



Control Number: 46238



Item Number: 300

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PUC DOCKET NO. 46238

**JOINT REPORT AND APPLICATION
OF ONCOR ELECTRIC DELIVERY
COMPANY LLC AND NEXTERA
ENERGY, INC. FOR REGULATORY
APPROVALS PURSUANT TO PURA
§§ 14.101, 39.262 AND 39.915**

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**BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS**

DIRECT TESTIMONY

OF

RICHARD A. BAUDINO

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ON BEHALF OF

THE STEERING COMMITTEE OF CITIES SERVED BY ONCOR

JANUARY 11, 2016

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**DIRECT TESTIMONY OF
RICHARD A. BAUDINO**

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ATTACHMENTS

- A Resume and Testimony Experience
- B Oncor Response to Staff RFI 2-01
- C Excerpt from Oncor 2015 Service Quality Report

WORKPAPERS – Provided on CD

1 **I. INTRODUCTION AND SUMMARY**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.**

3 A. My name is Richard A. Baudino. I am a Consultant with J. Kennedy and Associates,
4 Inc., an economic consulting firm specializing in utility ratemaking and planning issues.
5 My business address is 570 Colonial Park Drive, Suite 305, Roswell, Georgia.

6 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
7 **PROFESSIONAL EXPERIENCE.**

8 A. I provide this information in Attachment A, including a list of my testimony experience.

9 **Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. I am providing testimony on behalf of the Steering Committee of Cities Served by Oncor
12 ("Cities").

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

14 A. The purpose of my testimony is to present my analysis and recommendations regarding
15 the proposed transaction between Oncor Electric Delivery Company, LLC ("Oncor") and
16 NextEra Energy, Inc. ("NextEra").

17 More specifically, my analysis and evaluation of this proposed transaction
18 includes the following:

- 19 1. Review the potential effects of the proposed transaction on Oncor's cost of
20 capital.
- 21 2. Review and report on rating agency reports and evaluations of the proposed
22 transaction.
- 23 3. Discuss ring fencing as it applies to protection of the regulated rate of return for
24 the combined utilities.

- 1 4. Offer recommendations to the Public Utility Commission of Texas ("PUC" or
2 "Commission") with respect to ratepayer protections regarding Oncor's regulated
3 rate of return.
- 4 5. Evaluate and discuss issues with respect to reliability and quality of service to
5 Oncor's customers.
- 6 6. Offer recommendations to the Commission with respect to conditions relating to
7 reliability and quality of service that should be attached to approval of the
8 proposed transaction.

9 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS**
10 **FOR THE COMMISSION.**

11 A. My conclusions and recommendations are as follows:

- 12 1. NextEra's proposed regulatory and ring fencing commitments with respect to
13 financing and cost of capital are reasonable and should be approved by the
14 Commission. Specifically, these regulatory commitments are found in Exhibit
15 JR-2 attached to Mr. John Reed's Direct Testimony and are numbered 1, 2, 3, 11,
16 21, 25, and 29.
- 17 2. The Commission should require that NextEra and Oncor maintain Oncor's
18 currently approved capital structure consisting of a 40% common equity ratio and
19 a 60% long-term debt ratio.
- 20 3. The Commission should adopt an additional condition to its approval of the
21 proposed transaction such that Oncor's cost of equity shall be determined based
22 on a comparison group of electric utilities with bond ratings no lower than A/A by
23 Standard and Poor's and Moody's.
- 24 4. The Commission should adopt an additional condition to its approval of the
25 proposed transaction such that the cost of new long-term debt issued by Oncor
26 should be based on the lower of Oncor's actual cost of long-term debt or the cost
27 of A-rated electric utility long-term debt, whichever is lower.
- 28 5. The Commission should require that Oncor and NextEra continue to file the
29 Quarterly Performance Reports that Oncor currently files with the Commission on
30 a quarterly basis.
- 31 6. With respect to service quality conditions, the Commission should approve
32 Oncor's regulatory commitment No. 4. Oncor's System Average Interruption
33 Duration Index ("SAIDI") shall be set at 94.94 and its System Average
34 Interruption Frequency Index ("SAIFI") shall be set at 0.94. These numbers shall
35 be based on results from 2011, 2013, 2014, and 2015. Oncor should be required
36 to report its actual SAIDI and SAIFI statistics to the Commission in its Quarterly

Performance Reports and yearly Service Quality Reports filed pursuant to 16 Tex. Admin. Code ("TAC") § 25.81.

7. The Commission should further require that if Oncor fails to achieve either of these reliability indices after the consummation of the proposed merger, then the Commission should open an investigation into service quality for purposes of determining whether any penalties should be assessed against Oncor and/or NextEra.

8. The Commission should adopt an additional condition to its approval that requires Oncor to file a plan detailing how it will address its 100 worst performing feeders on its system. This plan should be filed as part of Oncor's annual Service Quality Report pursuant to 16 TAC § 25.81.

II. COST OF CAPITAL ISSUES

Q. BRIEFLY DESCRIBE THE PROPOSED TRANSACTION BETWEEN ONCOR AND NEXTERA ENERGY, INC.

A. Details of the proposed transaction can be found in the Joint Report and Application of Oncor and NextEra for Regulatory Approvals and the Direct Testimonies filed by witnesses Mark Hickson and John Reed. My summary of the major aspects of the transaction is as follows:

- NextEra proposes to acquire 100% ownership of Oncor through the purchase of the 80.03% interest in Oncor indirectly held by of Energy Future Holdings Corp. ("EFH") and the 19.75% interest in Oncor indirectly held by Texas Transmission Holdings Corp. ("TTHC"). NextEra seeks Commission approval for both transactions.
- If NextEra is unable to close its proposed transaction with TTHC, NextEra proposes to conduct an initial public offering ("IPO") of a fraction of its interest in Oncor (approximately 3%). NextEra also seeks permission from the Commission to conduct this IPO if its proposed transaction with TTHC does not close.
- The proposed transactions would extinguish all debt that currently resides above Oncor that is held by EFH and Energy Future Intermediate Holdings LLC ("EFIH").
- After the proposed transactions close, Oncor would be operated by NextEra as a principle operating subsidiary and as a traditional regulated utility.

- The total value of the proposed transactions is \$18.7 billion.

Q. PLEASE DESCRIBE HOW THE ACQUISITION OF ONCOR WOULD BE FINANCED BY NEXTERA.

A. The details of how the proposed transactions would be financed are contained in the Direct Testimony of Mr. John Reed. In summary, the transactions would be financed as follows:

- NextEra would use a combination of debt and equity to fund \$9.8 billion primarily for the repayment of EFH debt, including about \$5.4 billion of EFH debt obligations under its first lien debtor-in-possession financing.
- NextEra would also fund \$2.4 billion in cash, primarily for the purchase of shares in TTHC with the remainder to repay any existing debt that currently resides at TTHC and Texas Transmission Investment LLC ("TTI").
- NextEra would rebalance its capital structure after closing the transactions to reflect the inclusion of Oncor and to satisfy rating agencies' guidelines so that its current credit ratings are maintained.

Q. WHAT COMMITMENTS DID NEXTERA PROPOSE WITH RESPECT TO ONCOR'S FINANCING, CAPITAL STRUCTURE, AND RETURN ON EQUITY?

A. Mr. Reed's Exhibit JR-2 contains the regulatory and ring fencing commitments that NextEra proposes be adopted in this proceeding. With respect to financing, capital structure, and cost of equity, NextEra proposed the following commitments:

1. NextEra will extinguish all debt that resides above Oncor at EFH and EFH.
2. NextEra Energy and its subsidiaries, other than Oncor, will not incur, guarantee, or pledge assets in respect of any new debt that is solely or almost entirely dependent on the revenues of Oncor without first seeking Commission approval. NextEra Energy and its Affiliates (other than Oncor) will provide advance notice to potential lenders of new debt issued pursuant to the Commission approval received under this commitment of its corporate separateness from Oncor and will obtain an acknowledgement of the separateness and non-petition covenants in all such new debt instruments.

