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STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

NORTHERN ILLINOIS GAS COMPANY D/B/A :  
NICOR GAS COMPANY : No. 04-\_\_\_\_\_  
:  
Proposed general increase in rates, and revisions to :  
other terms and conditions of service.

Exhibit 13.2 of Direct Testimony of  
DR. HETHIE S. PARMESANO, PH.D.  
Vice President  
National Economic Research Associates

On Behalf Of

Northern Illinois Gas Company

Nicor Gas Exhibit 13.2

**DR. HETHIE S. PARMESANO, PH.D.**

**BUSINESS ADDRESS**

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**KEY QUALIFICATIONS**

Dr. Hethie Parmesano is an expert on electricity, gas and water industry costing, pricing, structure, and regulation. In recent years she has been involved with projects dealing with regulation, restructuring, and privatization of state-owned utilities in a variety of different settings, including the U.K., Spain, India, Ireland, Kenya, Greece, El Salvador, Argentina, Brazil, Cambodia and Mexico. Dr. Parmesano also has extensive experience with costing, pricing and restructuring issues in the U.S. and Canadian utility industries. Her work both in the U.S. and abroad has involved issues such as regulating distribution companies, metering and settlement for customers with retail access, and pricing of services supplied to competitors of the distribution company. She teaches seminars on costing and pricing topics, directs a NERA-sponsored industry group called the Marginal Cost Working Group, and has testified widely on utility matters before regulatory agencies.

**RECENT PROJECTS**

**Manitoba Hydro**

Winnipeg, Manitoba Canada 2004

Dr. Parmesano directed a study of appropriate methods for classification and allocation of generation and transmission costs in an embedded cost-of-service study for a hydro-dominated utility with significant wholesale transactions.

**Los Angeles Department of Water and Power**

Los Angeles, CA, 2003-present

Dr. Parmesano is leading a group providing assistance to Los Angeles' municipal utility in the areas of marginal and embedded costing, tariff design, tariff development process, and support in tariff-related litigation.

### **Electricity Regulatory Board of Kenya**

Nairobi, Kenya, 2001-02

Dr. Parmesano led a NERA team charged with helping the ERB develop a new electricity tariff policy consistent with fair and effective regulation as well as with the country's goals of economic development, private capital attraction, and poverty elimination. NERA's work included recommended policies on revenue requirement determination, revenue allocation, tariff design, transition mechanisms, connection charge policy, transmission pricing, purchased power agreements, and retail competition. The NERA team also prepared models for use in tariff review by the ERB staff and provided training to the ERB and other stakeholders.

### **Mid-western US utility**

2001

Dr. Parmesano was engaged to conduct a qualitative review of the company's electricity tariffs as the first phase of a three-phase project to restructure tariffs. NERA found that the current tariffs were not well-designed to deal with the cost and operating changes resulting from the newly-formed ISO, that the company's load control programs were not designed for the purposes for which they are currently being used, and that complex traditional tariff structures could be eliminated with greater use of time-of-use pricing structures.

### **Commission for Energy Regulation of Ireland**

Dublin, Ireland, 2001, 2002, 2004

Dr. Parmesano's group was engaged by the Commission for Electricity Regulation (CER) to assist in the evaluation of the electricity supply tariff submission of the retail energy supplier. NERA's role was to (1) help determine tariff objectives and constraints; (2) develop cost-based illustrative tariffs that would meet those objectives as much as possible, along with transition measures that could be used to move tariffs toward a more optimal set; (3) compare the company's submission to the illustrative tariffs; and (4) make recommendations to CER. She is currently directing a major study of electricity tariff structures, which involves conducting a marginal cost study and screening alternative structures.

### **Mid-western US Public Power District**

2001

Dr. Parmesano helped a mid-western public power district to update its wholesale rate structure to better reflect marginal production costs. NERA prepared estimated marginal generation capacity costs, developed a set of optimal demand charges based on marginal cost, and determined whether the new production demand charges being proposed were moving toward those optimal levels.

### **Direct Service Industries**

Portland, Oregon, 2001

Dr. Parmesano assisted the DSIs in their intervention in the rate case of the Bonneville Power Administration, arguing that rates for all consumer groups based on marginal cost prices at the margin (tiered rates) was a superior solution to the problem of high-priced marginal resources than average pricing for all.

### **Public Power Corporation of Greece**

Athens, Greece, 2001

Dr. Parmesano led a group of NERA economists in development of a draft Distribution Tariff Code, covering all aspects of distribution tariff setting and line extension policies. The project included preparation of estimates of the marginal costs of electricity distribution in Greece, the distribution company's revenue requirement, and sample marginal cost-based tariffs that produce that revenue requirement.

