

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 09-_____

DIRECT TESTIMONY

OF

RONALD J. AMEN

SUBMITTED ON BEHALF

OF

**CENTRAL ILLINOIS LIGHT COMPANY
d/b/a AmerenCILCO**

**CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
d/b/a AmerenCIPS**

**ILLINOIS POWER COMPANY
d/b/a AmerenIP**

THE AMEREN ILLINOIS UTILITIES

JUNE 2009

TABLE OF CONTENTS

	Page
I. INTRODUCTION AND WITNESS QUALIFICATIONS	1
A. WITNESS IDENTIFICATION	1
B. PURPOSE, SCOPE AND IDENTIFICATION OF EXHIBITS	3
II. BENCHMARKING OF THE AIU'S A&G EXPENSES	4
A. ELECTRIC UTILITY COMPARISON.....	8
B. COMBINATION UTILITIES	12
C. GAS UTILITIES	13
III. CONCLUSION	16

1 **ILLINOIS COMMERCE COMMISSION**

2 **DOCKET NO. 09-_____**

3 **DIRECT TESTIMONY**

4 **OF**

5 **RONALD J. AMEN**

6 **Submitted On Behalf Of**

7 **The Ameren Illinois Utilities**

8

9 **I. INTRODUCTION AND WITNESS QUALIFICATIONS**

10 **A. Witness Identification**

11 **Q. Please state your name and business address.**

12 A. My name is Ronald J. Amen. My business address is 293 Boston Post Road,
13 Suite 500, Marlborough, Massachusetts 01752.

14 **Q. By whom are you employed?**

15 A. I am a Vice President with Concentric Energy Advisors, Inc.

16 **Q. Please describe Concentric Energy Advisors.**

17 A. Concentric is a management consulting and economic advisory firm focused on
18 the North American energy and water industries. Based in Marlborough, Massachusetts,
19 Concentric specializes in regulatory and litigation support, transaction-related financial
20 advisory services, energy market strategies, market assessments, energy commodity

21 contracting and procurement, economic feasibility studies, and capital market analyses
22 and negotiations.

23 **Q. What are your responsibilities in your current position?**

24 A. As a consultant, my responsibilities include assisting clients in identifying and
25 addressing business issues. My primary areas of focus have been regulatory-, financial-
26 and operational-related issues.

27 **Q. Please describe your qualifications.**

28 A. I have over thirty (30) years of experience in the utility industry, the last ten (12)
29 years of which have been in the field of utility management and economic consulting. I
30 have advised and assisted utility management and energy marketers in matters pertaining
31 to costing and pricing, regulatory planning and policy development, strategic business
32 planning, organizational restructuring, new business development, and load research
33 studies. Further background information summarizing my education, presentation of
34 expert testimony and other industry-related activities is included in Appendix A to my
35 testimony.

36 **Q. On behalf of which parties are you presenting this testimony?**

37 A. I am sponsoring this testimony on behalf of the electric and gas businesses of
38 Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service
39 Company d/b/a AmerenCIPS and Illinois Power Company d/b/a AmerenIP (collectively
40 the “Ameren Illinois Utilities”).

41 **B. Purpose, Scope and Identification of Exhibits**

42 **Q. What is the purpose of your testimony?**

43 A. The purpose of my testimony is to present the results of a benchmarking effort
44 performed to compare the level of the Ameren Illinois Utilities administrative and general
45 (“A&G”) expenses on a per-customer basis to those of other gas, electric and
46 combination utilities.

47 **Q. Was Concentric engaged by the Ameren Illinois Utilities to perform the**
48 **benchmarking study?**

49 A. Yes.

50 **Q. Are you sponsoring any schedules?**

51 A. Yes, in addition to my direct testimony, I am sponsoring Ameren Exhibit Nos. 5.1
52 through 5.11:

53 5.1 A&G Expense per Customer and Customer Count Trends for the Calendar
54 Years 2004 – 2007

55 5.2 Administrative and General Expense per Customer Compared to All
56 Electric Utilities for the Calendar Year 2007

57 5.3 Administrative and General Expense per Customer Compared to Midwest
58 Electric Utilities for the Calendar Year 2007

59 5.4 Administrative and General Expense per Customer Compared to Electric
60 Utilities With No Generation for the Calendar Year 2007

61 5.5 Administrative and General Expense per Customer Compared to Midwest
62 Electric Utilities Which Own No Generation for the Calendar Year 2007

63 5.6 Electric Administrative and General Expense per Customer Compared to
64 Electric Companies with >100,000 and <1,000,000 Customers and No
65 Generation for the Calendar Year 2007