- 1 3. The current credit issuer/corporate ratings of Oncor will be maintained or
2 improved at the time of Closing. If, at any time from the date of closing through
3 December 31, 2020, Oncor's issuer/corporate rating is not maintained as
4 investment grade by Standard & Poor's, Moody's, or Fitch credit ratings agencies,
5 Oncor shall not use the lower credit rating as a justification for a higher regulatory
6 rate of return.
- 7 11. Oncor's debt will be limited so that its regulatory debt-to-equity ratio (as
8 determined by the Commission) is at or below the assumed debt-to-equity ratio
9 established from time to time by the Commission for ratemaking purposes, which
10 is currently set at 60% debt to 40% equity. The calculations of the debt-to-equity
11 ratio for purposes of this commitment will not include goodwill resulting from the
12 Proposed Transactions.
- 13 21. Oncor will not incur, guarantee, or pledge assets in respect of any incremental
14 new debt related to the Proposed Transactions at the closing or thereafter. Oncor's
15 assets shall not be pledged for any entity other than Oncor.
- 16 25. Oncor will not share any credit facility with NextEra Energy or its Affiliates.
- 17 29. Oncor shall not make any distributions, dividends, or other payments to NextEra
18 Energy or its Affiliates without the prior approval of the Commission at any time
19 that two or more of Standard & Poor's, Moody's, or Fitch credit rating agencies
20 determine that Oncor's issuer/corporate credit rating is not investment grade.¹

21 **Q. EARLIER YOU REFERRED TO RING FENCING COMMITMENTS**
22 **PROPOSED BY NEXTERA. WHAT IS RING FENCING AND WHAT IS THE**
23 **PURPOSE OF RING FENCING?**

24 **A.** In this case, ring fencing refers to protections provided to a regulated utility company that
25 shield that company from risks and potential harm resulting from the activities of its
26 affiliates and/or parent company. These risks may take the form of operational risks and
27 credit risks. With respect to Oncor, a primary goal of ring fencing set up by the
28 Commission is to protect the regulated utility company from harm due to the bankruptcy
29 of its affiliates and/or parent company. Ring fencing also protects the regulated utility
30 from having its assets depleted or compromised by an affiliate. Ring fencing also ensures

¹ Distributions for payment of reasonable and necessary expenses recovered through Oncor's Commission-approved rates are not subject to this commitment.

1 that customers are not harmed from the results of corporate restructurings, such as the
2 costs that are or may be incurred due to the transaction proposed in this proceeding.

3 **Q. DID THE COMMISSION ESTABLISH RING FENCING CONDITIONS IN**
4 **DOCKET NO. 34077?²**

5 A. Yes. The Commission approved a Stipulation entered into by the parties in that docket
6 that contained numerous ring-fence provisions. Texas Energy Future Holdings Limited
7 Partnership (“TEF”) and Oncor made 22 commitments designed to protect Oncor and its
8 ratepayers from adverse effects from the proposed merger between TEF and Oncor’s
9 parent company, TXU Corp.

10 **Q. DID THE MAJOR RATING AGENCIES OFFER ANY OPINIONS AND/OR**
11 **EVALUATIONS OF THE PROPOSED TRANSACTION?**

12 A. Yes. On the whole, the major rating agencies were quite positive with respect to the
13 effects of the proposed merger on Oncor’s credit quality. Mr. Reed’s Exhibit JR-6
14 contains announcements from Moody’s, Standard and Poor’s, and Fitch that discuss these
15 agencies evaluations and potential actions with respect to Oncor’s credit quality after the
16 merger announcement.

17 Moody’s raised Oncor’s senior secured rating from Baa1 to A3 and placed the
18 rating on review for a further upgrade in an announcement dated July 29, 2016. Moody’s
19 stated that the “acquisition by NextEra places Oncor on a path to remove the constraints
20 pressuring Oncor’s strong, stand-alone credit profile based on its stable and predictable
21 low risk transmission and distribution (T&D) utility operations.”

² *Joint Report and Application of Oncor Electric Delivery Company and Texas Energy Future Holdings Limited Partnership Pursuant to PURA § 14.101, Docket No. 34077 (April 24, 2008).*

1 On August 2, 2016, Standard and Poor's placed Oncor's credit ratings on a
2 positive outlook after the announced acquisition by NextEra. Likewise, Fitch placed
3 Oncor's credit ratings on positive watch on August 1, 2016. In its announcement, Fitch
4 noted the following:

5 The acquisition, when completed, will finally resolve the drawn-
6 out bankruptcy proceedings for Oncor's indirect parent holding
7 companies as well as eliminate the significant amount of debt
8 above Oncor. Fitch has been constraining Oncor's IDR by one-
9 notch compared to its peer electric T&D utilities in Texas, and the
10 notching of the senior secured debt at Oncor has been further
11 constrained to reflect ownership by a distressed parent. Fitch sees
12 lifting of these constraints under the ownership of NextEra. After
13 the transaction is completed, Oncor will become a subsidiary of
14 NextEra.³

15 **Q. LET US RETURN TO THE REGULATORY AND RING FENCE**
16 **COMMITMENTS INCLUDED IN MR. REED'S DIRECT TESTIMONY. GIVEN**
17 **THE CREDIT POSITIVE COMMENTS ON THE PROPOSED ACQUISITION**
18 **BY THE RATING AGENCIES, SHOULD THE COMMISSION APPROVE**
19 **THESE COMMITMENTS?**

20 **A.** Yes. I recommend that the Commission approve the proposed regulatory and ring
21 fencing provisions proposed by Oncor and by NextEra with respect to financing and cost
22 of capital. Given the structure of the proposed transaction, the risk of Oncor's bankrupt
23 parent company will no longer be present. The proposed regulatory commitments are an
24 excellent start with respect to holding Oncor and its ratepayers harmless from any
25 potential risks that may arise from the proposed transaction.

26 However, there are several additional conditions that I recommend the
27 Commission attach to its approval of the proposed transaction.

³ Direct Testimony of John Reed, Exhibit JR-6 at 28 (Oct. 31, 2016).

1 Q. PLEASE SUMMARIZE THE ADDITIONAL CONDITIONS THAT THE
2 COMMISSION SHOULD ADOPT WITH RESPECT TO THE COST OF
3 CAPITAL.

4 A. I recommend that the Commission approve the following additional conditions with
5 respect to the cost of capital for Oncor:

- 6 • Oncor's cost of equity shall be determined using a comparison group of A-rated
7 electric utilities.
- 8 • Oncor shall utilize its currently approved capital structure consisting of 40%
9 equity and 60% long-term debt in at least its first base rate case after the
10 Transactions close.
- 11 • For future issuances of long-term debt, Oncor shall use the lower of the current
12 cost of A-rated long-term debt for regulated electric utilities or Oncor's actual
13 cost of long-term debt.

14 Q. PLEASE EXPLAIN WHY THE COMMISSION SHOULD SET ONCOR'S
15 RETURN ON EQUITY USING A-RATED ELECTRIC UTILITIES AS A
16 BENCHMARK GROUP.

17 A. The Commission, Staff, and other parties to future rate cases will not be able to estimate
18 the cost of equity for Oncor on a stand-alone basis since it will not have its own common
19 equity. Therefore, Oncor's cost of equity must be estimated using a comparison, or
20 proxy group of companies with similar risk structures. Other things being equal, A-rated
21 electric utilities will have a lower cost of equity than Baa/BBB-rated companies. Given
22 Oncor's present bond ratings of A/A, I believe it is reasonable for the Commission to
23 determine Oncor's cost of equity using A-rated electric utilities in future proceedings
24 regardless of its actual bond ratings. This condition will protect Oncor's ratepayers from
25 any credit deterioration that may ensue from the proposed Transactions, although it
26 appears at this time that such deterioration is unlikely.

1 **Q. PLEASE EXPLAIN WHY THE COMMISSION SHOULD ORDER ONCOR TO**
2 **UTILIZE ITS CURRENTLY APPROVED 40% EQUITY AND 60% LONG TERM**
3 **DEBT IN-AT LEAST THE FIRST BASE RATE CASE THAT IT FILES AFTER**
4 **THE PROPOSED TRANSACTIONS CLOSE.**

5 A. First, none of the rating agencies cited Oncor's currently approved capital structure as
6 being unsupportive of its current or future bond ratings. Oncor's current credit ratings
7 are investment grade and will likely improve with the consummation of the proposed
8 transaction. Thus, for the near future it appears that Oncor's currently approved capital
9 structure is reasonable and supportive of investment grade credit ratings going forward.

