DUKE ENERGY OHIO EXHIBIT ______

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates.	Case No. 17-32-EL-AIR
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.	Case No. 17-33-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.	Case No. 17-34-EL-AAM
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Modify Rider PSR.	Case No. 17-872-EL-RDR
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Amend Rider PSR.	Case No. 17-873-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.	Case No. 17-874-EL-AAM
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service.	Case No. 17-1263-EL-SSO
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Amend its Certified Supplier Tariff, P.U.C.O. No. 20.	Case No. 17-1264-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Authority to Defer Vegetation Management Costs.	Case No. 17-1265-EL-AAM
In the Matter of the Application of Duke Energy Ohio, Inc., to Establish Minimum Reliability Performance Standards Pursuant to Chapter 4901:1-10, Ohio Administrative Code.	Case No. 16-1602-EL-ESS

DIRECT TESTIMONY OF STEVEN M. FETTER
IN SUPPORT OF STIPULATION

June 6, 2018

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven M. Fetter. My business address is 1240 West Sims Way, Port Townsend, Washington 98368.

Q. ON WHOSE BEHALF ARE YOU PROVIDING DIRECT TESTIMONY?

A. I am testifying on behalf of Duke Energy Ohio, Inc. (Duke Energy Ohio or the Company).

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am President of Regulation UnFettered, a utility advisory firm I started in April 2002. Prior to that, I was employed by Fitch, Inc. (Fitch), a credit rating agency based in New York and London. Prior to that, I served as Chairman of the Michigan Public Service Commission (Michigan PSC).

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I graduated with high honors from the University of Michigan with an A.B. in Communications in 1974. I graduated from the University of Michigan Law School with a J.D. in 1979.

Q. PLEASE DESCRIBE YOUR SERVICE ON THE MICHIGAN PUBLIC SERVICE COMMISSION.

A. I was appointed as a Commissioner to the three-member Michigan PSC in October 1987 by Democratic Governor James Blanchard. In January 1991, I was promoted to Chairman by incoming Republican Governor John Engler, who reappointed me in July 1993. During my tenure as Chairman, timeliness of commission processes was a major focus and my colleagues and I achieved the goal of eliminating the agency's case backlog for the first time in 23 years. While on the Michigan PSC, I also served as Chairman of the Board of the National Regulatory Research Institute (NRRI), the research arm of the National Association of Regulatory Utility Commissioners, which was then located at The Ohio State University. After leaving regulatory service, I was appointed to the NRRI Board as a public member.

Q. WHAT WAS YOUR ROLE IN YOUR EMPLOYMENT WITH FITCH?

A. I was Group Head and Managing Director of the Global Power Group within Fitch. In that role, I served as group manager of the combined 18-person New York and Chicago utility team. I was originally hired to interpret the impact of regulatory and legislative developments on utility credit ratings, a responsibility I continued to have throughout my tenure at the rating agency. In April 2002, I left Fitch to start Regulation UnFettered.

Q. HOW LONG WERE YOU EMPLOYED BY FITCH?

A. I was employed by Fitch from October 1993 until April 2002. In addition, Fitch retained me as a consultant for a period of approximately six months shortly after I resigned.

Q. PLEASE DESCRIBE YOUR ROLE AS PRESIDENT OF REGULATION UNFETTERED.

A. I formed a utility advisory firm to use my financial, regulatory, legislative, and legal expertise to aid the deliberations of regulators, legislative bodies, and the courts, and to assist them in evaluating regulatory issues. My clients have included investor-owned and municipal electric, natural gas and water utilities, state public utility commissions and consumer advocates, non-utility energy suppliers, international financial services and consulting firms, and investors.

Q. HOW DOES YOUR EXPERIENCE RELATE TO YOUR TESTIMONY IN THIS PROCEEDING?

A. My experience as Chairman and Commissioner on the Michigan PSC and my subsequent professional experience with financial analysis and ratings of the U.S. electric and natural gas sectors – in jurisdictions involved in restructuring activity as well as those still following a traditional regulated path – have given me solid insight into the importance of a regulator's role vis-à-vis regulated utilities, both in setting their rates as well as the appropriate terms and conditions for the service they provide.