### **Rochester Gas & Electric Corporation**

Rochester, New York, 2001-2003

Dr. Parmesano's group prepared studies of the marginal costs of gas and electric service for RG&E. Dr. Parmesano provided testimony on these studies and efficient tariffs developed from them, including a price floor for economic development contracts, and backup rates for distributed generation.

### **New York State Electric & Gas Corporation**

Binghamton, NY, 2000-03

Dr. Parmesano and her group assisted NYSEG in the development of updated methods for computing marginal costs of electricity service. The assignments included use of marginal costs in setting economic development rates.

### **Large Southern US Electric Utility**

2001

Dr. Parmesano led a group of economists in the development of a retail pricing strategy for an investor-owned utility. The strategy will help the company prepare for coming retail access and implementation of an RTO.

### **Investor-Owned Gas Company**

Northeast US, 2000

Dr. Parmesano and her group conducted an analysis of a fixed price strategy for gas rates, including the relative risk of the proposal compared to the status quo.

**ANEEL (Brazilian Electricity Regulatory Agency)**

Brasilia, Brasil, 2000

Dr. Parmesano directed a NERA team assisting the regulatory commission to develop policies and procedures for setting and revising electricity tariffs for the newly privatized distribution companies in the country.

**Secretaria de Energia**

Mexico City, Mexico, 1999-2000

Dr. Parmesano was part of a NERA team advising the Mexican government on electric industry restructuring. She was director of the Tariffs Task Force for this project.

**Andhra Pradesh Electricity Regulatory Commission**

Hyderabad, India, 1999-2000

Dr. Parmesano directed a NERA team providing tariff-related assistance to the newly formed regulatory commission in the state of Andhra Pradesh. Her responsibilities included staff training, development of a tariff philosophy, drafting of tariff filing guidelines and associated commission procedures, and on-site assistance to the commission during its review of the first tariff filed by the transmission and distribution licensee. Her team developed costing and tariff design models for use by the commission and its staff.

**US Power Exchange**

1999

Dr. Parmesano and her group developed an unbundled cost of service study for a US power exchange. The project included identifying the activities associated with each service provided, determining which of the costs of each activity were fixed and which variable, identifying cost drivers for each type of cost, and recommending methods for allocating common costs to minimize pricing distortions.

**Ontario Hydro Services Company**

Toronto, Ontario, 1999

Dr. Parmesano and her group provided assistance to OHSC in the development of transmission rates, including cost-of-service allocations, evaluation of alternative rate designs and participation in the stakeholder process.

### **Salt River Project**

Phoenix, Arizona, 1998

At the request of the Board of Directors of the Salt River Project (SRP), Dr. Parmesano reviewed SRP Management's proposed bundled and unbundled electric price plans and provided recommendations to the Board. The focus of her review was on (1) the proposed class allocations; (2) the proposed price plans; (3) the cost studies on which they are based; and (4) the relationship between the bundled and unbundled prices.

### **Southern California Gas Company**

Los Angeles, CA 1997

Dr. Parmesano testified before the California Public Utilities Commission for SoCal Gas Company on marginal costing approaches for gas service tariffs.

### **Rochester Gas & Electric Corporation**

Rochester, New York, 1997

Dr. Parmesano directed a NERA team that undertook the cost studies and rate design analysis for pricing new services that RG&E will be offering to electricity retailing companies when retail open access is offered. These services include special metering, non-standard billing, and administration of balancing and settlement.

### **Government of Argentina**

Argentina, 1997

Dr. Parmesano advised the Government of Argentina on ways to improve the operation of the electricity sector, with special emphasis on expansion of retail access, metering and settlement mechanisms, distribution tariffs, retail open access, demand-side management, distortions caused by taxes and subsidies, and quality standards and penalties for distribution concessionaires. This effort was a part of the first formal review - undertaken by NERA - of the structure and functions of the Argentine electricity sector since its radical reform in 1992.

### **Orissa Electricity Regulatory Commission**

Orissa, India, 1994-1999

Dr. Parmesano participated on the NERA team responsible for the design and implementation of Orissa Electricity Regulatory Commission, the first independent state regulatory commission in India. The Commission was created as a key part of the overall reform and restructuring of the Orissa electric state power sector. Dr. Parmesano's responsibilities include: organizational design; development of rules and procedures for tariff approval; participation in drafting of enabling legislation; design of regulations and license; design and implementation of on-site regulatory training; on-site consulting on marginal cost analysis and rate design.