10 Second, it is important that Oncor's Texas ratepayers be protected from increased
11 rates because of the proposed transaction. If Oncor were to file for an increase in
12 Oncor's equity ratio, then ratepayers could be subject to an increased cost of capital and
13 higher rates. Thus, for purposes of its next rate filing at least, I recommend that the
14 Commission require Oncor to continue to utilize the capital structure currently approved
15 by the Commission.

16 **Q. PLEASE EXPLAIN WHY THE COST OF NEW LONG-TERM DEBT SHOULD**
17 **BE SET AT THE LOWER OF ONCOR'S ACTUAL COST OR THE THEN**
18 **CURRENT COST OF A-RATED ELECTRIC UTILITY LONG-TERM DEBT.**

19 A. If Oncor issues new debt that reflects a lower rating due to adverse consequences from
20 the proposed transaction, then Texas ratepayers must be protected from any resulting
21 higher cost of debt. Tying the cost of any new debt to the lower of actual debt cost or the
22 then current cost of A/A debt ensures adequate and reasonable protection for ratepayers.

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| TABLE 1 | | |
|-------------------------------|--------------|--------------|
| Oncor SAIDI and SAIFI Results | | |
| | <u>SAIDI</u> | <u>SAIFI</u> |
| 2011 | 98.52 | 0.89 |
| 2012 | 84.04 | 0.82 |
| 2013 | 99.30 | 0.96 |
| 2014 | 91.10 | 0.97 |
| 2015 | 90.84 | 0.94 |
| Avg. | 92.76 | 0.92 |
| Avg. w/o 2012 | 94.94 | 0.94 |

1 Q. PLEASE SUMMARIZE THE REGULATORY COMMITMENT FROM
2 NEXTERA REGARDING ONCOR'S SYSTEM RELIABILITY.

3 A. Regulatory commitment No. 4 provides that for a period of five (5) years, for purposes of
4 16 TAC § 25.52, SAIDI and SAIFI standards should be calculated based on Oncor's
5 forced interruption performance for years 2011, 2013, and 2014. Oncor's SAIDI standard
6 would be 96.30667 and its SAIFI standard should be 0.94000.

7 Q. WHY WAS 2012 EXCLUDED FROM THE AVERAGE?

8 A. Per Oncor's response to Staff Request for Information ("RFI") 2-01, Staff witness
9 Wyman recommended that 2012 be eliminated from the SAIDI and SAIFI averages in
10 Case No. 45188.⁴

⁴ Oncor's Response to Staff RFI No. 2-01 (Dec. 9, 2016), Attachment B.

1 **Q. SHOULD THE COMMISSION ADOPT THIS REGULATORY COMMITMENT?**

2 A. Yes, but it should be modified in two important ways.

3 First, 2015 should be included in the SAIDI and SAIFI averages since this data
4 has been filed by Oncor. The benchmark average SAIDI and SAIFI averages for 2011,
5 2013, 2014, and 2015 are 94.94 and 0.94, respectively.

6 Second, if Oncor's SAIDI and SAIFI results decline in any year after the approval
7 of NextEra's acquisition, then the Commission should open an investigation into service
8 quality for purposes of determining whether any penalties should be assessed against
9 Oncor. NextEra must have an incentive to continue to provide ongoing levels of service
10 reliability to Texas customers after its acquisition of Oncor. Likewise, Texas customers
11 should be protected from any adverse service reliability degradation. NextEra's proposed
12 Regulatory Commitment No. 4 has no consequences for the Company if SAIDI and
13 SAIFI standards are not maintained. In order for this commitment to be meaningful, the
14 Commission must include penalties for degradation of service reliability.

15 The Commission should also require Oncor to continue to file its annual reports
16 pursuant to 16 TAC § 25.81. Oncor should also be required to continue to file its
17 Quarterly Performance Measures reports with the Commission.

18 **Q. DOES ONCOR CURRENTLY REPORT THE PERFORMANCE OF THE**
19 **DISTRIBUTION FEEDERS ON ITS SYSTEM?**

20 A. Yes. The Annual Service Quality reports filed by Oncor show the SAIFI rankings and
21 values for the distribution feeders on its system. Please refer to Attachment C, which
22 includes page 4 from Oncor's 2015 Service Quality Report.⁵ Oncor reports these values
23 for all the feeders on its system with 10 or more customers.

⁵ 2015 *Electric Service Quality Report Pursuant to Subst. R. §§ 25.52 and 25.81*, Docket No. 45516, Service Quality Report for Oncor Electric Delivery for Reporting Year 2015 at 4 (Feb. 12, 2016), Attachment C.

1 **Q. SHOULD THE COMMISSION REQUIRE ONCOR TO HAVE A PLAN FOR**
2 **ADDRESSING THE WORST PERFORMING CIRCUITS ON ITS SYSTEM?**

3 A. Yes. If the Commission approves NextEra's acquisition of Oncor, I recommend that
4 Oncor be required to include a report on its 100 worst performing distribution feeders and
5 a plan detailing how the Company intends to improve the performance of these feeders.

6 This requirement is an important additional safeguard to the service quality for
7 Oncor's Texas ratepayers. It will provide the Commission, Staff, and interested parties
8 information on NextEra's and Oncor's ongoing efforts to address and improve its service
9 quality after the proposed acquisition is completed.

10 **Q. HOW SHOULD THE REPORT AND PLAN TO ADDRESS ONCOR'S WORST**
11 **PERFORMING FEEDERS BE CONSTRUCTED AND PRESENTED?**

12 A. First, Oncor's 100 worst performing feeders should be identified. Attachment C shows
13 that the SAIFI values may vary substantially from year to year. For example, Feeder No.
14 1501 was rated as the 6th worst performing feeder in 2015, but was ranked 1,100 in 2014,
15 meaning that this feeder performed substantially better in 2014. These yearly variations
16 may be due to a number of different factors, such as weather, animals, and lightning
17 strikes in a given year that would not be a regular yearly occurrence and would not be
18 indicative of consistently poor performance over time. Therefore, I recommend that
19 Oncor's 100 worst performing feeders be identified based on the average SAIFI values
20 for the last 5 calendar years. Five years is a reasonable period of time over which
21 consistent, or inconsistent, performance may be assessed and evaluated.

22 Second, Oncor should describe the reasons for the feeder's poor performance over
23 time.

1 Third, Oncor should provide an action plan that describes how the feeder's
2 performance will be improved. This action plan should describe the specific remedies
3 and actions Oncor intends to undertake to address and cure the feeder's poor
4 performance.

5 Fourth, the information should be provided publicly in Oncor's annual Service
6 Quality Reports. The Commission should not allow the Company to file the information
7 confidentially. The public should be able to review Oncor's commitment to service
8 quality and reliability and ensure that NextEra and Oncor continue to act responsibly
9 after the proposed acquisition is completed.

10 **Q. HAVE THE CITIES ISSUED DISCOVERY SEEKING INFORMATION**
11 **REGARDING ONCOR'S CURRENT APPROACH TO ADDRESSING THE**
12 **PERFORMANCE OF THE WORST PERFORMING FEEDERS ON ITS**
13 **SYSTEM?**

14 **A.** Yes. The Cities issued a seventh set of data requests seeking such information, but has
15 not yet received responses from Oncor. I reserve the right to supplement my testimony if
16 Oncor's responses to this discovery affect my recommendation regarding Oncor's worst
17 performing feeders.

18 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

19 **A.** Yes.

RESUME OF RICHARD A. BAUDINO

EDUCATION

New Mexico State University, M.A.
Major in Economics
Minor in Statistics

New Mexico State University, B.A.
Economics
English

Thirty-two years of experience in utility ratemaking and the application of principles of economics to the regulation of electric, gas, and water utilities. Broad based experience in revenue requirement analysis, cost of capital, rate of return, cost and revenue allocation, and rate design.