Q. HAVE YOU PREVIOUSLY GIVEN TESTIMONY BEFORE REGULATORY AND LEGISLATIVE BODIES?

A. Since 1990, I have testified on numerous occasions before the U.S. Senate, the U.S. House of Representatives, the Federal Energy Regulatory Commission, federal district and bankruptcy courts, and various state and provincial legislative, judicial, and regulatory bodies on the subjects of credit risk and cost of capital within the utility sector, electric and natural gas utility restructuring, fuel and other energy cost adjustment mechanisms, regulated utility mergers and acquisitions, construction work in progress and other interim rate recovery structures, utility securitization bonds, and nuclear energy. I have previously filed testimony before the Public Utilities

Commission of Ohio (Commission) on behalf of Vectren Energy Delivery of Ohio, Inc. in Case Nos. 04-571-GA-AIR and 04-794-GA-AAM (related to decoupling), Cinergy/Cincinnati Gas & Electric Company and Duke Energy Corporation in their Merger Case Nos. 05-732-EL-MER/05-733-EL-AAM, and AEP Ohio in Case Nos. 14-1693-EL-RDR/14-1694-EL-AAM (related to PPA and PPA Rider).

My full educational and professional background is presented in Attachment Duke Energy Ohio SMF-1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. Duke Energy Ohio has asked me to review the proposed settlement in these cases (Stipulation), particularly as it relates to an approval to modify Rider PSR, and, utilizing my past experience as a state utility commission chairman, head of a major utility credit rating practice, and utility consultant to regulated utilities, utility commissions, and consumer advocates, offer an opinion as to whether Rider PSR aligns with the public interest in Ohio.

Q. WHAT DID YOU CONCLUDE?

A. I concluded that Rider PSR as proposed in the Stipulation would be consistent with the public interest. In coming to that conclusion, I focused on the following factors:

- The current financial strength and credit ratings of Duke Energy Ohio, and the potential negative effects on them if the Commission were to reject the proposed settlement;

- Laid on upon those effects are the stresses that already have been placed upon US regulated utilities by the recent passage of federal tax reform;
- Recognition of how the original Ohio Valley Electric Corp. (OVEC) commitment came about, and coming to an equitable decision with regard to the history behind that contract; and
- Providing consistency with recent Commission decision-making related to the OVEC contract at another regulated utility in Ohio.

II. CREDIT RATINGS AND THEIR IMPORTANCE TO REGULATED UTILITIES

Q. YOU HIGHLIGHT CREDIT RATINGS ABOVE. WILL YOU EXPLAIN WHAT A CREDIT RATING IS AND WHY IT IS IMPORTANT?

A. A credit rating reflects an independent judgment of the general creditworthiness of an obligor or of a specific debt instrument. While credit ratings are important to both debt and equity investors for a variety of reasons, their most important purpose is to communicate to investors the financial strength of a company or the underlying credit quality of a particular debt security issued by that company.

Credit rating determinations are made by credit rating agencies through a committee process involving individuals with knowledge of a company, its industry, and its regulatory environment. Corporate rating designations of Standard and Poor's (S&P) and Fitch have 'AAA', 'AA', 'A' and 'BBB' category ratings within the investment-grade ratings sphere, with 'BBB-' as the lowest investment-grade rating and 'BB+' as the highest non-investment-grade rating. Comparable rating designations of Moody's Investors Service (Moody's) at the investment-grade dividing line are 'Baa3' and 'Ba1', respectively. The following chart illustrates the comparability of ratings between the three agencies.

CHART 1

Ratings Categories – Comparability Between Agencies

	S&P & Fitch	Moody's
Investment Grade:		
	AAA	Aaa
	AA+	Aa1
	AA	Aa2
	AA-	Aa3
	A+	A1
	A	A2
	A- ([1])	A3
	BBB+	Baa1 ([2])
	BBB	Baa2
	BBB-	Baa3
Below Investment Grade:		
	BB+	Ba1
	BB	Ba2
	BB-	Ba3
	B+	B1
	B	B2
	B-	B3
	CCC	Caa
	CC	Ca
	C	C
	D	[C]

Corporate credit rating analysis considers both qualitative and quantitative factors to assess the financial and business risks of fixed-income debt issuers and other credit providers. A credit rating is an indication of an issuer's ability to service its debt, both principal and interest, on a timely basis.

[1] Duke Energy Ohio corporate rating from S&P with a Stable outlook.
[2] Duke Energy Ohio corporate rating from Moody's with a Positive outlook.