- 66 5.7 Administrative and General Expense per Customer Compared to
67 Combination Utilities for the Calendar Year 2007
- 68 5.8 Administrative and General Expense per Customer Compared to
69 Combination Utilities Owning No Generation for the Calendar Year 2007
- 70 5.9 Gas Administrative and General Expense per Customer Compared to All
71 Gas Companies for the Calendar Year 2007
- 72 5.10 Gas Administrative and General Expenses per Customer Compared to
73 Midwest Gas Companies for the Calendar Year 2007
- 74 5.11 Gas Administrative and General Expense per Customer Compared to
75 Midwest Gas Companies with >100,000 and <1,000,000 Customers and
76 No Generation for the Calendar Year 2007

77 **II. BENCHMARKING OF THE AIU'S A&G EXPENSES**

78 **Q. Have you benchmarked the Ameren Illinois Utilities' A&G expenses, on a**
79 **per-customer basis, to those of other utilities?**

80 A. Yes. Concentric was asked to perform a number of benchmark analyses to
81 compare each of the Ameren Illinois Utilities' A&G expenses, on a per-customer basis,
82 to various peer groups.

83 **Q. Please provide an overview of the approach used to benchmark the Ameren**
84 **Illinois Utilities' A&G expenses.**

85 A. Concentric collected total A&G expense amounts and customer counts for a
86 number of utilities. These costs were then unitized on a per customer basis to provide a
87 comparison of the Ameren Illinois Utilities' A&G costs per customer to those of other
88 utilities. Analyses were performed for natural gas utilities, electric utilities, and
89 combination utilities with both electric and gas operations. Various iterations of the

90 analyses were prepared to make the peer group of utilities more comparable to the
91 characteristics of the Ameren Illinois Utilities.

92 **Q. Would the A&G expenses which you benchmarked include those expenses**
93 **billed to the Ameren Illinois Utilities by Ameren Services Company (“AMS”)?**

94 A. Yes. The Ameren Illinois Utilities’ A&G expenses which were benchmarked
95 against other regulated utilities, represent the A&G incurred directly by the Ameren
96 Illinois Utilities as well as those incurred on behalf of the Ameren Illinois Utilities.

97 **Q. From which calendar year did you use information to perform the**
98 **benchmarking analyses?**

99 A. Information was used from the calendar year 2007.

100 **Q. Why was information used from the calendar year 2007 instead of the 2008**
101 **test year which has been proposed by the Ameren Illinois Utilities in these**
102 **proceedings?**

103 A. The calendar year 2007 data represents the most recent data which is publicly
104 available to use to compare the Ameren Illinois Utilities’ A&G costs to those of other
105 regulated utilities.

106 **Q. Did the Ameren Illinois Utilities present similar analyses in their last rate**
107 **cases?**

108 A. Yes.

109 **Q. How do the results from your current benchmarking analyses compare to**
110 **those presented in the Ameren Illinois Utilities' last rate case?**

111 A. The results from the current and prior benchmarking analyses produced very
112 similar results.

113 **Q. Do you have concerns that employing the 2007 data in these proceedings**
114 **would produce results which are irrelevant to the 2008 test year employed by the**
115 **Ameren Illinois Utilities?**

116 A. No. Given that the results did not materially change from 2006 to 2007 and due
117 to the relatively minor increase in A&G expenses from 2007 to 2008, as discussed by
118 Ameren witness Ronald Stafford, I believe the results of the 2007 benchmarking
119 analyses, together with the additional information sponsored by other Ameren Illinois
120 Utilities witnesses regarding A&G costs (Ron A, what exactly did you review to make
121 this point about other A&G costs?), provides a sufficient basis upon which to evaluate the
122 reasonableness of the Ameren Illinois Utilities' A&G expenses.

123 **Q. What costs were excluded from the benchmarking analyses performed by**
124 **Concentric?**

125 A. There were no costs excluded from the benchmarking analyses. The
126 benchmarking results include all A&G expenses reported by the Ameren Illinois Utilities
127 as well as each of the peer companies.

128 **Q. What adjustments were made to the costs included in the benchmarking**
129 **analyses?**

130 A. The costs included in the benchmarking analyses are unadjusted and reflect the
131 amounts as reported in the peer companies' respective Federal Energy Regulatory
132 Commission ("FERC") Form 1 and 2 annual reports. The FERC Form 1 and 2 annual
133 reports provide a sound basis for cost comparison as utilities adhere to the FERC
134 accounting methods(feel free to make more clear).