REGULATORY TESTIMONY

Preparation and presentation of expert testimony in the areas of:

Cost of Capital for Electric, Gas and Water Companies
Electric, Gas, and Water Utility Cost Allocation and Rate Design
Revenue Requirements
Gas and Electric industry restructuring and competition
Fuel cost auditing
Ratemaking Treatment of Generating Plant Sale/Leasebacks

RESUME OF RICHARD A. BAUDINO

EXPERIENCE

1989 to

Present: Kennedy and Associates: Consultant - Responsible for consulting assignments in the area of revenue requirements, rate design, cost of capital, economic analysis of generation alternatives, electric and gas industry restructuring/competition and water utility issues.

1982 to

1989: New Mexico Public Service Commission Staff: Utility Economist - Responsible for preparation of analysis and expert testimony in the areas of rate of return, cost allocation, rate design, finance, phase-in of electric generating plants, and sale/leaseback transactions.

CLIENTS SERVED

Regulatory Commissions

Louisiana Public Service Commission
Georgia Public Service Commission
New Mexico Public Service Commission

Other Clients and Client Groups

| | |
|--|---|
| Ad Hoc Committee for a Competitive Electric Supply System | Large Power Intervenor (Minnesota) |
| Air Products and Chemicals, Inc. | Tyson Foods |
| Arkansas Electric Energy Consumers | West Virginia Energy Users Group |
| Arkansas Gas Consumers | The Commercial Group |
| AK Steel | Wisconsin Industrial Energy Group |
| Armco Steel Company, L.P. | South Florida Hospital and Health Care Assn. |
| Assn. of Business Advocating Tariff Equity | PP&L Industrial Customer Alliance |
| CF&I Steel, L.P. | Philadelphia Area Industrial Energy Users Gp. |
| Climax Molybdenum Company | West Penn Power Intervenor |
| Cripple Creek & Victor Gold Mining Co. | Duquesne Industrial Intervenor |
| General Electric Company | Met-Ed Industrial Users Gp. |
| Holcim (U.S.) Inc. | Penelec Industrial Customer Alliance |
| IBM Corporation | Penn Power Users Group |
| Industrial Energy Consumers | Columbia Industrial Intervenor |
| Kentucky Industrial Utility Consumers | U.S. Steel & Univ. of Pittsburgh Medical Ctr. |
| Kentucky Office of the Attorney General | Multiple Intervenor |
| Lexington-Fayette Urban County Government | Maine Office of Public Advocate |
| Large Electric Consumers Organization | Missouri Office of Public Counsel |
| Newport Steel | University of Massachusetts - Amherst |
| Northwest Arkansas Gas Consumers | WCF Hospital Utility Alliance |
| Maryland Energy Group | West Travis County Public Utility Agency |
| Occidental Chemical | Steering Committee of Cities Served by Oncor |
| PSI Industrial Group | Utah Office of Consumer Services |
| | Healthcare Council of the National Capital Area |
| | Vermont Department of Public Service |

Expert Testimony Appearances
of
Richard A. Baudino
As of September 2016

| Date | Case | Jurisdiet. | Party | Utility | Subject |
|-------|---------------|------------|---|-------------------------------------|---|
| 10/83 | 1803, 1817 | NM | New Mexico Public Service Commission | Southwestern Electric Coop. | Rate design. |
| 11/84 | 1833 | NM | New Mexico Public Service Commission for Palo Verde | El Paso Electric Co. | Service contract approval, rate design, performance standards nuclear generating system |
| 1983 | 1835 | NM | New Mexico Public Service Commission | Public Service Co. of NM | Rate design. |
| 1984 | 1848 | NM | New Mexico Public Service Commission | Sangre de Cristo Water Co. | Rate design. |
| 02/85 | 1906 | NM | New Mexico Public Service Commission | Southwestern Public Service Co. | Rate of return. |
| 09/85 | 1907 | NM | New Mexico Public Service Commission | Jornada Water Co. | Rate of return. |
| 11/85 | 1957 | NM | New Mexico Public Service Commission | Southwestern Public Service Co. | Rate of return. |
| 04/86 | 2009 | NM | New Mexico Public Service Commission | El Paso Electric Co. | Phase-in plan, treatment of sale/leaseback expense. |
| 06/86 | 2032 | NM | New Mexico Public Service Commission | El Paso Electric Co. | Sale/leaseback approval. |
| 09/86 | 2033 | NM | New Mexico Public Service Commission | El Paso Electric Co. | Order to show cause, PVNGS audit. |
| 02/87 | 2074 | NM | New Mexico Public Service Commission | El Paso Electric Co. | Diversification. |
| 05/87 | 2089 | NM | New Mexico Public Service Commission | El Paso Electric Co. | Fuel factor adjustment. |
| 08/87 | 2092 | NM | New Mexico Public Service Commission | El Paso Electric Co. | Rate design. |
| 10/87 | 2146 | NM | New Mexico Public Service Commission | Public Service Co. of New Mexico | Financial effects of restructuring, reorganization. |
| 07/88 | 2162 | NM | New Mexico Public Service Commission | El Paso Electric Co. | Revenue requirements, rate design, rate of return. |

Expert Testimony Appearances
of
Richard A. Baudino
As of September 2016

| Date | Case | Jurisdct. | Party | Utility | Subject |
|-------|------------------|-----------|--|----------------------------------|---|
| 01/89 | 2194 | NM | New Mexico Public Service Commission | Plains Electric G&T Cooperative | Economic development. |
| 1/89 | 2253 | NM | New Mexico Public Service Commission | Plains Electric G&T Cooperative | Financing. |
| 08/89 | 2259 | NM | New Mexico Public Service Commission | Homestead Water Co. | Rate of return, rate design. |
| 10/89 | 2262 | NM | New Mexico Public Service Commission | Public Service Co. of New Mexico | Rate of return. |
| 09/89 | 2269 | NM | New Mexico Public Service Commission | Ruidoso Natural Gas Co. | Rate of return, expense from affiliated interest. |
| 12/89 | 89-208-TF | AR | Arkansas Electric Energy Consumers | Arkansas Power & Light Co. | Rider M-33. |
| 01/90 | U-17282 | LA | Louisiana Public Service Commission | Gulf States Utilities | Cost of equity. |
| 09/90 | 90-158 | KY | Kentucky Industrial Utility Consumers | Louisville Gas & Electric Co. | Cost of equity. |
| 09/90 | 90-004-U | AR | Northwest Arkansas Gas Consumers | Arkansas Western Gas Co. | Cost of equity, transportation rate. |
| 12/90 | U-17282 Phase IV | LA | Louisiana Public Service Commission | Gulf States Utilities | Cost of equity. |
| 04/91 | 91-037-U | AR | Northwest Arkansas Gas Consumers | Arkansas Western Gas Co. | Transportation rates. |
| 12/91 | 91-410-EL-AIR | OH | Air Products & Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers | Cincinnati Gas & Electric Co. | Cost of equity. |
| 05/92 | 910890-EI | FL | Occidental Chemical Corp. | Florida Power Corp. | Cost of equity, rate of return. |
| 09/92 | 92-032-U | AR | Arkansas Gas Consumers | Arkansas Louisiana Gas Co. | Cost of equity, rate of return, cost-of-service. |
| 09/92 | 39314 | ID | Industrial Consumers for Fair Utility Rates | Indiana Michigan Power Co. | Cost of equity, rate of return. |