### **Banco Brascan**

Natal, Brazil, 1997

Dr. Parmesano was part of a NERA team assisting Banco Brascan to develop a proposed tariff system, efficiency program, and regulatory mechanism to be detailed in the concession contract for the privatization of COSERN, an electric distribution company in northeast Brazil. Her work included analyzing the tariff structure, regulatory policies, and socio-political factors likely to affect revenues of the new firm.

### **Potential Investors in Electricity Distribution**

El Salvador, 1997

Dr. Parmesano participated in a presentation to introduce potential investors to the El Salvadoran electricity sector. The presentation explained the reform program and regulatory structure and discussed areas of concern for investors in privatized distribution companies.

### **Iberdrola**

Spain, 1997

Dr. Parmesano participated on a NERA team advising Iberdrola, a vertically-integrated electric utility in Spain, during the restructuring of the country's electric industry. Dr. Parmesano provided advice on tariff structure, the cost basis for prices, mechanisms for recovery of strandable costs, and regulatory mechanisms. Her work included providing training sessions to Iberdrola staff members.

### **Manitoba Hydro**

Winnipeg, Manitoba, 1997

Dr. Parmesano and her group prepared a marginal cost study and report on the appropriateness of marginal cost-based electric rates for Manitoba.

### **New York State Electric & Gas Corporation**

Binghamton, New York, 1997

Dr. Parmesano helped NYSEG develop its retail rate structure applicable when the utility's retail customers are eligible for retail open access. Her work involved testimony before the New York State Public Service Commission.

### **Nova Scotia Power Incorporated**

Halifax, Nova Scotia, 1995

Dr. Parmesano testified before the Nova Scotia Utility and Review Board regarding proposals to restructure rates to improve the utility's competitive position.

### **Haryana Power Sector**

Haryana, India, 1994-1995

Dr. Parmesano was a member of the NERA team preparing a major restructuring study of the Haryana State Electricity Board. The study examined all aspects of the power sector and recommended that the Haryana State Electricity Board be broken up into separate generation, transmission, and distribution entities. The project output included a detailed plan for implementing the restructuring proposal.

### **Los Angeles Department of Water and Power**

Los Angeles, California, 1991-92

Dr. Parmesano served as principal advisor to the Los Angeles Department of Water and Power in connection with a major restructuring of water rates. Her work involved participating with the Mayor's Blue Ribbon Committee on Water Rate Structure. She attended virtually every meeting of the full committee and its subcommittees, offering advice on costing and rate design. One of her major tasks was to determine whether the rate structures being contemplated by the Committee were likely to cause financial difficulties for the Department. She also prepared a study of the marginal costs of the Los Angeles water system, a modification of which was ultimately used by the Committee to develop its inverted block rate proposal to the Mayor.

## **EDUCATION**

### **CORNELL UNIVERSITY**

Ph.D., Economics, 1973

M.A., Economics, 1971

Received a National Science Foundation Traineeship.

Areas of specialization were economic development, international economics and economic theory.

### **COLBY COLLEGE**

B.A., Economics, Cum Laude, 1968

## **EMPLOYMENT**

### **1980-Present NATIONAL ECONOMIC RESEARCH ASSOCIATES, INC. (NERA)**

Vice President, Senior Consultant, Senior Economic Analyst

Dr. Parmesano has been involved in numerous economic studies for electric, gas and water utilities. She has specialized in issues related to marginal cost pricing, regulatory and electricity industry reform, strategic planning and resource planning. She has been involved in electric industry restructuring efforts in the U.S., Canada, U.K., Ireland, Greece, Kenya, Mexico, Argentina, Brazil, Spain, El Salvador and India. She has testified in regulatory proceedings in Arizona, California, Colorado, Florida, Idaho, Illinois, Indiana, Iowa, Maine, Maryland, Minnesota, Nevada, New Mexico, New York, Ohio, Oklahoma, Oregon, Texas, Utah, and Alberta and Nova

Scotia, Canada. Her responsibilities include teaching a series of seminars on marginal costing for the staffs of electric utilities and regulatory commissions.

1977-1980      LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP)  
Staff Economist

Dr. Parmesano participated in a variety of rate studies and other economic analyses. Her responsibilities included testimony at LADWP's PURPA hearings on electric rates, membership in the California Marginal Cost Pricing Task Force, and participation in environmental impact studies of proposed LADWP actions and projects.

1973-1977      LOS ANGELES CITY PLANNING DEPARTMENT  
Economic Analyst

Dr. Parmesano participated in employment and demographic forecasting as well as economic impact analyses of city plans. She was also on the faculty at California State Polytechnic University at Pomona, teaching graduate courses in urban research techniques and computer applications in planning.