135 **Q. Should the Commission conclude based upon the results of the**
136 **benchmarking analyses performed by Concentric that the Ameren Illinois Utilities'**
137 **A&G expenses are reasonable?**

138 A. The results of the benchmarking analyses conducted by Concentric are just one
139 aspect of the overall picture which indicates that the Ameren Illinois Utilities' A&G
140 expenses are reasonable. The Commission can take comfort, however, in knowing that
141 the Ameren Illinois Utilities have been effective in controlling A&G expenses and that
142 the cost per customer compares favorably to those of other electric, gas and combination
143 utilities.

144 **Q. Prior to discussing the results of the various benchmarking analyses, have**
145 **you examined the trends in the level of Ameren Illinois Utilities' A&G expenses per**
146 **customers and customer counts?**

147 A. Yes. As shown on Ameren Exhibit 5.1, the Ameren Illinois Utilities' customer
148 counts have continued to grow annually from 2004 to 2007. The number of customers
149 has grown from 1.92 million in 2004 to 2.03 million in 2007(Ron A-please note this
150 customer count is both E and G if that's makes a difference, we have about 800K gas

151 customers). Conversely, the Ameren Illinois Utilities' A&G expenses per customer have
152 declined during the same time period. The Ameren Illinois Utilities' A&G expense per
153 customer in 2004 was \$116 while the expense per customer declined to \$94 in 2007.
154 This is yet another indication that the Ameren Illinois Utilities have been effective in
155 controlling A&G expenses.

156 **A. Electric Utility Comparison**

157 **Q. Please describe the benchmarking which Concentric performed of the**
158 **Ameren Illinois Utilities' electric operations.**

159 A. Concentric performed an analysis for the electric operations of the three Ameren
160 Illinois Utilities. To begin, Concentric obtained A&G cost information (FERC Accounts
161 920-935) from the SNL Database¹ for the calendar year 2007. Data was collected for all
162 electric utility companies. The information was then checked for consistency. (what's
163 mean by "consistency") A complete list of these companies included in the electric utility
164 dataset is provided in Appendix 1.

165 The presence of regulated generation in a utility's rate base can have an effect on the
166 company's overall risk as well as on the magnitude of various expenses. The level of the
167 utility's A&G costs is not an exception to this. Accordingly, Concentric screened from
168 the initial group of peer companies those companies that have regulated generation in
169 their rate base.

¹ [Insert the complete name of the data source: "SNL ...]

170 Concentric also screened the peer companies based upon customer counts and location.
171 The Ameren Illinois Utilities were compared to other electric companies with customer
172 counts greater than 100,000 but less than 1 million. The Ameren Illinois Utilities were
173 also compared to other electric companies located in the Midwest.
174 The results of the benchmarking of the Ameren Illinois Utilities' electric A&G expenses
175 per customer are discussed below. Exhibits have been created for each comparison to
176 graphically depict the relative standings of the Ameren Illinois Utilities as compared to
177 the peer companies.

178 **Q. What were the levels of electric A&G expense per customer for each of the**
179 **Ameren Illinois Utilities in 2007?**

180 A. AmerenIP had an electric A&G expense per customer of \$100.35. AmerenCIPS
181 had an electric A&G expense per customer of \$103.01. AmerenCILCO had an electric
182 A&G expense per customer of \$152.43. The combined Ameren Illinois Utilities' electric
183 A&G expense per customer was \$110.24 during 2007.

184 **Q. Please describe Ameren Exhibit X.2.**

185 A. Ameren Exhibit X.2 shows the results of the benchmarking of the Ameren Illinois
186 Utilities' electric A&G expenses, collectively and individually, to those of all electric
187 companies that file a Form 1 with the FERC. There were 142 electric companies in the
188 peer group. The median A&G expense for the peer group was \$151.37 per customer.
189 The mean A&G expense for the peer group was \$168.77. As the exhibit shows,
190 AmerenIP, AmerenCIPS and the combined Ameren Illinois Utilities are significantly

191 below both the mean and median of the peer group. AmerenCILCO is at the median and
192 below the mean of the peer group.

193 **Q. Did Concentric compare the Ameren Illinois Utilities' A&G expenses per**
194 **customer to other regulated utilities in the Midwest?**

195 A. Yes. Ameren Exhibit 5.3 shows the results of the comparison of the Ameren
196 Illinois Utilities' A&G expenses per customers to those of all other electric utilities in the
197 Midwest². In total, there are 49 electric utilities included in the Midwest peer group. The
198 median of the peer group was \$151.30 while the mean was \$192.51. As with the
199 comparison to the peer group consisting of all electric companies, AmerenIP,
200 AmerenCIPS and the combined Ameren Illinois Utilities are well below both the mean
201 and median of the peer group while AmerenCILCO is at the median and below the mean
202 of the peer group.