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| Date | Case | Jurisdiet. | Party | Utility | Subject |
|-------|-----------------|------------|--|--|--|
| 09/92 | 92-009-U | AR | Tyson Foods | General Waterworks | Cost allocation, rate design. |
| 01/93 | 92-346 | KY | Newport Steel Co. | Union Light, Heat & Power Co. | Cost allocation. |
| 01/93 | 39498 | IN | PSI Industrial Group | PSI Energy | Refund allocation. |
| 01/93 | U-10105 | MI | Association of Businesses Advocating Tariff Equality (ABATE) | Michigan Consolidated Gas Co. | Return on equity. |
| 04/93 | 92-1464-EL-AIR | OH | Air Products and Chemicals, Inc., Armco Steel Co., Industrial Energy Consumers | Cincinnati Gas & Electric Co. | Return on equity. |
| 09/93 | 93-189-U | AR | Arkansas Gas Consumers | Arkansas Louisiana Gas Co. | Transportation service terms and conditions. |
| 09/93 | 93-081-U | AR | Arkansas Gas Consumers | Arkansas Louisiana Gas Co. | Cost-of-service, transportation rates, rate supplements; return on equity; revenue requirements. |
| 12/93 | U-17735 | LA | Louisiana Public Service Commission Staff | Cajun Electric Power Cooperative | Historical reviews; evaluation of economic studies. |
| 03/94 | 10320 | KY | Kentucky Industrial Utility Customers | Louisville Gas & Electric Co. | Trimble County CWIP revenue refund. |
| 4/94 | E-015/GR-94-001 | MN | Large Power Intervenor | Minnesota Power Co. | Evaluation of the cost of equity, capital structure, and rate of return. |
| 5/94 | R-00942993 | PA | PG&W Industrial Intervenor | Pennsylvania Gas & Water Co. | Analysis of recovery of transition costs. |
| 5/94 | R-00943001 | PA | Columbia Industrial Intervenor | Columbia Gas of Pennsylvania charge proposals. | Evaluation of cost allocation, rate design, rate plan, and carrying |
| 7/94 | R-00942986 | PA | Armco, Inc., West Penn Power Industrial Intervenor | West Penn Power Co. | Return on equity and rate of return. |
| 7/94 | 94-0035-E-42T | WV | West Virginia Energy Users' Group | Monongahela Power Co. | Return on equity and rate of return. |

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| 8/94 | 8652 | MD | Westvaco Corp. Co. | Potomac Edison | Return on equity and rate of return. |
| 9/94 | 930357-C | AR | West Central Arkansas Gas Consumers | Arkansas Oklahoma Gas Corp. | Evaluation of transportation service. |
| 9/94 | U-19904 | LA | Louisiana Public Service Commission | Gulf States Utilities | Return on equity. |
| 9/94 | 8629 | MD | Maryland Industrial Group | Baltimore Gas & Electric Co. | Transition costs. |
| 11/94 | 94-175-U | AR | Arkansas Gas Consumers | Arkla, Inc. | Cost-of-service, rate design, rate of return. |
| 3/95 | RP94-343- 000 | FERC | Arkansas Gas Consumers | NorAm Gas Transmission | Rate of return. |
| 4/95 | R-00943271 | PA | PP&L Industrial Customer Alliance | Pennsylvania Power & Light Co. | Return on equity. |
| 6/95 | U-10755 | MI | Association of Businesses Advocating Tariff Equity | Consumers Power Co. | Revenue requirements. |
| 7/95 | 8697 | MD | Maryland Industrial Group | Baltimore Gas & Electric Co. | Cost allocation and rate design. |
| 8/95 | 95-254-TF U-2811 | AR | Tyson Foods, Inc. | Southwest Arkansas Electric Cooperative | Refund allocation. |
| 10/95 | ER95-1042 -000 | FERC | Louisiana Public Service Commission | Systems Energy Resources, Inc. | Return on Equity. |
| 11/95 | I-940032 | PA | Industrial Energy Consumers of Pennsylvania | State-wide - all utilities | Investigation into Electric Power Competition. |
| 5/96 | 96-030-U | AR | Northwest Arkansas Gas Consumers | Arkansas Western Gas Co. | Revenue requirements, rate of return and cost of service. |
| 7/96 | 8725 | MD | Maryland Industrial Group | Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp. | Return on Equity. |
| 7/96 | U-21496 | LA | Louisiana Public Service Commission | Central Louisiana Electric Co. | Return on equity, rate of return. |
| 9/96 | U-22092 | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Return on equity. |

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| 1/97 | RP96-199-000 | FERC | The Industrial Gas Users Conference | Mississippi River Transmission Corp. | Revenue requirements, rate of return and cost of service. |
| 3/97 | 96-420-U | AR | West Central Arkansas Gas Corp. | Arkansas Oklahoma Gas Corp. | Revenue requirements, rate of return, cost of service and rate design. |
| 7/97 | U-11220 | MI | Association of Business Advocating Tariff Equity | Michigan Gas Co. and Southeastern Michigan Gas Co. | Transportation Balancing Provisions. |
| 7/97 | R-00973944 | PA | Pennsylvania American Water Large Users Group | Pennsylvania-American Water Co. | Rate of return, cost of service, revenue requirements. |
| 3/98 | 8390-U | GA | Georgia Natural Gas Group and the Georgia Textile Manufacturers Assoc. | Atlanta Gas Light | Rate of return, restructuring issues, unbundling, rate design issues. |
| 7/98 | R-00984280 | PA | PG Energy, Inc. Intervenor | PGE Industrial | Cost allocation. |
| 8/98 | U-17735 | LA | Louisiana Public Service Commission | Cajun Electric Power Cooperative | Revenue requirements. |
| 10/98 | 97-596 | ME | Maine Office of the Public Advocate | Bangor Hydro-Electric Co. | Return on equity, rate of return. |
| 10/98 | U-23327 | LA | Louisiana Public Service Commission | SWEPSCO, CSW and AEP | Analysis of proposed merger. |
| 12/98 | 98-577 | ME | Maine Office of the Public Advocate | Maine Public Service Co. | Return on equity, rate of return. |
| 12/98 | U-23358 | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Return on equity, rate of return. |
| 3/99 | 98-426 | KY | Kentucky Industrial Utility Customers, Inc. | Louisville Gas and Electric Co. | Return on equity. |
| 3/99 | 99-082 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Utilities Co. | Return on equity. |
| 4/99 | R-984554 | PA | T. W. Phillips Users Group | T. W. Phillips Gas and Oil Co. | Allocation of purchased gas costs. |
| 6/99 | R-0099462 | PA | Columbia Industrial Intervenor | Columbia Gas of Pennsylvania | Balancing charges. |
| 10/99 | U-24182 | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Cost of debt. |

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| 10/99 | R-00994782 | PA | Peoples Industrial Intervenor | Peoples Natural Gas Co. | Restructuring issues. |
| 10/99 | R-00994781 | PA | Columbia Industrial Intervenor | Columbia Gas of Pennsylvania | Restructuring, balancing charges, rate flexing, alternate fuel. |
| 01/00 | R-00994786 | PA | UGI Industrial Intervenor | UGI Utilities, Inc. | Universal service costs, balancing, penalty charges, capacity Assignment. |
| 01/00 | 8829 | MD & United States | Maryland Industrial Gr. | Baltimore Gas & Electric Co. | Revenue requirements, cost allocation, rate design. |
| 02/00 | R-00994788 | PA | Penn Fuel Transportation | PFG Gas, Inc., and | Tariff charges, balancing provisions. |
| 05/00 | U-17735 | LA | Louisiana Public Service Comm. | Louisiana Electric Cooperative | Rate restructuring. |
| 07/00 | 2000-080 | KY | Kentucky Industrial Utility Consumers | Louisville Gas and Electric Co. | Cost allocation. |
| 07/00 | U-21453 U-20925 (SC), U-22092 (SC) (Subdocket E) | LA | Louisiana Public Service Commission | Southwestern Electric Power Co. | Stranded cost analysis. |
| 09/00 | R-00005654 | PA | Philadelphia Industrial And Commercial Gas Users Group. | Philadelphia Gas Works | Interim relief analysis. |
| 10/00 | U-21453 U-20925 (SC), U-22092 (SC) (Subdocket B) | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Restructuring, Business Separation Plan. |
| 11/00 | R-00005277 (Rebuttal) | PA | Penn Fuel Transportation Customers | PFG Gas, Inc. and North Penn Gas Co. | Cost allocation issues. |
| 12/00 | U-24993 | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Return on equity. |
| 03/01 | U-22092 | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Stranded cost analysis. |
| 04/01 | U-21453 U-20925 (SC), U-22092 (SC) (Subdocket B) (Addressing Contested Issues) | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Restructuring issues. |
| 04/01 | R-00006042 | PA | Philadelphia Industrial and Commercial Gas Users Group | Philadelphia Gas Works | Revenue requirements, cost allocation and tariff issues. |