## TESTIMONIES

Rebuttal testimony regarding standby rates on behalf of NSTAR before the Massachusetts Department of Telecommunications and Energy. Case DTE 03-121, April 2004.

Direct testimony regarding marginal gas and electricity costs on behalf of Rochester Gas & Electric Corporation before the New York Public Service Commission. RG&E is proposing to increase the degree to which its tariff structures reflect marginal costs. Case No. 02-E-0198, February 15, 2001.

Direct testimony regarding the supplemental proposal of the Bonneville Power Administration on behalf of the Direct Service Industries. The Companies on whose behalf this testimony is filed are proposing that BPA adopt a tiered rate structure, with the second tier price set at market price, as a substitute for BPA's proposal to charge a rolled-in average of the cost of energy. Case No. WP-02-E-DS/AL-02, March 2001.

Direct and supplemental testimony before the Public Utilities Commission of Ohio on behalf of Dayton Power & Light Company regarding shopping credits for consumers who choose another supplier of generation services and a forecast of switching rates by consumer category. Case No. 99-1687-EL-ETP, March and May 2000.

Rebuttal testimony before the Illinois Commerce Commission on behalf of Illinois Power Company related to the advisability of unbundling revenue cycle services; the

appropriate basis for credits for these services, if unbundled; and the role of marginal costs in a world of retail access, February 10, 1999.

Rebuttal and Surrebuttal testimony before the State of Maine Public Utilities Commission on behalf of Central Maine Power Company regarding Investigation of Stranded Costs, Transmission and Distribution Utility Revenue Requirements, and Rate Design, June 26, 1998 and August 31, 1998.

Testimony before the Salt River Project Board of Directors regarding SRP Management's Proposed Electric Price and Service Plan Changes Effective December 31, 1998, October 1, 1998.

Rebuttal testimony before the Public Utility Commission of New Mexico in the Matter of the Commission's Investigation of the Rates for Electric Service of Public Service Company of New Mexico, Case No. 2761, May 6, 1998, regarding electric rate unbundling.

Direct testimony before the Public Utility Commission of New Mexico in the Matter of the Petition of the City of Albuquerque to institute a retail pilot load aggregation program and its request for related approvals, Case No. 2782, April 16, 1998, regarding stranded cost recovery and other aspects of a pilot retail access program.

Testimony before the Public Utility Commission of New Mexico on behalf of Public Service Company of New Mexico, Case No. 2761 to explain the institutional conditions necessary for any reasonable unbundling of PNM's retail electricity rates, November 3, 1997.

Affidavit filed with the New Mexico Supreme Court in Public Service Company of New Mexico vs. the New Mexico Public Utility Commission, Case No. 2761 in support of PNM's request for a writ of mandamus, and request for stay regarding the NMPUC's order that PNM prepare unbundled electricity rates, October 8, 1997.

Direct and Responsive Testimony before the New York Public Service Commission on behalf of New York State Electric & Gas Corporation as part of NYSEG's rate/restructuring filing in compliance with Public Service Commission Opinion and Order 96-12 regarding rate design for retail access, September 27, 1996 and April 21, 1997.

Testimony before the Oregon Public Utility Commission on behalf of Portland General Electric Company - Case UM 827 on methods for estimating the marginal costs of electric utilities, April 7, 1997.

Rebuttal Testimony before the California Public Utilities Commission on behalf of Southern California Gas Company in the Biennial Cost Allocation Proceedings regarding two specific marginal cost issues—inclusion of replacement costs for existing equipment in marginal cost estimates and use of the “new customer only” approach to customer costs, August 8, 1996.

Direct Testimony before the Nova Scotia Utility and Review Board on behalf of Nova Scotia Power Incorporated in the matter of the Public Utilities Act, R.S.N.S. 1989, C. 380, as amended and in the matter of an Application of Nova Scotia Power Incorporated for Approval of Certain Revisions to its Rates, Charges and Regulations; regarding rate restructuring to improve the utility’s competitive position, December 11, 1995.

Rebuttal Testimony before the Indiana Utility Regulatory Commission on behalf of Northern Indiana Public Service Company in Cause No. 40125, regarding an experimental real-time pricing tariff for large industrial customers, February 28, 1995.

Rebuttal and Surrebuttal Testimony before the Illinois Commerce Commission, Docket Nos. 94-0134 and 94-0223 on behalf of Illinois Power Company, August 1994 regarding Illinois Power’s proposal for a tariff that would allow contracts to prevent residential, commercial and industrial electric customers from choosing an uneconomic municipal by-pass option.