203 **Q. Did you compare the Ameren Illinois Utilities A&G expense per customer to**
204 **those of other regulated electric utilities which own no generation?**

205 A. Yes. Ameren Exhibit 5.4 shows the results of the comparison of the Ameren
206 Illinois Utilities A&G expenses per customer, collectively and individually, to a peer
207 group of 43 regulated electric utilities which own no generation. The peer group
208 produced a median of \$110.70 and a mean of \$139.73 per customer. The results show
209 that AmerenIP, AmerenCIPS, and the combined Ameren Illinois Utilities were all below

² SNL defines the Midwest Region as Iowa, Illinois, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and Wisconsin.

210 the mean and median of the peer group while AmerenCILCO was above both the mean
211 and median of the group.

212 **Q. Were you able to compare the Ameren Illinois Utilities A&G expense per**
213 **customer to those of a peer group of Midwest electric utilities which own no**
214 **generation?**

215 A. Yes. A peer group consisting of nine Midwest electric utilities which own no
216 regulated generation, including the three Ameren Illinois Utilities and the combined
217 Ameren Illinois Utilities, was constructed for purposes of benchmarking the Ameren
218 Illinois Utilities' A&G expenses per customer. The peer group produced a median of
219 \$139.77 and a mean of \$168.49. As Ameren Exhibit 5.5 shows, AmerenIP, AmerenCIPS
220 and the combined Ameren Illinois Utilities remained below the mean and median of the
221 peer group of Midwest electric utilities which own no generation, while AmerenCILCO
222 was below the mean.

223 **Q. Did Concentric benchmark the Ameren Illinois Utilities' A&G expense per**
224 **customer against similarly sized electric utilities which own no generation?**

225 A. Yes. Ameren Exhibit 5.6 shows the results of the benchmarking of the Ameren
226 Illinois Utilities' A&G expense per customer compared to other electric companies with
227 between 100,000 and 1,000,000 customers and which own no generation. This slicing of
228 the data produced a peer group of 19 companies, including the Ameren Illinois Utilities.
229 The median of the peer group was \$110.24 and the mean was \$131.60. As Ameren
230 Exhibit 5.6 shows, AmerenIP and AmerenCIPS remain below the mean and median of

231 the peer group while the combined Ameren Illinois Utilities are at the median and below
232 the mean of the peer group. AmerenCILCO was above both the mean and median of the
233 peer group.

234 **B. Combination Utilities**

235 **Q. Please describe the benchmarking comparisons performed for combination**
236 **electric and gas utilities.**

237 A. Concentric also compared the aggregate A&G costs per customer of the combined
238 Ameren Illinois Utilities to the A&G costs per customer of other combination utilities.
239 These costs were derived from the same data sets described above and represent all of the
240 service territories of each of the holding companies. To be included in the overall
241 comparables group, the SNL Database must have had data from at least one natural gas
242 LDC annual report and one electric FERC Form 1 report.

243 The Ameren Illinois Utilities were compared to all combination utilities as well as
244 to other combination utilities which owned no regulated generation.

245 **Q. What was the Ameren Illinois Utilities' combined A&G cost per customer**
246 **used for purposes of the benchmarking of combination utilities?**

247 A. The Ameren Illinois Utilities' A&G expense per customer for the combined gas
248 and electric utilities was \$93.57.

249 **Q. Did Concentric also benchmark the Ameren Illinois Utilities against other**
250 **combination utilities?**

251 A. Yes. Ameren Exhibit 5.7 shows the results of the comparison of the Ameren
252 Illinois Utilities to other combination utilities. The comparison consisted of 42 peer
253 companies, including the combined AIU companies. The peer group produced a median
254 of \$125.21 and a mean average of \$139.40. As the exhibit shows, the Ameren Illinois
255 Utilities ranked seventh out of the 42 companies and was well below both the mean and
256 the median for the peer group.

257 **Q. Was Concentric able to also compare the Ameren Illinois Utilities to a peer**
258 **group of combination utilities which owned no generation?**

259 A. Yes. As shown on Ameren Exhibit 5.8, a peer group of 12 combination
260 companies which owned no regulated generation was identified for benchmarking
261 purposes. The peer group produced a median average of \$119.03 and a mean average of
262 \$125.10. The Ameren Illinois Utilities were once again below the mean and median of
263 the peer group.