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| 11/01 | U-25687 | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Return on equity. |
| 03/02 | 14311-U | GA | Georgia Public Service Commission | Atlanta Gas Light | Capital structure. |
| 08/02 | 2002-00145 | KY | Kentucky Industrial Utility Customers | Columbia Gas of Kentucky | Revenue requirements. |
| 09/02 | M-00021612 | PA | Philadelphia Industrial And Commercial Gas Users Group | Philadelphia Gas Works | Transportation rates, terms, and conditions. |
| 01/03 | 2002-00169 | KY | Kentucky Industrial Utility Customers | Kentucky Power | Return on equity. |
| 02/03 | 02S-594E | CO | Cripple Creek & Victor Gold Mining Company | Aquila Networks – WPC | Return on equity. |
| 04/03 | U-26527 | LA | Louisiana Public Service Commission | Entergy Gulf States, Inc. | Return on equity. |
| 10/03 | CV020495AB | GA | The Landings Assn., Inc. | Utilities Inc. of GA | Revenue requirement & overcharge refund |
| 03/04 | 2003-00433 | KY | Kentucky Industrial Utility Customers | Louisville Gas & Electric | Return on equity, Cost allocation & rate design |
| 03/04 | 2003-00434 | KY | Kentucky Industrial Utility Customers | Kentucky Utilities | Return on equity |
| 4/04 | 04S-035E | CO | Cripple Creek & Victor Gold Mining Company, Goodrich Corp., Holcim (U.S.) Inc., and The Trane Co. | Aquila Networks – WPC | Return on equity. |
| 9/04 | U-23327, Subdocket B | LA | Louisiana Public Service Commission | Southwestern Electric Power Company | Fuel cost review |
| 10/04 | U-23327 Subdocket A | LA | Louisiana Public Service Commission | Southwestern Electric Power Company | Return on Equity |
| 06/05 | 050045-EI | FL | South Florida Hospital and HealthCare Assoc. | Florida Power & Light Co. | Return on equity |
| 08/05 | 9036 | MD | Maryland Industrial Group | Baltimore Gas & Electric Co. | Revenue requirement, cost allocation, rate design, Tariff issues. |
| 01/06 | 2005-0034 | KY | Kentucky Industrial Utility Customers, Inc. | Kentucky Power Co. | Return on equity. |

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| 03/06 | 05-1278-E-PC-PW-42T | WV | West Virginia Energy Users Group | Appalachian Power Company | Return on equity. |
| 04/06 | U-25116 Commission | LA | Louisiana Public Service | Entergy Louisiana, LLC | Transmission Issues |
| 07/06 | U-23327 Commission | LA | Louisiana Public Service | Southwestern Electric Power Company | Return on equity, Service quality |
| 08/06 | ER-2006-0314 | MO | Missouri Office of the Public Counsel | Kansas City Power & Light Co. | Return on equity, Weighted cost of capital |
| 08/06 | 06S-234EG | CO | CF&I Steel, L.P. & Climax Molybdenum | Public Service Company of Colorado | Return on equity, Weighted cost of capital |
| 01/07 | 06-0960-E-42T WV Users Group | WV | West Virginia Energy | Monongahela Power & Potomac Edison | Return on Equity |
| 01/07 | 43112 | AK | AK Steel, Inc. | Vectren South, Inc. | Cost allocation, rate design |
| 05/07 | 2006-661 | ME | Maine Office of the Public Advocate | Bangor Hydro-Electric | Return on equity, weighted cost of capital |
| 09/07 | 07-07-01 | CT | Connecticut Industrial Energy Consumers | Connecticut Light & Power | Return on equity, weighted cost of capital |
| 10/07 | 05-UR-103 | WI | Wisconsin Industrial Energy Group, Inc. | Wisconsin Electric Power Co. | Return on equity |
| 11/07 | 29797 | LA | Louisiana Public Service Commission | Cleco Power :LLC & Southwestern Electric Power | Lignite Pricing, support of settlement |
| 01/08 | 07-551-EL-AIR | OH | Ohio Energy Group | Ohio Edison, Cleveland Electric, Toledo Edison | Return on equity |
| 03/08 | 07-0585, 07-0585, 07-0587, 07-0588, 07-0589, 07-0590, (consol.) | IL | The Commercial Group | Ameren | Cost allocation, rate design |
| 04/08 | 07-0566 | IL | The Commercial Group | Commonwealth Edison | Cost allocation, rate design |
| 06/08 | R-2008-2011621 | PA | Columbia Industrial Intervenor | Columbia Gas of PA | Cost and revenue allocation, Tariff issues |
| 07/08 | R-2008-2028394 | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy | Cost and revenue allocation, Tariff issues |

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| 07/08 | R-2008-2039634 | PA | PPL Gas Large Users Group | PPL Gas | Retainage, LUFG Pct. |
| 08/08 | 6680-UR-116 | WI | Wisconsin Industrial Energy Group | Wisconsin P&L | Cost of Equity |
| 08/08 | 6690-UR-119 | WI | Wisconsin Industrial Energy Group | Wisconsin PS | Cost of Equity |
| 09/08 | ER-2008-0318 | MO | The Commercial Group | AmerenUE | Cost and revenue allocation |
| 10/08 | R-2008-2029325 | PA | U.S. Steel & Univ. of Pittsburgh Med. Ctr. | Equitable Gas Co. | Cost and revenue allocation |
| 10/08 | 08-G-0609 | NY | Multiple Intervenors | Niagara Mohawk Power | Cost and Revenue allocation |
| 12/08 | 27800-U | GA | Georgia Public Service Commission | Georgia Power Company | CWIP/AFUDC issues, Review financial projections |
| 03/09 | ER08-1056 | FERC | Louisiana Public Service Commission | Entergy Services, Inc. | Capital Structure |
| 04/09 | E002/GR-08-1065 | MN | The Commercial Group | Northern States Power | Cost and revenue allocation and rate design |
| 05/09 | 08-0532 | IL | The Commercial Group | Commonwealth Edison | Cost and revenue allocation |
| 07/09 | 080677-EI | FL | South Florida Hospital and Health Care Association | Florida Power & Light | Cost of equity, capital structure, Cost of short-term debt |
| 07/09 | U-30975 | LA | Louisiana Public Service Commission | Cleco LLC, Southwestern Public Service Co. | Lignite mine purchase |
| 10/09 | 4220-UR-116 | WI | Wisconsin Industrial Energy Group | Northern States Power | Class cost of service, rate design |
| 10/09 | M-2009-2123945 | PA | PP&L Industrial Customer Alliance | PPL Electric Utilities | Smart Meter Plan cost allocation |
| 10/09 | M-2009-2123944 | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy Company | Smart Meter Plan cost allocation |
| 10/09 | M-2009-2123951 | PA | West Penn Power Industrial Intervenors | West Penn Power | Smart Meter Plan cost allocation |
| 11/09 | M-2009-2123948 | PA | Duquesne Industrial Intervenors | Duquesne Light Company | Smart Meter Plan cost allocation |
| 11/09 | M-2009-2123950 | PA | Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group | Metropolitan Edison, Pennsylvania Electric Co., Pennsylvania Power Co. | Smart Meter Plan cost allocation |