Direct and Rebuttal Testimony before the Public Utility Commission of Texas, Docket No. 12957-TST-17-0 on behalf of Houston Lighting & Power Company, July 1994 regarding Houston Lighting & Power’s proposal for a tariff to permit negotiated contracts with electric customers who have uneconomic bypass options.

Testimony and Comments before the Public Service Commission of Nevada, Docket No. 93-11045 on behalf of Nevada Power Company, June 2, 1994 and June 23, 1994 regarding competition, standby rates and environmental externalities in marginal energy costs. (Testimony and Comments were filed, but case settled before hearings.)

Prefiled Rebuttal Testimony before the State of Maine Public Utilities Commission, Docket No. 92-315 on behalf of Central Maine Power Company, August 18, 1993 regarding resource planning, rate structures and avoided cost investigation.

Prefiled Rebuttal Testimony before the Indiana Utility Regulatory Commission in Cause No. 39623 on behalf of Northern Indiana Public Service Company, May 1993, regarding approval of an electric service contract with Omni Forge, Inc.

Direct Testimony before the Public Utilities Commission of Ohio on behalf of the Dayton Power and Light Company, Case No. 92-594-EL-FOR, February 5, 1993 regarding avoided cost study and appropriateness of estimates used in evaluating DSM programs. (Testimony was filed but case settled before hearings.)

Rebuttal and Surrebuttal Testimony before the Illinois Commerce Commission on behalf of Illinois Power Company, Docket No. 91-0335, February 25 and March 30, 1992 regarding marginal costing and marginal cost-based rates.

Direct Testimony before the Public Utilities Commission of Ohio on behalf of Cincinnati Gas and Electric Company, Case No. 91-372-EL-UNC, August 27, 1991 regarding avoided cost pricing.

Direct Testimony before the Public Service Commission of Maryland on behalf of Baltimore Gas and Electric Company, Case No. 8241, Phase II, July 19, 1991 regarding avoided cost pricing.

Expert testimony before the Illinois Commerce Commission, on behalf of Illinois Power Company, Docket No. 89-0276, December 27, 1989 and January 29, 1990 regarding revenue treatment of the differential between regular and economic development rates.

Expert testimony before the Illinois Commerce Commission on behalf of Illinois Power Company, Docket 90-0006, December 8, 1989 regarding marginal cost rate design.

Testimony before the New Mexico Public Service Commission, on behalf of Public Service Company of New Mexico, NMPSC Case 2262, November 1, 1989 and December 8, 1989 regarding marginal costs and incentive energy rates.

Testimony before the State of Maine Public Utilities Commission, on behalf of Central Maine Power Company, Docket No. 89-68, July 31, 1989 regarding marginal costs.

Expert testimony before the State of Maine Public Utilities Commission, regarding Central Maine Power Company's Application for Fuel Cost Adjustment and Establishment of Short-Term Energy-Only Rate for Small Power Producers Less Than 1 MW, on behalf of Central Maine Power Company, Docket No. 89-80, April 14, 1989 regarding energy and capacity components of fuel clause.

Testimony before the Alberta Public Utilities Board and Energy Resource Conservation Board, on behalf of TransAlta Utilities Corporation, Docket No. RE870621, October 1987 regarding independent power producer payments.

Testimony before the Public Service Commission of Utah, on behalf of Utah Power & Light Company, Docket No. 87-035-12, August 17, 1987 regarding marginal costs.

Expert testimony before the Public Service Commission of Nevada, on behalf of Nevada Power Company, Docket No. 86-1201, February 5, 1987 regarding avoided costs.

Expert testimony before the Illinois Commerce Commission, on behalf of Illinois Power Company, in A. E. Staley Manufacturing Co. v. Illinois Power Company, Docket No. 86-0038, September 12, 1986 and November 25, 1986 regarding standby rates.

Expert testimony before the Indiana Public Service Commission, on behalf of Northern Indiana Public Service Company, in Cause No. 38045, June 16, 1986 regarding potential for cogeneration and small power production.

Expert testimony before the Indiana Public Service Commission, on behalf of Northern Indiana Public Service Company, in Cause No. 37863, April 1986 regarding capacity credit formula for qualifying facilities (QF).

Expert testimony before the Maine Public Utilities Commission, on behalf of Central Maine Power Company, in Central Maine Power Company Cost of Service and Rate Design, Docket No. 86-2, February 14, 1986 regarding marginal costs.