264 **C. Gas Utilities**

265 **Q. Please provide an overview of the benchmarking performed of the Ameren**
266 **Illinois Utilities gas A&G expenses.**

267 A. In an effort to compare the Ameren Illinois Utilities' gas A&G expenses per
268 customer to those of other gas utilities, Concentric undertook an analysis of the A&G
269 costs of various natural gas local distribution companies ("LDCs") on a cost per customer
270 basis. Concentric collected the A&G costs as reported in FERC Accounts 920 through
271 935, for all gas utilities listed in SNL Energy's Excel Database ("SNL Database") for
272 calendar year 2007. SNL compiled this information from natural gas LDCs' annual

273 reports to state commissions throughout the United States. These reports are similar in
274 nature to the Form 21 reports the Ameren Illinois Utilities file with the Commission each
275 year. As noted later, Concentric further refined the overall groups to better reflect the
276 characteristics of the Ameren Illinois Utilities.

277 From the initial data set, which included all of the natural gas LDCs contained in the SNL
278 Database, Concentric focused upon relevant comparable companies that more accurately
279 reflected the Ameren Illinois Utilities' characteristics. Concentric first applied a
280 geographic screen to narrow the field of comparable companies to those that are within
281 the Midwest region. As an additional means to compare the A&G costs of the Ameren
282 Illinois Utilities, Concentric further refined the regional peer group by applying a size
283 parameter to the analysis. Regional peer companies with fewer than 100,000 customers
284 and in excess of 1,000,000 customers were eliminated from the peer group.

285 **Q. What level of gas A&G expense per customer did the Ameren Illinois**
286 **Utilities experience during 2007?**

287 A. AmerenIP had a \$61.99 gas A&G expense per customer. AmerenCILCO
288 experienced a \$66.07 gas A&G expense per customer. AmerenCIPS had an \$88.08 gas
289 A&G expense per gas customer. The combined Ameren Illinois Utilities had a \$68.97
290 A&G expense per gas customer during 2007.

291 **Q. Please describe Ameren Exhibit X.9.**

292 A. Ameren Exhibit 5.9 shows the results of the benchmarking of the Ameren Illinois
293 Utilities' gas businesses against all gas utilities which filed a FERC Form 2 in 2007. The

294 peer group consisted of over 200 gas utilities. The peer companies included in the
295 analyses are identified in Appendix 2—should be an exhibit. The peer group produced a
296 median average of \$98.04 and a mean average of \$168.83. As shown by the exhibit, each
297 of the AIU operating gas companies, as well as the combined AIU companies were below
298 the mean and median of the peer group. Ameren Exhibit 5.9 is similar to the comparison
299 reflected in Ameren Exhibit 5.2 for the electric utilities.

300 **Q. Did Concentric benchmark the Ameren Illinois Utilities against other gas**
301 **utilities in the Midwest?**

302 A. Yes. Ameren Exhibit 5.10 reflects a comparison of the Ameren Illinois Utilities’
303 gas A&G expenses per customer and the combined Ameren Illinois Utilities’ gas A&G
304 expenses per customer to those of approximately 90 gas utilities located in the Midwest.
305 The companies included in the Midwest peer group are set forth in Appendix 3-exhibit.
306 The peer group produced a median average of \$97.71 per customer and a mean average
307 of \$214.15 per customer. As the exhibit shows, each of the Ameren Illinois Utilities’
308 operating gas utilities as well as the combined Ameren Illinois Utilities gas companies
309 were below both the mean and median of the Midwest peer group.

310 **Q. Please describe Ameren Exhibit 5.11.**

311 A. Ameren Exhibit 5.11 sets forth the results of the comparison of the Ameren
312 Illinois Utilities’ gas A&G expenses per customer to those of other gas utilities in the
313 Midwest with a customer count of between 100,000 and 1 million. The peer group for
314 the comparison consisted of 35 gas companies. The peer group produced a median

315 average of \$75.22 and a mean average of \$83.79. As the exhibit shows, AmerenIP,
316 AmerenCILCO and the combined AIU gas companies were all below both the mean and
317 median of the peer group. AmerenCIPS was above both the mean and the median of the
318 peer group.

319 **Q. Do you have any concluding remarks based upon the results of the**
320 **benchmarking analyses performed by Concentric on the Ameren Illinois Utilities'**
321 **A&G expenses?**

322 A. Yes. While, as mentioned earlier, the results of the benchmarking analyses
323 conducted by Concentric are just one aspect of the overall picture as to the
324 reasonableness of the Ameren Illinois Utilities' A&G expenses, the analyses indicate that
325 the Ameren Illinois Utilities have been effective in controlling A&G expenses and that
326 the cost per customer compares favorably to those of other electric, gas and combination
327 utilities.