It also at times incorporates some consideration of ultimate recovery of investment in case of default or insolvency. Ratings can also be used by contractual counterparties to gauge both the short-term and longer-term financial health and viability of a company, including decisions related to required collateral levels, with higher-rated entities facing lower requirements.

Q. WHAT CREDIT RATINGS DOES DUKE ENERGY OHIO NOW HOLD?

A. As noted on the chart above, the Company currently holds corporate credit ratings of "Baa1" with a Positive outlook from Moody's and "A-" with a Stable outlook from S&P.

Q. WHY ARE CREDIT RATINGS IMPORTANT FOR REGULATED UTILITIES AND THEIR CUSTOMERS?

A. A utility's credit ratings have a significant impact on its ability to raise capital on a timely basis and with reasonable terms. As economist Charles F. Phillips states in his treatise on utility regulation:

> Bond ratings are important for at least four reasons: (1) they are used by investors in determining the quality of debt investment; (2) they are used in determining the breadth of the market, since some large institutional investors are prohibited from investing in the lower grades; (3) <u>they determine, in part, the cost of new debt, since both the interest charges on new debt and the degree of difficulty in marketing new issues tend to rise as the rating decreases</u>; and (4) they have an indirect bearing on the status of a utility's stock and on its acceptance in the market.[3]

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[3] Phillips, Charles F., Jr., <u>The Regulation of Public Utilities</u>, Arlington, Virginia: Public Utilities Reports, Inc., 1993, at p. 250 (emphasis supplied). *See also* Public Utilities Reports Guide: "Finance," Public Utilities Reports, Inc., 2004 at pp. 6-7 ("Generally, the higher the rating of the bond, the better the access to capital markets and the lower the interest to be paid.").

Thus, a utility with strong credit ratings is not only able to access the capital markets on a timely basis at reasonable rates, but it is also able to share the benefit from those attractive interest rate levels with customers since cost of capital is factored into customer rates. Conversely, but of equal importance, the lower a utility's credit rating, the more the utility must pay to raise funds from debt and equity investors to carry out its capital-intensive operations, which results in higher costs included in customer rates. Continuing to provide support for Duke Energy Ohio's credit profile is especially important in view of the Company's ongoing need for capital investment to ensure that customers receive safe and reliable service, along with the stresses placed upon the entire regulated utility sector due to passage of federal tax reform legislation, as I discuss below. A regulated utility is required to raise funding even during periods of rising costs and market volatility. Accordingly, I have long advocated that a regulated utility should maintain credit ratings no lower than "BBB+" / "Baa1", a level that should allow a utility to access the capital markets upon reasonable terms, even during times of stress within the capital markets.

Q. **WHAT ARE THE KEY QUANTITATIVE MEASURES THAT ARE USED BY THE RATING AGENCIES TO ESTABLISH UTILITY CREDIT RATINGS?**

A. The rating agencies use several financial measures within their utility financial analysis. S&P currently highlights the following two core financial ratios as its key indicators: Funds from Operations to Debt (FFO / Debt), which focuses on cash flow; and Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (Debt / EBITDA), which provides a comparative measure of leverage and profitability.[4] A focus on these two ratios is consistent with S&P's long-held belief that "Cash flow analysis is the single most critical aspect of all credit rating decisions."[5] Moody's places similar reliance on cash flow within their ratings processes. I note that rating agencies often adjust these key ratios to reflect imputed debt and interest-like fixed charges related to operating leases and certain other off-balance sheet obligations and also make cash flow adjustments for non-recurring events, such as accelerated tax benefits.

Q. WHAT QUALITATIVE FACTORS ARE USED IN THE CREDIT RATING PROCESS?

A. The most important qualitative factors are regulation, management and business strategy, and access to energy, gas and fuel supply with recovery of associated costs.