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| 03/10 | 09-1352- | WV E-42T | West Virginia Energy Users Group | Monongahela Power | Return on equity, rate of return Potomac Edison |
| 03/10 | E015/GR- 09-1151 | MN | Large Power Intervenor | Minnesota Power | Return on equity, rate of return |
| 04/10 | 2009-00459 | KY | Kentucky Industrial Utility Consumers | Kentucky Power | Return on equity |
| 04/10 | 2009-00548 2009-00549 | KY | Kentucky Industrial Utility Consumers | Louisville Gas and Electric, Kentucky Utilities | Return on equity. |
| 05/10 | 10-0261-E- GI | WV | West Virginia Energy Users Group | Appalachian Power Co./ Wheeling Power Co. | EE/DR Cost Recovery, Allocation, & Rate Design |
| 05/10 | R-2009- 2149262 | PA | Columbia Industrial Intervenor | Columbia Gas of PA | Class cost of service & cost allocation |
| 06/10 | 2010-00036 | KY | Lexington-Fayette Urban County Government | Kentucky American Water Company | Return on equity, rate of return, revenue requirements |
| 06/10 | R-2010- 2161694 | PA | PP&L Industrial Customer Alliance | PPL Electric Utilities | Rate design, cost allocation |
| 07/10 | R-2010- 2161575 | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy Co. | Return on equity |
| 07/10 | R-2010- 2161592 | PA | Philadelphia Area Industrial Energy Users Group | PECO Energy Co. | Cost and revenue allocation |
| 07/10 | 9230 | MD | Maryland Energy Group | Baltimore Gas and Electric | Electric and gas cost and revenue allocation; return on equity |
| 09/10 | 10-70 | MA | University of Massachusetts- Amherst | Western Massachusetts Electric Co. | Cost allocation and rate design |
| 10/10 | R-2010- 2179522 | PA | Duquesne Industrial Intervenor | Duquesne Light Company | Cost and revenue allocation, rate design |
| 11/10 | P-2010- 2158084 | PA | West Penn Power Industrial Intervenor | West Penn Power Co. | Transmission rate design |
| 11/10 | 10-0699- E-42T | WV | West Virginia Energy Users Group | Appalachian Power Co. & Wheeling Power Co. | Return on equity, rate of Return |
| 11/10 | 10-0467 | IL | The Commercial Group | Commonwealth Edison | Cost and revenue allocation and rate design |
| 04/11 | R-2010- 2214415 | PA | Central Penn Gas Large Users Group | UGI Central Penn Gas, Inc. | Tariff issues, revenue allocation |
| 07/11 | R-2011- 2239263 | PA | Philadelphia Area Energy Users Group | PECO Energy | Retainage rate |

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| 08/11 | R-2011-2232243 | PA | AK Steel | Pennsylvania-American Water Company | Rate Design |
| 08/11 | 11AL-151G | CO | Climax Molybdenum | PS of Colorado | Cost allocation |
| 09/11 | 11-G-0280 | NY | Multiple Intervenors | Corning Natural Gas Co. | Cost and revenue allocation |
| 10/11 | 4220-UR-117 | WI | Wisconsin Industrial Energy Group | Northern States Power | Cost and revenue allocation, rate design |
| 02/12 | 11AL-947E | CO | Climax Molybdenum, CF&I Steel | Public Service Company of Colorado | Return on equity, weighted cost of capital |
| 07/12 | 120015-EI | FL | South Florida Hospitals and Health Care Association | Florida Power and Light Co. | Return on equity, weighted cost of capital |
| 07/12 | 12-0613-E-PC | WV | West Virginia Energy Users Group | American Electric Power/APCo | Special rate proposal for Century Aluminum |
| 07/12 | R-2012-2290597 | PA | PP&L Industrial Customer Alliance | PPL Electric Utilities Corp. | Cost allocation |
| 09/12 | 05-UR-106 | WI | Wisconsin Industrial Energy Group | Wisconsin Electric Power Co. | Class cost of service, cost and revenue allocation, rate design |
| 09/12 | 2012-00221 2012-00222 | KY | Kentucky Industrial Utility Consumers | Louisville Gas and Electric, Kentucky Utilities | Return on equity. |
| 10/12 | 9299 | MD | Maryland Energy Group | Baltimore Gas & Electric | Cost and revenue allocation, rate design, Cost of equity, weighted cost of capital |
| 10/12 | 4220-UR-118 | WI | Wisconsin Industrial Energy Group | Northern States Power Company | Class cost of service, cost and revenue allocation, rate design |
| 10/12 | 473-13-0199 | TX | Steering Committee of Cities Served by Oncor | Cross Texas Transmission, LLC | Return on equity, capital structure |
| 01/13 | R-2012-2321748 et al. | PA | Columbia Industrial Intervenors | Columbia Gas of Pennsylvania | Cost and revenue allocation |
| 02/13 | 12AL-1052E | CO | Cripple Creek & Victor Gold Mining, Holcim (US) Inc. | Black Hills/Colorado Electric Utility Company | Cost and revenue allocations |
| 06/13 | 8009 | VT | IBM Corporation | Vermont Gas Systems | Cost and revenue allocation, rate design |
| 07/13 | 130040-EI | FL | WCF Hospital Utility Alliance | Tampa Electric Co. | Return on equity, rate of return |
| 08/13 | 9326 | MD | Maryland Energy Group | Baltimore Gas and Electric | Cost and revenue allocation, rate design, special rider |

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| 08/13 | P-2012-2325034 | PA | PP&L Industrial Customer Alliance | PPL Electric Utilities, Corp. | Distribution System Improvement Charge |
| 09/13 | 4220-UR-119 | WI | Wisconsin Industrial Energy Group | Northern States Power Co. | Class cost of service, cost and revenue allocation, rate design |
| 11/13 | 13-1325-E-PC | WV | West Virginia Energy Users Group | American Electric Power/APCo | Special rate proposal, Felman Production |
| 06/14 | R-2014-2406274 | PA | Columbia Industrial Intervenor | Columbia Gas of Pennsylvania | Cost and revenue allocation, rate design |
| 08/14 | 05-UR-107 | WI | Wisconsin Industrial Energy Group | Wisconsin Electric Power Co. | Cost and revenue allocation, rate design |
| 10/14 | ER13-1508 et al. | FERC | Louisiana Public Service Comm. | Entergy Services, Inc. | Return on equity |
| 11/14 | 14AL-0660E | CO | Climax Molybdenum Co. and CFI Steel, LP | Public Service Co. of Colorado | Return on equity, weighted cost of capital |
| 11/14 | R-2014-2428742 | PA | AK Steel | West Penn Power Company | Cost and revenue allocation |
| 12/14 | 42866 | TX | West Travis Co. Public Utility Agency | Travis County Municipal Utility District No. 12 | Response to complain of monopoly power |
| 3/15 | 2014-00371 2014-00372 | KY | Kentucky Industrial Utility Customers | Louisville Gas & Electric, Kentucky Utilities | Return on equity, cost of debt, weighted cost of capital |
| 3/15 | 2014-00396 | KY | Kentucky Industrial Utility Customers | Kentucky Power Co. | Return on equity, weighted cost of capital |
| 6/15 | 15-0003-G-42T | WV | West Virginia Energy Users Gp. | Mountaineer Gas Co. | Cost and revenue allocation, Infrastructure Replacement Program |
| 9/15 | 15-0676-W-42T | WV | West Virginia Energy Users Gp. | West Virginia-American Water Company | Appropriate test year, Historical vs. Future |
| 9/15 | 15-1256-G-390P | WV | West Virginia Energy Users Gp. | Mountaineer Gas Co. | Rate design for Infrastructure Replacement and Expansion Program |
| 10/15 | 4220-UR-121 | WI | Wisconsin Industrial Energy Gp. | Northern States Power Co. | Class cost of service, cost and revenue allocation, rate design |
| 12/15 | 15-1600-G-390P | WV | West Virginia Energy Users Gp. | Dominion Hope | Rate design and allocation for Pipeline Replacement & Expansion Prog. |
| 12/15 | 45188 | TX | Steering Committee of Cities Served by Oncor | Oncor Electric Delivery Co. | Ring-fence protections for cost of capital |

