 no documentation; (b) D. Wilderrotter - \$20.32 cell phone allocation; (c) \$773.87 overhead allocation Total - \$1,643.69

Rate Case Expenses –WETT
Summary of Invoices and Exceptions

Vendor	Invoice #/Date/ Total Invoice	Dates of Service	Explanation of Exception	Resolution of Exception And/or Notes re Invoice
			Wilderrotter includes \$20.32 for allocation of cell phone use; (c) \$773.87 for “admin support, research and overhead” – PUCT does not allow recovery of separate charges for overhead.	
Booz & Co.	222009529/ Oct 14, 2011/ Fees Only \$287,940	Jul 25, 2011 – Sep 30, 2011	No Exceptions.	Daily billing documentation for E. Powell (136 hours @ \$450); R. Vincze (376 hours – 12 more than invoiced - @\$200); D. Estrada (110 hours – 2 hours more than invoiced - @\$335); S. Vemulapalli (256 hours @\$395); and T. Flaherty (28 hours @ \$600 but invoiced fees are \$160 less).
Booz & Co.	222009839/Oct 28, 2011 Expenses Only \$15,698 Remove (\$9,923) Expenses \$5,775	Jul 25, 2011 – Sep 30, 2011	(1)Rob Vincze <u>Transportation Expenses</u> total \$2,306, but includes \$158.40 for 2 private chauffeured car trips (luxury item); \$50 for airfare that was	(1) Rob Vincze: <u>Transportation-</u> remove - \$230.40 for luxury transport, items outside time covered by invoice, and mistaken billing for travel on another matter;

Rate Case Expenses –WETT
Summary of Invoices and Exceptions

Vendor	Invoice #/Date/ Total Invoice	Dates of Service	Explanation of Exception	Resolution of Exception And/or Notes re Invoice
			<p>mistakenly billed to this matter, and \$22 for items outside time period covered by invoice; <u>Food expense</u> invoiced \$526, but documentation totals \$976, which includes \$237 outside time period of invoice and \$327 that is excepted due to e.g., in – room service charges, Starbucks, more than \$25/person; <u>Lodging</u> total \$1,244 – documentation within time period covered by invoice is \$2060; <u>Other</u> - \$262 –cell phone and air card charges allocated – cannot determine reasonableness of allocation, and \$47.50 for cancellation of flight that was billed in error.</p>	<p><u>Food</u> – remove \$114 undocumented/luxury items/meals more than \$25/person; <u>Lodging</u> – no adjustment; <u>Other</u> – remove -\$260 due to error in billing to WETT, and insufficient documentation. Total Adjustment: - \$604.40</p>
Booz & Co.	222009839		<p>(2) S. Vemulapalli – <u>Transportation</u> – documentation includes two \$10 charges for SWA, to upgrade boarding pass; <u>Other Expense</u> \$123 – no documentation other than</p>	<p>(2) S. Vemulapalli – <u>Transportation</u> – remove \$20 for travel upgrade fees; <u>Other Expenses</u> - remove \$123 for lack of documentation Total Adjustment - \$143</p>

Rate Case Expenses –WETT
Summary of Invoices and Exceptions

Vendor	Invoice #/Date/ Total Invoice	Dates of Service	Explanation of Exception	Resolution of Exception And/or Notes re Invoice
Booz & Co.	222009839		<p>totals on Expense Report</p> <p>(3) T. Flaherty – Transportation \$317 – documents show \$181 for SWA flight AUS-DAL and \$85.07 for car rental at ABIA (both dated 8/4/11), total = \$266 (leaving \$51 w/o documentation), also note that travel document indicates First class airfare DFW-AUS-DFW on AA but no \$ indicated -- it appears SWA flight AUS – DAL was substituted for AA flight; Other - \$352 for private chauffeured car to/from DFW to residence on Aug 3, 4 (2 trips) and 5, but those total \$341 or \$386 if handwritten add'l charges are included.</p>	<p>(3) T. Flaherty – Transportation – remove \$51 for lack of documentation; Other – remove \$352 – luxury item for private sedan service to/from residence/airport. Total Adjustment - \$403</p>
Booz & Co.	222009839		<p>(4) Administrative Support \$8700; no documentation and it represents a an add to cover secretarial support and other, unspecified firm costs, as stated in cover letter, the PUC does not allow this</p>	<p>(4) Remove \$8700 due to overhead item calculated as percentage of professional fees. Total Adjustment - 8,700</p>

