

NATIONAL GRID - GAS
DISTRIBUTION ADJUSTMENT CLAUSE FILING

RIPUC DOCKET NO. 4339

BEFORE THE
RHODE ISLAND PUBLIC UTILITIES COMMISSION

TESTIMONY OF DAVID J. EFFRON

ON BEHALF OF THE

DIVISION OF
PUBLIC UTILITIES AND CARRIERS

OCTOBER 12, 2012

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DIRECT TESTIMONY
OF DAVID J. EFFRON

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1 **I. STATEMENT OF QUALIFICATIONS**

2 Q. Please state your name and business address.

3 A. My name is David J. Effron. My business address is 12 Pond Path, North Hampton,
4 New Hampshire, 03862.

5

6 Q. What is your present occupation?

7 A. I am a consultant specializing in utility regulation.

8

9 Q. Please summarize your professional experience.

10 A. My professional career includes over twenty-five years as a regulatory consultant, two
11 years as a supervisor of capital investment analysis and controls at Gulf & Western
12 Industries and two years at Touche Ross & Co. as a consultant and staff auditor. I am a
13 Certified Public Accountant and I have served as an instructor in the business program
14 at Western Connecticut State College.

15

16 Q. What experience do you have in the area of utility rate setting proceedings?

17 A. I have analyzed numerous electric, gas, telephone, and water filings in different
18 jurisdictions. Pursuant to those analyses I have prepared testimony, assisted attorneys
19 in case preparation, and provided assistance during settlement negotiations with various
20 utility companies.

21 I have testified in over two hundred cases before regulatory commissions in
22 Alabama, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky,
23 Maryland, Massachusetts, Missouri, Nevada, New Jersey, New York, North Dakota,

1 Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, and
2 Washington.

3

4 Q. Please describe your other work experience.

5 A. As a supervisor of capital investment analysis at Gulf & Western Industries, I was
6 responsible for reports and analyses concerning capital spending programs, including
7 project analysis, formulation of capital budgets, establishment of accounting
8 procedures, monitoring capital spending and administration of the leasing program. At
9 Touche Ross & Co., I was an associate consultant in management services for one year
10 and a staff auditor for one year.

11

12 Q. Have you earned any distinctions as a Certified Public Accountant?

13 A. Yes. I received the Gold Charles Waldo Haskins Memorial Award for the highest
14 scores in the May 1974 certified public accounting examination in New York State.

15

16 Q. Please describe your educational background.

17 A. I have a Bachelor's degree in Economics (with distinction) from Dartmouth College
18 and a Masters of Business Administration Degree from Columbia University

19

20 **II. PURPOSE AND SUMMARY OF TESTIMONY**

21 Q. On whose behalf are you testifying?

22 A. I am testifying on behalf of the Rhode Island Division of Public Utilities and Carriers
23 ("the Division").

1

2 Q. What is the purpose of your testimony?

3 A. On August 1, 2012, National Grid - Gas (“the Company”) submitted its 2012
4 Distribution Adjustment Clause Filing (“DAC”), and supplemented that filing on
5 September 4, 2012. I have examined the Pension and Postretirement Benefits
6 Reconciliation, Capital Expenditures Tracker, and Earnings Sharing Mechanism
7 components of the DAC. In particular, I have reviewed the Company’s testimony
8 and exhibits, including the updates and supplements to the original filing, and I
9 have analyzed the Company’s reconciliations of those components. I have also
10 reviewed the responses to Division and Commission data requests on those matters.
11 My testimony presents the results of that review.

12

13 Q. Are you proposing any modifications to the Company’s presentation of the Pension
14 and Postretirement Benefits Reconciliation, Capital Expenditures Tracker, or
15 Earnings Sharing Mechanism?

16 A. No. Based on my review and analysis, I am not proposing any modifications to the
17 Company’s Pension and Postretirement Benefits Reconciliation, Capital
18 Expenditures Tracker, or Earnings Sharing Mechanism.

19

20 Q. In the Company’s 2011 DAC filing, Docket No. 4269, there was an issue as to the
21 Company’s funding of pension and postretirement benefits other than pensions
22 (“PBOP”) as compared to the pension and PBOP accruals. Has that matter been
23 resolved?

1 A. Yes. In Docket No. 4269, the Company represented that it would make up the
2 prior differences between the accruals and the pension and PBOP funding and
3 would fund the full amount of the accruals prospectively. The Company has
4 complied with that commitment and is presently funding the pension and PBOP
5 costs that it is accruing and recovering from customers.

6

7 Q. Does this conclude your direct testimony?

8 A. Yes.