Q. HOW DO YOU VIEW DUKE ENERGY OHIO'S CREDIT RATINGS AS THEY STAND NOW?

A. I believe that a very good window into Duke Energy Ohio's ratings situation comes from Moody's in its August 11, 2017, Research Report, in which it described the Company's most significant Credit Challenges as "Uncertainty regarding recovery of Ohio Valley Electric Corp. (OVEC) contract costs" and

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[4] S&P Research: "Corporate Methodology," November 19, 2013.
[5] S&P Research: "A Closer Look at Ratings Methodology," November 13, 2006.

its "sizeable capital program."[6] Both of these factors hold out the potential to place stress on Duke Energy Ohio's FFO to Debt measure, which at the time of Moody's analysis stood at 19.4%. That level is significant because Moody's goes on to say that its "positive outlook incorporates a view that recovery of Duke Energy Ohio's OVEC related costs will ultimately be approved," as well as a warning that if the Company's FFO/Debt ratio "falls below 19% on a sustained basis," or if the regulatory environment becomes "less supportive or less consistent," Duke Energy Ohio could receive a downgrade to "Baa2", below the target level that I view as appropriate. Accordingly, the approval of the proposed settlement agreement, including the treatment of OVEC contract costs through Rider PSR, go a long way toward satisfying the concerns that Moody's has.

Q. YOU INDICATE, HOWEVER, THAT THE RECENT FEDERAL TAX REFORM LEGISLATION MIGHT FURTHER STRESS DUKE ENERGY OHIO'S CREDIT PROFILE. COULD YOU EXPLAIN THAT SITUATION?

A. Yes, and the potential negative impact from the tax law changes post-date Moody's commentary. Generally speaking, while the enacted tax reductions hold out the promise of lower utility rates for customers, the manner in which those benefits are provided will have an effect on both the financial strength of a regulated utility, as well as the size of those reductions once all relevant issues have been factored into the equation. Specifically, two policy provisions

[6] Moody's Research: "Duke Energy Ohio, Inc.," August 11, 2017.

in the Tax Act will have a significant impact on cash flow for most regulated utilities: the cessation of bonus depreciation, and the lowering of tax rates that might require the near-term refunding to customers of currently deferred tax liabilities. With cash flow in most cases being the most important financial factor in the assigning of utility credit ratings, the structuring of refunds related to these items could have either a negative or neutral impact on regulated utility credit profiles.

Q. HAS MOODY'S AND THE TWO OTHER MAJOR RATING AGENCIES REACTED TO THE NEW LAW?

A. Yes, they all have, with Moody's offering up the most severe reaction to the Tax Act, stating:

> The new tax bill is credit negative for US investor-owned regulated utilities because the lower 21% statutory tax rate reduces cash collected from customers, while the loss of bonus depreciation reduces tax deferrals, all else being equal. We calculate that the recent changes in tax laws will dilute a utility's ratio of cash flow before changes in working capital to debt by approximately 150 – 250 basis points on average, … [and that] debt to total capitalization ratios will increase… We recently placed negative outlooks on 24 companies [including Duke Energy Ohio parent Duke Energy Corporation[7]]. The rating action primarily reflects the incremental cash flow shortfall caused by the new legislation on projected financial metrics that were already weak, or were expected to become weak, given the existing rating for those companies. The negative outlooks also consider the uncertainty over the timing of any regulatory actions or other changes to corporate finance policies made to offset the financial impact.[8]

[7] Moody's Research: "Moody's changes outlooks on 25 US regulated utilities primarily impacted by tax reform," January 19, 2018.
[8] Moody's Research: "FAQ on the credit impact of new tax law," January 24, 2018.

Fitch's position is consistent in that, barring mitigative steps on the part of either regulators or the utilities themselves, or both, negative consequences will likely ensue:

> The [Tax Act] has negative credit implications for regulated utilities and utility holding companies over the short to medium term. A reduction in customer bills to reflect lower federal income taxes and return of excess accumulated deferred income taxes (ADIT) is expected to lower revenues and FFO [funds from operations] across the sector. Absent mitigating strategies on the regulatory front, this is expected to lead to weaker credit metrics and negative rating actions for issuers with limited headroom to absorb the leverage creep. …
>
> Fitch's rating actions will be guided by both the regulatory and management responses. A majority of states have opened dockets or requested all utilities in the state to submit an analysis on the implications of the tax reform. While regulators will be keen to provide some sort of rate relief for customers, such actions could take many forms and vary in time frame. ***Some jurisdictions may be open to a negotiated outcome that focuses more on benefits of rate stability and creditworthy utilities rather than immediate rate reductions.***[9]

S&P, while also harboring concerns about the Tax Act, has taken a more measured approach, focusing as much on regulatory responses to tax reform as it has on the effects of the tax law changes themselves:

> The impact of tax reform on utilities is likely to be negative to varying degrees depending on a company's tax position going into 2018, how its regulators react, and how the company reacts in return. It is negative for credit quality because the combination of a lower tax rate and the loss of stimulus provisions related to bonus depreciation or full expensing of capital spending will create headwinds in operating cash-flow generation capabilities as customer rates are lowered in response to the new tax code. The impact could be sharpened or softened by regulators depending on how much they want to lower utility rates immediately instead of using some of the

[9] Fitch Research: "Tax Reform Impact on the U.S. Utilities, Power & Gas Sector – Tax Reform Creates Near-Term Credit Pressure for Regulated Utilities and Holding Companies," January 24, 2018. [Emphasis supplied.]