Rate Case Expenses –WETT
Summary of Invoices and Exceptions

Vendor	Invoice #/Date/ Total Invoice	Dates of Service	Explanation of Exception	Resolution of Exception And/or Notes re Invoice
			type of "overhead" to be separately charged.	
Booz & Co.	222010208/ Dec 21, 2011/ Fees Only \$153,760	Oct 1 – Nov 15, 2011	No Exceptions.	Daily billing documentation provided for R. Vincze (104 hours @\$200), Eric Powell (240 hours @\$450) and T. Flaherty (42 hours @ \$600, although invoiced fees are \$240 less). Note: no fees for D. Wilderrotter on this invoice, but his daily billings indicate 16 hours during this period – see Invoice 222010313 below.
Booz & Co.	222010309/ Jan 27, 2012/ Expenses Only \$8,440.00 -\$6,379 Exceptions \$2,061 Expenses	Oct 1 – Nov 15, 2011	<p>Eric Powell: Transportation \$924 – line item air fare = \$954 – no exception; Food - \$58 – no documentation; Other - \$245 – no documentation</p> <p>Rob Vincze: Transportation \$1521 - no documentation;</p>	<p>Eric Powell: -\$58 Food– no documentation -\$245 Other– no documentation</p> <p>Rob Vincze: -\$1521 –Transportation -</p>

Rate Case Expenses –WETT
Summary of Invoices and Exceptions

Vendor	Invoice #/Date/ Total Invoice	Dates of Service	Explanation of Exception	Resolution of Exception And/or Notes re Invoice
			<p>Food \$537 – exclude alcohol, room service charges, meals in excess of \$25, and all documents that are crossed through; Lodging - \$1,581 – documentation supports \$606.81 only; Other - \$185 – documentation supports \$29 only</p> <p>Tom Flaherty: Transportation - \$265 – line item air fare = \$397 – no exception; Food - \$79 – no documentation</p> <p>Admin Support: \$3,006 – overhead adder</p>	<p>no documentation; -\$340 –Food - no documentation or disallowed expense; -\$974 – no documentation for lodging above \$607; -\$156 – Other - no documentation except for \$29 (Cabs)</p> <p><u>Tom Flaherty:</u> -\$79 – no documentation</p> <p><u>Admin Support</u> -\$3,006</p> <p><u>Total Exceptions:</u> -\$6,379</p>
Booz & Co.	222010313/ Jan 30, 2012/ \$113,320 Fees Only	Nov 15, 2011 – Jan 15, 2012	No Exceptions.	Eric Powell – total hours on this invoice, 158 hours (@\$450) is less than documented daily entries, (196 hours);

Rate Case Expenses –WETT
Summary of Invoices and Exceptions

Vendor	Invoice #/Date/ Total Invoice	Dates of Service	Explanation of Exception	Resolution of Exception And/or Notes re Invoice
				Hannah Jeffers – total hours on this invoice, 112 hours (@\$195), matches daily entries; Andrew Aslpaugh – total hours on this invoice, 12 hours, matches daily entries; D, Wilderotter – 16 hours from 11/1 – 11/15 – not on earlier bill, this invoice includes only 8 hours (@\$305); and T. Flaherty's total hours on this invoice, 26 hours, matches daily entries.
Booz & Co. TOTAL	Total Fees & Expenses in Invoices =\$667,890.37 Total Fees \$640,860 – no exceptions Expenses Only \$27,030.37 Remove (\$19,067.73) Total Expenses \$7,962.64 Total Invoices: \$648,823			
<u>Expergy</u> Jay Joyce Lead-Lag	WETT-1125/ Aug 3, '11/ \$2966	7/1/2011 – 7/31/2011	No Exceptions	
Expergy	WETT-1128/ Sept 9, '11/	8/1/2011 – 8/31/2011	No Exceptions	