328 **III. CONCLUSION**

329 **Q. Does this conclude your direct testimony?**

330 A. Yes.

APPENDIX
STATEMENT OF QUALIFICATIONS

Ronald J. Amen
Vice President

Ronald J. Amen provides financial, regulatory, strategic, operation and litigation support to his energy clients. Mr. Amen has over thirty years of combined experience in utility management and consulting in the areas of regulatory affairs, resource planning, organizational development, distribution operations and customer service, marketing and sales, and systems administration. He has particular expertise in the following areas: cost allocation and pricing issues; regulatory strategy; resource strategy, planning and financial analysis; and expert witness testimony. Prior to joining CEA, Mr. Amen was a Director with Navigant Consulting, Inc. His prior utility experience includes Manager of Federal Regulatory Affairs at Puget Sound Energy, Inc., Director of Rates at Washington Natural Gas Company, Regional Director - Operations and Director – Rates for Indiana Energy (now Vectren), and Data Processing Manager and Assistant District Manager – Operations at Ohio Valley Gas Corporation. Mr. Amen is a graduate of the University of Nebraska. He is an Associate Member of the American Gas Association.

REPRESENTATIVE PROJECT EXPERIENCE

Resource Planning, Strategy and Financial Analysis

- » Assisted a *Pacific Northwest gas utility* with the development of its long-term Integrated Resource Plan (“IRP”) for its Oregon and Washington service territories. The IRP includes the evaluation of incremental inter- and intra-state pipeline capacity, underground storage, and two proposed LNG plants under development in the region.
- » Engaged by a *Pacific Northwest electric/gas utility* to assist the client with the development of a natural gas resource efficiency and direct end-use strategy, an interdepartmental initiative focused on preparing a natural gas resource efficiency plan that optimizes customers’ end-use energy consumption while furthering corporate customer, financial, environmental, and social responsibilities.
- » As part of a review of a *Pacific Northwest electric/gas utility’s* gas procurement strategy and hedging analytics, provided gas LDC case studies for gas procurement and risk management practices, including identification of risk management best practices across the industry.
- » For a *Pacific Northwest electric/gas utility*, provided resource planning strategy and analysis for the Company’s Least Cost Plan, including a review of the company’s underlying 20-year electric and gas demand forecasts.
- » Engaged by a *Pacific Northwest electric/gas utility* as a member of a consulting team serving as the client’s financial advisor for the acquisition of new electric power supply resources. Conducted a multi-track solicitation process for and evaluation of generation assets and purchase power agreements. Provided regulatory support for the acquisition in a subsequent power cost rate proceeding.

- » Provided an evaluation of the functions provided by a *Midwestern gas/electric utility's* underground storage facilities for the purpose of assigning cost responsibility to the various customer groups, which had been challenged by parties in the company's general rate proceeding.
- » For a *Southern gas/electric utility*, conducted an evaluation of two gas operating subsidiaries, while benchmarking their capital planning, asset management strategy, and customer growth practices against the practices of other utilities. Formulated a strategy for improving the profitability of the entities, with regulatory strategies for its two jurisdictions that included a special cost recovery mechanism for accelerated infrastructure replacement programs.
- » Engaged by a *Midwestern municipal electric utility* as a member of three-consultant team that established a self-sustaining energy services business to replace its rebate-based, demand-side management programs. Area of focus included the finance and administrative functions as well as the employee evaluation and recruitment process.
- » For a *European electric utility*, provided strategy and analysis support, including a review of the natural gas value chain in the U.S., as part of an overall project scope focusing on the evaluation of retail multi-energy strategies for the client.

Cost Allocation, Pricing Issues and Rate Design

- » On behalf of a *Midwestern gas utility*, provided cost of service and rate design support for the Company's general rate case filings in its two State jurisdictions and in support of a Section 311 transportation filing before the Federal Energy Regulatory Commission (FERC). Provided related research, design and expert witness testimony in support of a Revenue Decoupling mechanism in one jurisdiction and a Weather Normalization Adjustment (WNA) mechanism in the other jurisdiction, along with a significant increase in fixed charges and the introduction of demand charges for the Company's largest customer classes. Conducted a pre-filing "Decoupling" workshop for the utility commission staff.
- » Provided Cost of Service and Rate Design support for a *Pacific Northwest gas utility's* general rate case, including expert witness testimony. Assisted the client with an earlier revenue neutral reconfiguration of its Commercial / Industrial sales and transportation service offerings. The earlier initiative included collaborative work with an industrial customer stakeholder group.
- » For a *Midwestern energy company* assisted the client with the pursuit of alternative regulatory initiatives in conjunction with company's expansion of its energy efficiency and conservation programs. Supported the research, design, and selection of Revenue Decoupling mechanisms for its two regulated gas utility subsidiaries. Served as the cost of service witness in two general rate case filings.
- » Representing a *Pacific Northwest electric/gas utility* in two general rate proceedings, provided Cost of Service and Rate Design support, including expert witness testimony in support of the utility's proposed gas Revenue Decoupling mechanism. Conducted research on accelerated cost recovery mechanisms for Infrastructure Replacement, Electric Power Cost Adjustment mechanisms and Gas Supply Pricing Options of utilities in North America.