> lower revenue requirement from tax reform to allow the utility to retain the cash for infrastructure investment or other expenses. Regulators must also recognize that tax reform is a strain on utility credit quality, and we expect companies to request stronger capital structures and other means to offset some of the negative impact. …[10]

The bottom line is that rejection of the proposed settlement and Rider PSR, exacerbated by negative impacts from tax reform, would likely bring Duke Energy Ohio's cash flow measures below the 19% level. That factor, along with the perception of a less supportive regulatory environment, would likely lead Moody's to initiate a review for downgrade of the Company's "Baa1" rating.

III. HISTORICAL ORIGINS OF OVEC

Q. YOU MAKE REFERENCE TO THE MANNER IN WHICH THE OVEC COMMITMENT CAME ABOUT AND SUGGEST THAT THIS UNIQUE ARRANGEMENT MIGHT DICTATE THAT SUCH A CONTRACT BE TREATED DIFFERENTLY THAN THE NORM. PLEASE EXPLAIN?

A. Yes, as more fully explained by Company witness Judah Rose, who notes the unique history of OVEC and the complexity of the structure of the multi-utility contract. I personally view the OVEC contract as distinguishable from a traditional long-held generation facility under regulated utility ownership. OVEC was formed in 1952 to address pressing U.S. needs for uranium enrichment facilities. A Duke Energy Ohio predecessor utility provided

[10] S&P Research: "U.S. Tax Reform: For Utilities' Credit Quality, Challenges Abound," January 24, 2018.

support for this national priority by joining OVEC as a stockholder, and also committing through participation in an Inter-Company Power Agreement to ensure that the Atomic Energy Commission would have available all power necessary to meet its responsibilities for the nation's security. Years after the fact, it is this commitment to purchase power that is at issue in this proceeding and leads the Company to request approval to continue to sell its OVEC entitlement into the wholesale markets. Rider PSR, on behalf of Duke Energy Ohio's bundled and distribution-only customers, will serve to track the disparity between OVEC contract costs and wholesale revenues received, along with providing a long-term hedge of a type not normally accessible within the traditional financial markets.

Q. HOW DOES THE PROPOSED RIDER PSR LINE UP WITH OTHER COMMISSION DECISION-MAKING?

A. I had the opportunity to participate in AEP Ohio's proposed rider to treat its OVEC entitlement in a manner similar to what is proposed here. While the AEP Ohio case also involved other policy proposals not at issue here, the Commission decision approved the rider with regard to the OVEC commitment. As a former state utility commission chairman, I certainly appreciate that each case has its own facts and issues in dispute, and that they must be assessed and decided upon the record created in the particular proceeding. At the same time, having now participated in reviews of the treatment of OVEC entitlements on behalf of two different Ohio utilities, I think consistency of decision-making on two sets of facts that closely track each other would support approval of Rider PSR in this proceeding.

Q. DO YOU BELIEVE THAT SUCH CONSISTENCY IN DECISION-MAKING WOULD BE VIEWED POSITIVELY BY THE FINANCIAL COMMUNITY?

A. Yes I do. As I noted above, I testified in support of AEP Ohio's OVEC rider because I believed that it represented good public policy based upon that utility's circumstances. The Commission came to the same view. In addition, in October 2017, the Commission approved a similar OVEC-related rider for The Dayton Power and Light Company.[11] I find the situation underlying Rider PSR to be similar in this proceeding, and I encourage the Commission to come to the same determination as it did in those earlier cases. Such support would be viewed favorably by the financial community, because it demonstrates consistency by the Commission and regulatory support for maintenance of the Company's credit strength. Conversely, rejection of support for OVEC contract recovery by the Company, especially in view of the unique history cited above, would be viewed as a negative factor in ongoing rating agency reviews of not only Duke Energy Ohio debt, but also with regard to particular regulatory issues facing other Ohio regulated utilities, including the OVEC ICPA. Weakening of either or both of the Company's current credit ratings would likely lead to higher borrowing costs, which in most cases result in higher rates for customers.