Expert testimony on behalf of the Los Angeles Department of Water and Power et al., in the Bonneville Power Administration's 1985 Wholesale Rate Case, November 1984 regarding nonfirm rate design.

Expert testimony before the Superior Court of the State of California for the County of Los Angeles, on behalf of Los Angeles Department of Water and Power, in California Manufacturers' Association, et al. vs. City of Los Angeles, March 1984 regarding marginal cost-based rate restructuring.

Expert testimony on behalf of the Public Service Company of New Mexico, in Docket 1835, before the New Mexico Public Service Commission, February 1984 regarding marginal costs.

Expert testimony on behalf of the Los Angeles Department of Water and Power, et al., in the Bonneville Power Administration's 1983 Wholesale Rate Case, June 1983 regarding nonfirm rate design.

Testimony before the Florida Public Service Commission, on behalf of Metropolitan Dade County, in Docket No. 820406-EU, April and May 1983 regarding QF payments.

Testimony before the Texas Public Utility Commission, on behalf of Houston Lighting and Power Company, in Docket No. 4712, December 1982 regarding avoided costs.

Expert testimony before the Idaho Public Utilities Commission, on behalf of Idaho Power Company, in Case Nos. U-1006-197 and U-1006-200, October 1982 regarding QF payments.

Expert testimony on behalf of the Los Angeles Department of Water and Power, et al., in the Bonneville Power Administration's 1982 Wholesale Rate Case, May 1982 regarding ratemaking objectives.

Expert testimony on behalf of the Los Angeles Department of Water and Power, et al., in the Bonneville Power Administration's 1981 Wholesale Rate Case, February 1982 regarding nonfirm rate design.

Testimony before the Maine Public Utilities Commission, on behalf of Central Maine Power, in Docket No. 80-66, January 1982 regarding marginal cost-based rates.

Expert testimony before the Corporation Commission of the State of Oklahoma on behalf of the Commission, in Cause No. 27208, November 1981 regarding QF payments.

Expert testimony before the Minnesota Public Service Commission on behalf of the State of Minnesota Department of Public Service, in Docket No. E017/6R-81-315, November 1981 regarding marginal costs.

Expert testimony before the Public Service Commission of Utah on behalf of Utah Power & Light Company, in Case No. 80-999-09, March 1981 regarding marginal costs.

Expert testimony before the Colorado Public Utilities Commission on behalf of the City of Aspen, Pitkin County and Windstar Foundation, in Case No. 5970, November 1980 regarding cogeneration.

Testimony before the Idaho Public Utilities Commission on behalf of Utah Power & Light Company, in Case Nos. U-1009-107 and P-300-18, August 1980 regarding marginal cost-based rates.

Expert testimony before the Iowa State Commerce Commission on behalf of the Commission, in Docket No. RMU-80-1, July 1980 regarding marginal cost-based rates.

Expert testimony before the Board of Directors, on behalf of the Board of Directors in the 1980 Salt River Project Electric Rate Case regarding revenue requirement.

Expert testimony before the LADWP Board of Commissioners in LADWP's PURPA hearings, 1980 regarding appropriateness for LADWP's of adoption of PURPA standards.

### **SELECTED CONSULTING REPORTS**

"Classification and Allocation Methods for Generation and Transmission in Cost-of-Service Studies," February 2004, prepared for Manitoba Hydro.

"Survey of Electric Utility Embedded Cost Methods for Generation and Transmission in North America," December 2003, prepared for Manitoba Hydro.

"Electric Utility Use of Marginal Costs: US Case Studies," July 2003, prepared for JANUS (Tokyo, Japan).

"Review of Comments on NERC Tariff Methodology," January 18, 2001, prepared for National Energy Regulatory Commission of Ukraine.

"DP&L Report on Shopping Incentives," December 1999, prepared for Dayton Power & Light Company.

"An Introduction to System Benefits Charges," May 11, 1998, prepared for The Salt River Project.

"Analysis of the Reform of the Argentine Power Sector: Final Report," January 1998, prepared for the Ministerio de Economía y Obras Servicios Públicos, Secretaría de Energía y Puertos of Argentina.

"Development of RG&E's Fees for New Services," February 19, 1998, prepared for Rochester Gas & Electric Corporation.

"Using Capacity Contracts and Energy Savings To Estimate Marginal Generation Capacity Costs - Contracts: They're Not Just for Lawyers Anymore," October 27, 1997 prepared for the Marginal Cost Working Group.

“Rate Design for Retail Access,” October 1, 1996 prepared for the Marginal Cost Working Group.

