

1 financial and implementation analyses in conjunction with utility construction projects. I
2 also served as project engineer for two utility valuation studies.

3 From June 1977 until September 1981, I was employed by Camp Dresser &
4 McKee, Inc. Prior to transferring to the Management Consulting Division of CDM in
5 April 1978, I was involved in both project administration and design. My project
6 administration responsibilities included budget preparation and labor and cost monitoring
7 and forecasting. As a member of CDM's Management Consulting Division, I performed
8 cost of service, rate, and financial studies on approximately 15 municipal and private
9 water, wastewater and storm drainage utilities. These projects included: determining
10 total costs of service; developing capital asset and depreciation bases; preparing cost
11 allocation studies; evaluating alternative rate structures and designing rates; preparing bill
12 analyses; developing cost and revenue projections; and preparing rate filings and expert
13 testimony.

14 In September 1981, I accepted a position as a utility rates analyst with Exeter
15 Associates, Inc. I became a principal and vice-president of the firm in 1984. Since
16 joining Exeter, I have continued to be involved in the analysis of the operations of public
17 utilities, with particular emphasis on utility rate regulation. I have been extensively
18 involved in the review and analysis of utility rate filings, as well as other types of
19 proceedings before state and federal regulatory authorities. My work in utility rate filings
20 has focused on revenue requirements issues, but has also addressed service cost and rate
21 design matters. I have also been involved in analyzing affiliate relations, alternative
22 regulatory mechanisms, and regulatory restructuring issues. This experience has
23 involved electric, natural gas transmission and distribution, and telephone utilities, as
24 well as water and wastewater companies.

1 Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY
2 PROCEEDINGS ON UTILITY RATES?

3 A. Yes. I have previously presented testimony on more than 200 occasions before the
4 Federal Energy Regulatory Commission and the public utility commissions of Arizona,
5 California, Colorado, Delaware, the District of Columbia, Florida, Idaho, Illinois,
6 Indiana, Kentucky, Louisiana, Maine, Maryland, Montana, Nevada, New Jersey, Ohio,
7 Oklahoma, Pennsylvania, Utah, Virginia and West Virginia, as well as before this
8 Commission. I have also filed rate case evidence by affidavit with the Connecticut
9 Department of Public Utility Control.

10 Q. ARE YOU A MEMBER OF ANY PROFESSIONAL SOCIETIES?

11 A. Yes. I am a member of the American Water Works Association (AWWA) and the
12 Chesapeake Section of the AWWA. I am currently Vice Chairman of the AWWA's
13 Rates and Charges Committee and serve on the AWWA Water Utility Council's
14 Technical Advisory Group on Economics.

15 Q. ON WHOSE BEHALF ARE YOU APPEARING?

16 A. I am presenting testimony on behalf of the Division of Public Utilities and Carriers (the
17 Division).

18 Q. DO YOU HAVE PREVIOUS EXPERIENCE IN MATTERS INVOLVING THE
19 NARRAGANSETT BAY COMMISSION?

20 A. Yes, I presented testimony on behalf of the Division in the Narragansett Bay
21 Commission's (NBC's) general rate cases in Docket Nos. 3162 and 3483, its abbreviated
22 rate proceedings in Docket Nos. 3409 and 3592 and in the Commission's examination of
23 issues related to the implementation of a CSO abatement fee or stormwater fee by NBC
24 in Docket No. 3432.

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2 A. Exeter Associates was retained by the Division to assist it in the evaluation of the
3 Compliance Rate Filing submitted by NBC on October 4, 2004. This testimony presents
4 my findings and recommendations with regard to NBC's request.

5 Q. HAVE YOU REVIEWED NBC'S FILING IN SUPPORT OF ITS REQUEST
6 FOR AN INCREASE IN RATES?

7 A. Yes. NBC is seeking an increase in its overall revenues of \$6,551,225 or 12.05 percent to
8 take effect on July 1, 2005. The purpose of this increase is to provide sufficient revenues
9 to meet additional debt service requirements in the fiscal year ended June 30, 2006 (FY
10 2006). NBC has made this filing to comply with the requirements established by the
11 Commission in its Order in Docket No. 3483 for obtaining rate relief to cover the costs of
12 new debt.

13 Q. HAVE YOU REVIEWED THE REQUIREMENTS SET FORTH IN THAT
14 ORDER?

15 A. Yes.

16 Q. DOES NBC'S FILING SATISFY THE REQUIREMENTS SET FORTH IN THE
17 COMMISSION'S ORDER IN DOCKET NO. 3483?

18 A. Yes. Based on the information provided in Mr. Edge's and Mr. Gurghigian's testimony
19 and the clarifications provided in response to the Division's data requests, I believe NBC
20 has complied with the Commission's requirements.

21 Q. WHAT IS YOUR RECOMMENDATION

22 A. In order to allow NBC to have access to additional Rhode Island Clean Water Finance
23 Agency (RICWFA) debt and to allow RICWFA to issue that debt as soon as possible to
24 take advantage of current favorable interest rates, it is necessary for NBC to be able to

1 demonstrate that it will have sufficient revenues to meet the associated debt service and
2 coverage requirements. Accordingly, it is my recommendation that the Commission
3 approve the requested revenues increase of \$6,551,225 to become effective July 1, 2005.

4 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

5 A. Yes, it does.

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