[11] *See* In the Matter of the Application of The Dayton Power and Light Company to Establish a Standard Service Order in the Form of an Electric Security Plan, Case No. 16-395-EL-SSO *et al.*, October 20, 2017.

IV. CONCLUSION

Q. DO YOU HAVE CONCLUDING THOUGHTS?

A. Yes I do. Regulatory decision-making calls for a careful weighing of facts, law, and assessment of past performance and potential future scenarios. During the twenty-five years since I stepped down as Chairman of the Michigan PSC, I think the most frequent statement I've had to correct is that utility commissions are there to provide power at the lowest possible cost. No, I reply, it is to provide *reliable* power at the lowest *reasonable* cost. No one can predict how the long-term hedge will play out on behalf of customers, but regardless, the approval of Rider PSR will provide long-lasting protection for years beyond when any financial entity would even hazard a guess as to electricity costs. At the same time, its approval would respect the altruistic intent underlying entry into the OVEC commitment, along with respect for recent Commission policymaking. Finally, with Rider PSR, Duke Energy Ohio's financial stability and credit ratings will be supported at a time of ongoing capital investment, as well as stresses from emerging federal tax policy. Such sustained regulatory support accrues to the benefit of both Duke Energy Ohio customers and investors.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes it does.

STEVEN M. FETTER

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Education University of Michigan Law School, J.D. 1979
Bar Memberships: U.S. Supreme Court, New York, Michigan
University of Michigan, A.B. Media (Communications) 1974

April 2002 – Present
President - Regulation UnFettered- Port Townsend, Washington

Founder of advisory firm providing regulatory, legislative, financial, legal and strategic planning advisory services for the energy, water and telecommunications sectors, including public utility commissions and consumer advocates; federal and state testimony; credit rating advisory services; negotiation, arbitration and mediation services; skills training in ethics, negotiation, and management efficiency.

Service on Boards of Directors of: Central Hudson (Fortis Inc. subsidiary) (Chairman, Governance and Human Resources Committee); and Previously CH Energy Group (Lead Independent Director; Chairman, Audit Committee, Compensation Committee, and Governance and Nominating Committee); National Regulatory Research Institute (Chairman); Keystone Energy Board; and Regulatory Information Technology Consortium; Member, Wall Street Utility Group; Participant, Keystone Center Dialogues on RTOs and on Financial Trading and Energy Markets.

October 1993 – April 2002
Group Head and Managing Director; Senior Director -- Global Power Group, Fitch IBCA Duff & Phelps -- New York / Chicago

Manager of 18-employee ($15 million revenue) group responsible for credit research and rating of fixed income securities of U.S. and foreign electric and natural gas companies and project finance; Member, Fitch Utility Securitization Team.

Led an effort to restructure the global power group that in three years' time resulted in 75% new personnel and over 100% increase in revenues, transforming a group operating at a substantial deficit into a team-oriented profit center through a combination of revenue growth and expense reduction.

Achieved national recognition as a speaker and commentator evaluating the effects of regulatory developments on the financial condition of the utility sector and individual companies; Cited by Institutional Investor (9/97) as one of top utility analysts at rating agencies; Frequently quoted in national newspapers and trade publications including The New York Times, The Wall Street Journal, International Herald Tribune, Los Angeles Times, Atlanta Journal-Constitution, Forbes and Energy Daily; Featured speaker at conferences sponsored by Edison Electric Institute, Nuclear Energy Institute, American Gas Assn., Natural Gas Supply Assn., National Assn. of Regulatory Utility Commissioners (NARUC), Canadian Electricity Assn.; Frequent invitations to testify before U.S. Senate (on C-Span) and House of Representatives, and state legislatures and utility commissions.

Participant, Keystone Center Dialogue on Regional Transmission Organizations; Member, International Advisory Council, Eisenhower Fellowships; Author, "A Rating Agency's Perspective on Regulatory Reform," book chapter published by Public Utilities Reports, Summer 1995; Advisory Committee, Public Utilities Fortnightly.