“Preliminary Evaluation of the Electricity Tariffs of Peninsular Spain,” September 16, 1996 prepared for Iberdrola.

“Use of LRIC by the Telecommunication Industry,” April 16, 1996 prepared for the Marginal Cost Working Group.

“The Time-Differentiated Marginal Costs of the Orissa State Electricity Board Constituent Companies,” February 1996.

“Implications of Retail Wheeling for the State of [Midwestern state],” Confidential, July 1995.

“What is the Marginal Cost of Transmission,” April 1995 prepared for the Marginal Cost Working Group.

“Restructuring Study for the Haryana (India) Power Sector Restructuring Project,” January 1995 prepared for Haryana State Electricity Board.

“Linking Integrated Resource Planning and Rate Design: Comments on the Tellus Institute’s Report for NARUC,” October 1994 prepared for the Marginal Cost Working Group.

“The Time-Differentiated Marginal Costs of the Los Angeles Department of Water and Power,” November 30, 1993.

“The Time-Differentiated Marginal Costs of Dayton Power and Light Company: A PURPA Study,” July 1993.

Co-authored “Dayton Power & Light Company Time-of-Use Study: Preliminary Evaluation,” April 14, 1993.

“The Time-Differentiated Marginal Costs of the City of Anaheim Public Utilities Department, Electric Services,” December 11, 1992.

“The Marginal Costs of the Los Angeles Department of Water and Power Water System,” May 27, 1992.

“The Time-Differentiated Marginal Costs of New York State Electric and Gas Corporation,” Revised March 9, 1992.

“The Time-Differentiated Marginal Costs of Public Service Gas and Electric Company,” November 22, 1991.

“A&G and General Plant Loaders: Are They Marginal?” April 1991.

“Selection of Efficient Rating Periods,” April 1991.

“Empirical Test of the Same-Load-Change vs. Proportional-Load-Change Assumption,” April 1990.

“Correct Discount Rate for Use in Economic Carrying Charge Calculation,” April 1990.

“The Time-Differentiated Marginal Costs of the Los Angeles Department of Water and Power,” September 20, 1989.

“Cut-Off Points in the Differential Revenue Requirements Avoided Cost Method,” April 1989.

“The Time-Differentiated Marginal Costs of Public Service Company of Indiana, Inc.,” September 19, 1988.

“An Evaluation of the Feasibility of a Common Costing Methodology,” Central Maine Power Company, October 28, 1987.

“Report on An Audit of the Resource Planning Activities of the Department of Water and Power of the City of Los Angeles,” December 24, 1986.

“Standby Rates for Cogenerators and Small Power Producers,” Illinois Power Company, November 15, 1985.

“Avoided Cost Payments for Off-System Qualifying Facilities,” San Diego Gas and Electric Company, September 17, 1985.

“A Methodology for Comparative Risk Analysis: Introducing Competition into Avoided Cost Pricing,” City of Houston Public Service Department, June 1984.

“Cogeneration in the United States,” prepared for Kansai Electric Power Company, Inc., September 1983.

“An Analysis of the Time-Differentiated Marginal Costs of Rochester Gas and Electric Corporation,” December 1982.

“An Analysis of Electric Utility Tariffs and Contracts for Cogenerators and Small Power Producers,” September 1982.

“An Analysis of the Time-Differentiated Marginal Costs of Central Illinois Light Company,” June 1982.

“An Updated Analysis of the Time-Differentiated Marginal Costs of Central Illinois Light Company,” prepared for Central Illinois Light Company, December 1981.

“An Updated Analysis of the Time-Differentiated Marginal Costs of Otter Tail Power Company,” prepared for the Minnesota Department of Public Service, November 1981.

“An Analysis of the Costs Avoided by Oklahoma Gas and Electric Company When Energy and Capacity are Supplied by Cogenerators and Small Power Producers,” prepared for the Oklahoma Corporation Commission, September 1981.

“Summary of Concerns Expressed by Oklahoma Utilities Pertaining to Cogenerators and Small Power Producers,” prepared for the Oklahoma Corporation Commission, September 1981.

“Summary of Concerns Expressed by Potential Cogenerators and Small Power Producers in Oklahoma,” prepared for the Oklahoma Corporation Commission, August 1981.

“Measuring Avoided Costs for Cogenerators and Small Power Producers,” prepared for the Oklahoma Corporation Commission, June 1981.

“An Analysis of the Time-Differentiated Marginal Costs of Central Maine Power Company,” prepared for Central Maine Power Company, April 1981.

“Salt River Project Review of Proposed 1981 Rate Increase,” prepared for the Board of Directors of the Salt River Project Agricultural Improvement and Power District, December 1980.