- » Engagement director for Cost of Service and Rate Design support for the general rate proceedings of a U.S. Energy Company's *Midwestern and Northeastern gas utilities*, including expert witness testimony on cost of service, rate design and declining use-per-customer. Rate design support included a proposed ten-year weather normal, and the introduction of straight-fixed variable rates (*Midwestern LDC*). This was the third consecutive rate case engagement for the *Northeastern LDC*.
- » For a *Midwestern gas/electric utility*, assisted the Company with the preparation of a retail customer choice filing for one of its gas distribution jurisdictions. Provided support for the development ancillary service costs, the design of program cost recovery mechanisms, and tariff structure for service offerings.
- » Served as engagement manager for cost of service and rate design support for a *Western Canadian gas utility* client. Represented the client in its capital investment recovery proceeding for a major pipeline project, a cross-provincial transmission pipeline. The three-phase project included regulatory strategy support for executive management regarding the integration of the pipeline proposal with the utility's PBR and unbundling initiatives and an upcoming global rate design proceeding. Cost of service support included serving as a facilitator for an all-party cost allocation and rate design workshop.
- » For a *Northeastern gas utility*, served as engagement manager for cost of service and rate design support, including expert witness testimony, for the client's participation in a state-wide gas unbundling proceeding. Subsequent projects included analysis of the client's demand forecasting capability, implementation of an algorithm-based balancing service and a cost of service studies related to transportation related administrative costs, resources supporting system reliability and recovery of potentially stranded costs.
- » Engagement manager for cost of service and rate design support, including expert witness testimony, for client's asset separation and unbundling proceeding as well as a subsequent general rate case for a *Midwest gas transmission/distribution utility*. Integrated gas utility (wellhead to burner-tip) unbundled upstream services (production and gathering, storage, and intra-state transmission) from its distribution business.
- » For a *South American gas utility*, an affiliate of a major U.S. energy company, conducted a cost of service and rate design training for management personnel engaged in the planned restructuring of the rate-setting processes for three gas utilities in Brazil.
- » For a *Canadian energy marketer*, provided consulting support and position paper on cost allocation and pricing issues for Canadian gas marketer's participation in a restructuring collaborative sponsored by the intra-provincial pipeline and local distribution utility in Saskatchewan.
- » For a *Pacific Northwest gas utility*, negotiated and obtained regulatory approval of a 20-year contract with the company's largest industrial customer, which avoided bypass of 14 primary plant facilities within the service territory, prevented loss of 48.5MM therms of annual throughput, and maintained contribution to system costs.
- » For a *Pacific Northwest gas utility*, obtained regulatory approval of unbundled, cost-based transportation services to meet large commercial and industrial customer needs and re-designed rates of other classes to better align with new cost of service methodology. The project required the facilitation of a collaborative working group of key industrial customers, customer associations, commission staff, and consumer advocacy agencies.

Regulatory Policy, Strategy and Analysis

- » Provided case management, revenue requirement, cost of service and rate design support for a *Southwestern electric/gas utility's* general rate cases in its two State regulatory jurisdictions. Issue management and policy development included an electric fuel and purchased power cost mechanism, recovery of environmental remediation costs for a coal-fired power plant, and the valuation of renewable energy credits related to a wind power facility.
- » Provided regulatory due diligence support for a *confidential energy company* client related to a proposed merger with a multi-jurisdictional gas/electric company, including an evaluation of the regulatory landscape in the various applicable State jurisdictions, recent regulatory decisions, and current regulatory issues.
- » Provided management of an *Eastern electric/gas utility* with an evaluation of its line extension practices for both its gas and electric services and an earnings impact assessment using a proprietary evaluation model. Conducted a workshop for management on the results of the evaluation and recommendations for consideration in the areas of revenue enhancements, modification of internal policies and procedures and construction cost control areas.
- » Provided management of an *Eastern gas utility* with an evaluation of the policies, procedures and tools presently used in its new customer addition process, an assessment of the impact of new customer growth on NOI, and regulatory solutions to accelerate recovery of new customer costs that best meet the regulatory requirements of its three state jurisdictions.
- » Provided expert witness testimony for an *Eastern gas utility* on the subject of new area expansion programs in the U.S. for the client's general rate case proceeding. As part of a negotiated settlement of the case, the client was permitted to establish a new area expansion pilot program.
- » For a *Pacific Northwest electric/gas utility*, redesigned gas line extension policy based on financial investment criteria, standardized construction costs, and revenue contributions derived from the client's residential end-use data (building type/size/vintage, appliance type, etc.). Introduced a new customer rate option for customers whose facilities extensions did not meet the target rate of return requirement, which significantly reduced earnings attrition caused by rapid customer growth. In a later general rate proceeding, testimony support was provided regarding the modifications and revisions to the facilities extension program.
- » Provided case strategy and cost of service support for the biennial cost allocation proceedings of *two utility subsidiaries of a Western U.S. energy company*.