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| 2/16 | 9406 | MD | Maryland Energy Group | Baltimore Gas & Electric | Cost and revenue allocation, rate design, proposed Rider 5 |
| 3/16 | 39971 | GA | GA Public Service Comm. Staff | Southern Company / AGL Resources | Credit quality and service quality issues |
| 04/16 | 2015-00343 | KY | Kentucky Office of the Attorney General | Almos Energy | Cost of equity, cost of short-term debt, capital structure |
| 05/16 | 16-G-0058 16-G-0059 | NY | City of New York | Brooklyn Union Gas Co., KeySpan Gas East Corp. | Cost and revenue allocation, rate design, service quality issues |
| 06/16 | 16-0073-E-C | WV | Constellium Rolled Products Ravenswood, LLC | Appalachian Power Co. | Complaint; security deposit |
| 07/16 | 9418 | MD | Healthcare Council of the National Capital Area | Potomac Electric Power Co. | Cost of equity, cost of service, Cost and revenue allocation |
| 07/16 | 160021-EI | FL | South Florida Hospital and Health Care Association | Florida Power and Light Co. | Return on equity, cost of debt, capital structure |
| 07/16 | 16-057-01 | UT | Utah Office of Consumer Svcs. | Dominion Resources, Questar Gas Co. | Credit quality and service quality issues |
| 08/16 | 8710 | VT | Vermont Dept. of Public Service | Vermont Gas Systems | Return on equity, cost of debt, cost of capital |
| 08/16 | R-2016-2537359 | PA | AK Steel Corp. | West Penn Power Co. | Cost and revenue allocation |
| 09/16 | 2016-00162 | KY | Kentucky Office of the Attorney General | Columbia Gas of Ky. | Return on equity, cost of short-term debt |
| 09/16 | 16-0550-W-P | WV | West Va. Energy Users Gp. | West Va. American Water Co. | Infrastructure Replacement Program Surchargé |
| 01/17 | 46238 | TX | Steering Committee of Cities Served by Oncor | Oncor Electric Delivery Co. | Ring fencing and other conditions for acquisition, service quality and reliability |

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Request

Refer to the statement on page 13 of the Joint Report and Application stating that, "These measures reflect Oncor's forced interruption performance for the years 2011, 2013, and 2014." Please:

- a) Explain the reasons for excluding data from 2012
- b) Provide a calculation showing what change in numerical value would result from including data from 2012
- c) Provide all service quality metrics related to infrastructure performance and customer service for Oncor as reported to the Texas Public Utility Commission for each of the past ten years.
- d) Provide all reports submitted by Oncor to or issued by the Texas Public Utility Commission addressing Oncor infrastructure performance and customer service quality or reliability performance since the beginning of 2011.

Response

The following response was prepared by or under the direct supervision of James A. Greer, the sponsoring witness for this response.

- a) The NextEra commitment referenced in the cited portion of the Joint Report and Application is based on the Commission's March 24, 2016 Order in PUC Docket No. 45188. The Direct Testimony of Staff witness Constance McDaniel Wyman submitted in that docket recommended excluding data from 2012. On page 13, lines 3-9, of that testimony, Ms. Wyman explains why she excluded 2012 from her recommendation.
- b) The change in numerical value that would result from including data from 2012 is shown on the corrected Attachment CMW-5 to Ms. Wyman's testimony that was submitted by Commission Staff in PUC Docket No. 45188 on December 10, 2016. Please see "Table 1: Selected Three-Year Averages" on page 1 of that Attachment CMW-5.
- c) The reports that Oncor has filed with the Public Utility Commission of Texas ("Commission") addressing Oncor's infrastructure performance over the last ten years are publicly available on the PUCT Interchange. Attachment 1 to this response contains a table that shows the docket control numbers for Oncor's Service Quality Reports for the last 10 years.

Oncor's Quarterly Performance Measures Reports are submitted to the Commission as "Confidential" reports under Project No. 36141. In accordance with Oncor's Records Retention Policy, Oncor retains Performance Measures Reports for 5 years and the current year. As a result, Oncor does not have Quarterly Performance Measures reports prior to May 2010. Those confidential reports are voluminous and will be made available in the Austin Voluminous Room only after the execution of the appropriate protective order certification. A voluminous confidential index is provided as Attachment 2.
- d) For reports submitted by Oncor to the Commission addressing Oncor's infrastructure

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performance and customer service, see Oncor's response to subpart (c) above. The reports issued by the Commission addressing Oncor's infrastructure performance and customer service since 2011 are available on the PJCT Interchange in Docket Nos. 40666, 41810, 43571, 45305, and 45900 respectively.

ATTACHMENTS:

ATTACHMENT 1 - Docket table for SQR Reports, 1 page

ATTACHMENT 2 - Voluminous Confidential Index, 1 page

Service Quality Report to the Public Utility Commission of Texas

Distribution Feeder Indices for Forced Interruptions

List all Distribution Feeders on Texas System

Total Number of Feeders

With 10 or more Customers

2986

Add or Delete Rows as Necessary

Oncor Electric Delivery

| 2015 SAIFI Ranking | 2014 SAIFI Ranking | Substation Identification | Feeder Identification | Number of Customers | 2015 SAIFI Value |
|--------------------|--------------------|---------------------------|-----------------------|---------------------|------------------|
| 1 | 269 | VESTS | 3111 | 54 | 13.24 |
| 2 | 63 | DHIDE | 2821 | 115 | 9.95 |
| 3 | 81 | BARNW | 4511 | 80 | 9.30 |
| 4 | 30 | MASON | 3411 | 18 | 8.83 |
| 5 | 37 | LOVNG | 2511 | 49 | 8.41 |
| 6 | 1100 | VANSB | 1501 | 796 | 8.04 |
| 7 | 51 | DHIDE | 2811 | 99 | 7.11 |
| 8 | 893 | BKWST | 0001 | 384 | 7.04 |
| 9 | 245 | CANTN | 1302 | 1,348 | 6.97 |
| 10 | N/A | GVODS | 3052 | 1,318 | 6.91 |
| 11 | 1154 | WEBBS | 8634 | 1,058 | 6.49 |
| 12 | 168 | PLDAV | 4231 | 71 | 6.38 |
| 13 | 1579 | CHROW | 0004 | 196 | 6.27 |
| 14 | 1795 | BRNAV | 0723 | 1,322 | 6.19 |
| 15 | 8 | BARNW | 4521 | 101 | 6.13 |
| 16 | 212 | JDKNS | 0821 | 36 | 6.06 |
| 17 | 1773 | ODESA | 0212 | 856 | 6.05 |
| 18 | N/A | BAKKE | 6922 | 1,445 | 5.83 |
| 19 | 832 | RBNSN | 2502 | 1,202 | 5.67 |
| 20 | 213 | SCHRD | 0001 | 1,463 | 5.67 |
| 21 | 2725 | PRCRK | 0001 | 202 | 5.57 |
| 22 | 1510 | GRLND | 1604 | 1,992 | 5.54 |
| 23 | 106 | ANDRD | 0931 | 191 | 5.53 |
| 24 | 114 | ECTHP | 4911 | 1,155 | 5.49 |
| 25 | 1166 | PRNTH | 1404 | 1,465 | 5.48 |
| 26 | 689 | EMPCT | 0003 | 1,347 | 5.46 |
| 27 | 1652 | MDLNW | 1531 | 1,747 | 5.44 |
| 28 | 787 | LMESA | 2833 | 24 | 5.38 |
| 29 | 1373 | LMESA | 2813 | 116 | 5.28 |
| 30 | 400 | DFWSW | 2207 | 27 | 5.22 |
| 31 | 7 | ELMAR | 3212 | 81 | 5.20 |
| 32 | 2109 | MSLSW | 0008 | 184 | 5.14 |
| 33 | 196 | EDWDS | 5921 | 24 | 5.08 |
| 34 | 152 | COYAN | 6311 | 109 | 4.86 |
| 35 | 1056 | RYLTY | 1411 | 128 | 4.81 |
| 36 | 1138 | TRPMN | 4023 | 420 | 4.79 |
| 37 | 154 | WEBBS | 8623 | 2,785 | 4.76 |
| 38 | 85 | MSTNG | 2621 | 74 | 4.68 |
| 39 | 290 | GVODS | 3041 | 1,474 | 4.67 |
| 40 | 505 | WHOUS | 4121 | 1,336 | 4.65 |
| 41 | 448 | CRNES | 2711 | 144 | 4.63 |
| 42 | 1813 | VLYRN | 2952 | 3,422 | 4.62 |
| 43 | 1004 | BRGPR | 1103 | 887 | 4.61 |