March 1994 – April 2002
Consultant -- NYNEX -- New York, Ameritech -- Chicago, Weatherwise USA -- Pittsburgh

Provided testimony before the Federal Communications Commission and state public utility commissions; Formulated and taught specialized ethics and negotiation skills training program for employees in positions of a sensitive nature due to responsibilities involving interface with government officials, marketing, sales or purchasing; Developed amendments to NYNEX Code of Business Conduct.

October 1987 - October 1993
Chairman; Commissioner -- Michigan Public Service Commission -- Lansing

Administrator of $15-million agency responsible for regulating Michigan's public utilities, telecommunications services, and intrastate trucking, and establishing an effective state energy policy; Appointed by Democratic Governor James Blanchard; Promoted to Chairman by Republican Governor John Engler (1991) and reappointed (1993).

Initiated case-handling guideline that eliminated agency backlog for first time in 23 years while reorganizing to downsize agency from 240 employees to 205 and eliminate top tier of management; MPSC received national recognition for fashioning incentive plans in all regulated industries based on performance, service quality, and infrastructure improvement.

Closely involved in formulation and passage of regulatory reform law (Michigan Telecommunications Act of 1991) that has served as a model for other states; Rejuvenated dormant twelve-year effort and successfully lobbied the Michigan Legislature to exempt the Commission from the Open Meetings Act, a controversial step that shifted power from the career staff to the three commissioners.

Elected Chairman of the Board of the National Regulatory Research Institute (at Ohio State University); Adjunct Professor of Legislation, American University's Washington College of Law and Thomas M. Cooley Law School; Member of NARUC Executive, Gas, and International Relations Committees, Steering Committee of U.S. Environmental Protection Agency/State of Michigan Relative Risk Analysis Project, and Federal Energy Regulatory Commission Task Force on Natural Gas Deliverability; Eisenhower Exchange Fellow to Japan and NARUC Fellow to the Kennedy School of Government; Ethics Lecturer for NARUC.

August 1985 - October 1987
Acting Associate Deputy Under Secretary of Labor; Executive Assistant to the Deputy Under Secretary -- U.S. Department of Labor -- Washington DC

Member of three-person management team directing the activities of 60-employee agency responsible for promoting use of labor-management cooperation programs. Supervised a legal team in a study of the effects of U.S. labor laws on labor-management cooperation that has received national recognition and been frequently cited in law reviews (U.S. Labor Law and the Future of Labor-Management Cooperation, w/S. Schlossberg, 1986).

January 1983 - August 1985
Senate Majority General Counsel; Chief Republican Counsel -- Michigan Senate -- Lansing

Legal Advisor to the Majority Republican Caucus and Secretary of the Senate; Created and directed 7-employee Office of Majority General Counsel; Counsel, Senate Rules and Ethics Committees; Appointed to the Michigan Criminal Justice Commission, Ann Arbor Human Rights Commission and Washtenaw County Consumer Mediation Committee.

March 1982 - January 1983
Assistant Legal Counsel -- Michigan Governor William Milliken -- Lansing

Legal and Labor Advisor (member of collective bargaining team); Director, Extradition and Clemency; Appointed to Michigan Supreme Court Sentencing Guidelines Committee, Prison Overcrowding Project, Coordination of Law Enforcement Services Task Force.

October 1979 - March 1982
Appellate Litigation Attorney -- National Labor Relations Board -- Washington DC

Other Significant Speeches and Publications

Filing for Bankruptcy Isn't the Right Solution for Puerto Rico (Forbes Online, November 2015)

The "A" Rating (Edison Electric Institute Perspectives, May/June 2009)

Perspective: Don't Fence Me Out (Public Utilities Fortnightly, October 2004)

Climate Change and the Electric Power Sector: What Role for the Global Financial Community (during Fourth Session of UN Framework Convention on Climate Change Conference of Parties, Buenos Aires, Argentina, November 3, 1998)(unpublished)

Regulation UnFettered: The Fray By the Bay, Revisited (National Regulatory Research Institute Quarterly Bulletin, December 1997)

The Feds Can Lead…By Getting Out of the Way (Public Utilities Fortnightly, June 1, 1996)

Ethical Considerations Within Utility Regulation, w/M. Cummins (National Regulatory Research Institute Quarterly Bulletin, December 1993)

Legal Challenges to Employee Participation Programs (American Bar Association, Atlanta, Georgia, August 1991) (unpublished)

Proprietary Information, Confidentiality, and Regulation's Continuing Information Needs: A State Commissioner's Perspective (Washington Legal Foundation, July 1990)