Utility Distribution System Operations

- » For a *Northwestern gas/electric utility*, conducted an evaluation of the Company's key accounts (Top 100) and business account services organization. Work included compilation of "best practices" from peer group utilities, recommendations related to staffing levels, roles and responsibilities, and the interrelationships with the customer service (call center), revenue management and community relations organizations of the utility.
- » For an *Eastern gas utility*, provided market monitoring strategies and action plans based on an analysis of competitive threats and discussions with the client's customers and other utilities facing similar issues. Intent of recommended monitoring strategies and corresponding action plans to result in increased customer growth (meters) and/or customer retention, including a prioritized implementation approach to the monitoring strategies and action plans, based on benefits to the client and time to implement.

- » Provided research and consulting support for a *Midwestern gas/electric utility* to establish performance metrics and benchmarks from peer group companies for the client's performance management system.
- » For a *Midwestern energy company*, Mr. Amen was responsible for marketing, customer service, distribution system construction, operation and maintenance, for a regional operating service territory of the company's gas utility. Among other gas operations responsibilities, Mr. Amen managed a field sales force responsible for sales plan development, including market analysis, program design, and cost-effectiveness evaluations for the following customer segments and/or trade alley groups: residential home builders and commercial developers; HVAC contractors; large commercial and industrial key accounts; public institutions; and governmental facilities.

Expert Witness Testimony Presentation

- » Arkansas Public Service Commission
 - » British Columbia Utility Commission (Canada)
 - » Connecticut Department of Public Utility Control
 - » Delaware Public Service Commission
 - » Illinois Commerce Commission
 - » Indiana Utility Regulatory Commission
 - » Missouri Public Service Commission
 - » Oklahoma Corporation Commission
 - » Pennsylvania Public Utility Commission
 - » Washington Utilities and Transportation Commission
 - » Federal Energy Regulatory Commission
-

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2007 – Present)

Vice President

Navigant Consulting, Inc. (1997 – 2007)

Director

Puget Sound Energy, Inc. (1997)

Manager – Federal Regulatory Affairs

Washington Natural Gas Company (1993 – 1997)

(merged with Puget Power and Light to form Puget Sound Energy in 1997)

Director – Rates and Tariffs

Indiana Energy (now Vectren) (1984 – 1993)

Regional Director - Operations

Director – Rates

Ohio Valley Gas Corporation (1978 – 1984)

Data Processing Manager

Assistant District Manager – Operations

EDUCATION

B.S., Business Administration (Finance and Economics), College of Business Administration,
University of Nebraska, 1978

PROFESSIONAL ASSOCIATIONS

American Gas Association

Past Member, Marketing & Regulatory Committees of the Pacific Coast Gas Association

Past Member, Rate Committee of the American Gas Association

Past Member, Statistics and Load Forecasting Methods Committee of the American Gas Association

Past Chairman, Rate Committee of the Indiana Gas Association

PUBLICATIONS/PRESENTATIONS

- “Enhancing the Profitability of Growth,” American Gas Association, Rate and Regulatory Issues Seminar, April 4 - 7, 2004
- “Regulatory Treatment of New Generation Resource Acquisition: Key Aspects of Resource Policy, Procurement and New Resource Acquisition,” Law Seminars International, Managing the Modern Utility Rate Case, February 17 - 18, 2005
- “Managing Regulatory Risk – The Risk Associated with Uncertain Regulatory Outcomes,” Western Energy Institute, Spring Energy Management Meeting, May 18 - 20, 2005
- “Capital Asset Optimization – An Integrated Approach to Optimizing Utilization and Return on Utility Assets,” Southern Gas Association, July 18 - 20, 2005
- “Resource Planning as a Cost Recovery Tool,” Law Seminars International, Utility Rate Case Issues & Strategies, February 22 - 23, 2007
- “Natural Gas Infrastructure Development and Regulatory Challenges,” Southeastern Association of Regulatory Utility Commissioners, Annual Conference, June 4 – 6, 2007
- “Resource Planning in a Changing Regulatory Environment,” Law Seminars International, Utility Rate Cases – Current Issues & Strategies, February 7 - 8, 2008