“An Analysis of the Time-Differentiated Marginal Costs of Utah Power & Light Company,” prepared for the Utah Power & Light Company, October 1980.

“An Analysis of the Time-Differentiated Marginal Costs of Hawaiian Electric Company,” prepared for Hawaiian Electric Company, October 1980.

“An Analysis of the Time-Differentiated Marginal Costs of Idaho Power Company,” prepared for Idaho Power Company, September 1980.

## SELECTED PUBLICATIONS

“The Thaw: The End of the Ice Age For American Utility Rate Cases – Are you Ready?” with Jeff Makhholm, The Electricity Journal, July 2004

“Standby Rates Issue is More Nuanced Than Authors Let on,” Letter to the Editor, The Electricity Journal, November 2003, pp. 3-4.

“Standby Service to Distributed Generation Projects: The Wrong Tool for Subsidies” The Electricity Journal, October 2003.

“Making Every Electricity Consumer a Market Participant (Putting Demand Back in the Equation),” The Electricity Journal, April 2003.

“Use Tax Policy, Not Cross-Subsidies, to Aid the Poor,” Letter to the Editor, The Electricity Journal, July 2002.

“An Introduction to Financial Transmission Rights,” with Hamish Fraser and Karen Lyons The Electricity Journal, December, 2000.

“Residential Electricity Tariffs: Getting the Structure Right,” with Veronica Lambrechts presented at online conference Energy Resource 2000, May 15-29, 2000.

Parmesano, Hethie and Amy McCarthy, “Letter to the Editor: Argument for Embedded Costs Has Basic Flaws.” The Electricity Journal (March 1999).

“The Effects of the 1990 Clean Air Act on System Dispatch and Marginal Costs,” with Bruce Ambrose and John Wile The Electricity Journal, November 1993.

“The Role and Nature of Marginal and Avoided Costs in Ratemaking: A Survey,” NERA Working Paper, February 1992.

“Discount Electric Rates: Who Should Bear the ‘Cost’?,” with Carrie J. Hightman NERA Working Paper, June 1991.

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“Comments on John Wender's Article On Class Revenue Requirements,” Electric Potential, vol. 1, No. 2, November-December 1985.

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## RECENT SPEECHES

“Making Every Electricity Consumer a Market Participant (Putting Demand Back in the Equation),” a presentation to the California Municipal Rates Group, Sacramento, CA, June 2003.

“Line Extension Policies in the Restructured US Electric Industry,” a presentation to the Marginal Cost Working Group (MCWG), Myrtle Beach, SC, April 2001.

“Residential Electricity Tariffs: Getting the Structure Right,” a presentation to the Marginal Cost Working Group (MCWG), Santa Fe, NM, October 4-6, 2000.

“Line Extension Policies – Due for a Change?” a presentation to the Marginal Cost Working Group (MCWG), Las Vegas, NV, April 3-5, 2000.

“Antitrust Concerns in Retail Access: Learning the Lingo,” a presentation to the Marginal Cost Working Group (MCWG), Cambridge, MA, April 27-29, 1998.

“The Role of Securitization of Stranded Costs in a Future Competitive Electric Industry,” a presentation to the Conference on Securitization of Electric Utility Stranded Costs, San Francisco, California, October 6, 1997.

“Electric Rate Structure,” a presentation to the University of Florida International Training Program on Utility Regulation and Strategy, Florida, January 21, 1997.

“Is Your Contract or Rate Profitable? How Can You Tell?” a presentation to the California Municipal Rates Group, West Hollywood, California, June 25, 1996.

“Alternative Approaches for Area-Specific Marginal Transmission and Distribution Cost Estimation,” a presentation to the 1994 EPRI Innovative Pricing Conference, Tampa, Florida, February 11, 1994.

“Marginal Costs: Academic Exercise or Crucial Factor in Electric Utility Decision-Making?” a presentation to the 1993 Annual Meeting of the Canadian Electrical Association, Halifax, Nova Scotia, May 18, 1993.

“Water Rates - Costing for the 90's,” a presentation to the California Municipal Rates Group, San Pedro, California, February 16, 1993.

“Implementing a Dynamic Marginal Cost Study at the City of Anaheim,” before the American Public Power Association, New Orleans, Louisiana, September 29, 1992.

“Estimating Hourly Marginal Costs,” before the California Municipal Rates group, Anaheim, California, January 11, 1990.

“Ratesetting Using Marginal Cost at LADWP,” before the California Municipal Rates Group, Winter Meeting, Anaheim, California, January 11, 1990.