

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

In The Matter Of The Determination Of The )  
Existence Of Significantly Excessive Earnings For 2017 )  
Under The Electric Security Plans Of Ohio Edison ) Case No. 18-857-EL-UNC  
Company, The Cleveland Electric Illuminating )  
Company, And The Toledo Edison Company. )

In The Matter Of The Determination Of The )  
Existence Of Significantly Excessive Earnings For 2018 )  
Under The Electric Security Plans Of Ohio Edison ) Case No. 19-1338-EL-UNC  
Company, The Cleveland Electric Illuminating )  
Company, And The Toledo Edison Company. )

In The Matter Of The Determination Of The )  
Existence Of Significantly Excessive Earnings For 2019 )  
Under The Electric Security Plans Of Ohio Edison ) Case No. 20-1034-EL-UNC  
Company, The Cleveland Electric Illuminating )  
Company, And The Toledo Edison Company. )

In the Matter of the Quadrennial Review Required )  
By R.C. 4928.143(E) For The Electric Security Plans )  
Of Ohio Edison Company, The Cleveland Electric ) Case no. 20-1476-EL-UNC  
Illuminating Company, And The Toledo Edison )  
Company. )

**DIRECT TESTIMONY  
OF  
MATTHEW I. KAHAL**

**On Behalf Of**  
**The Office Of The Ohio Consumers' Counsel**  
*65 East State Street, 7<sup>th</sup> floor*  
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April 5, 2021

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*Direct Testimony of Matthew I. Kahal  
On Behalf of the Office of the Ohio Consumers' Counsel  
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1 **I. QUALIFICATIONS**

2

3 ***Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.***

4 ***A1.*** My name is Matthew I. Kahal. I am employed as an independent consultant retained by  
5 the Office of the Ohio Consumers' Counsel ("OCC") to address certain issues in these  
6 cases. My business address is 1108 Pheasant Crossing, Charlottesville, VA 22901.

7

8 ***Q2. PLEASE STATE YOUR EDUCATIONAL BACKGROUND.***

9 ***A2.*** I hold B.A. and M.A. degrees in economics from the University of Maryland and have  
10 completed course work and examination requirements for the Ph.D. degree in economics.  
11 My areas of academic concentration included industrial organization, economic  
12 development, and econometrics.

13

14 ***Q3. WHAT IS YOUR PROFESSIONAL BACKGROUND?***

15 ***A3.*** I have been employed in the area of energy, utility, and telecommunications consulting  
16 for the past 35 years, working on a wide range of topics. Most of my work during my  
17 consulting career has focused on electric utility integrated planning, power plant  
18 licensing, environmental compliance issues, mergers, and utility financial issues.

19

20 I was a co-founder of Exeter Associates, Inc., and from 1981 to 2001, and I was  
21 employed at Exeter as a Senior Economist and Principal. During that time, I took the lead  
22 role at Exeter in performing cost of capital and financial studies. In recent years, the

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1 focus of much of my professional work has expanded to include electric utility markets,  
2 power supply procurement, and industry restructuring.

3 Prior to entering consulting, I served on the Economics Department faculties at the  
4 University of Maryland (College Park) and Montgomery College, teaching courses on  
5 economic principles, development economics, and business. A complete description of  
6 my professional background is provided in Appendix A.

7  
8 ***Q4. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT WITNESS BEFORE***  
9 ***UTILITY REGULATORY COMMISSIONS?***

10 ***A4.*** Yes. I have testified before approximately two dozen state and federal utility  
11 commissions, federal courts, and the U.S. Congress in more than 440 separate regulatory  
12 cases. My testimony has addressed a variety of subjects including fair rate of return,  
13 resource planning, financial assessments, load forecasting, competitive restructuring, rate  
14 design, purchased power contracts, environmental compliance, merger economics, and  
15 other regulatory policy issues. These cases have involved electric, gas, water, and  
16 telephone utilities. A list of these cases is set forth in Appendix A, with my statement of  
17 qualifications.

1 ***Q5. WHAT PROFESSIONAL ACTIVITIES HAVE YOU ENGAGED IN SINCE***  
2 ***LEAVING EXETER AS A PRINCIPAL IN 2001?***

3 ***A5.*** Since 2001, I have worked on a variety of consulting assignments pertaining to electric  
4 restructuring, purchase power contracts, environmental controls, cost of capital, and other  
5 regulatory issues. Current and recent clients include the U.S. Department of Justice, U.S.  
6 Air Force, U.S. Department of Energy, the Federal Energy Regulatory Commission,  
7 Connecticut Attorney General, Pennsylvania Office of Consumer Advocate, the Ohio  
8 Consumers' Counsel, New Jersey Division of Rate Counsel, Rhode Island Division of  
9 Public Utilities, Louisiana Public Service Commission, Arkansas Public Service  
10 Commission, the Maryland Public Service Commission, the California Public Utilities  
11 Commission, the New Mexico Attorney General, the Maine Public Advocate, the New  
12 Hampshire Consumer Advocate, the Maryland Department of Natural Resources, and the  
13 Maryland Energy Administration.

14  
15 ***Q6. HAVE YOU PREVIOUSLY TESTIFIED ON THE SUBJECTS OF ELECTRIC***  
16 ***RESTRUCTURING, TRANSITION TO COMPETITION, AND RETAIL DEFAULT***  
17 ***SERVICE IN OHIO?***

18 ***A6.*** Yes. I have testified on these topics on numerous occasions during the past 10 to 15  
19 years. This includes the design of programs to provide generation supply service for those  
20 retail electric customers requiring default service. During the past several years, I testified  
21 before the Public Utilities Commission of Ohio (the "PUCO") in the Electric Security  
22 Plan ("ESP") cases involving AEP Ohio (Case No. 13-2385-EL-SSO), Duke Energy

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1 Ohio (Case No. 14-841-EL-SSO and Case Nos. 17-1263-SSO, et. al.), and the three  
2 FirstEnergy Utilities (Case No. 14-1297-EL-SSO). I submitted testimony in the Dayton  
3 Power and Light Company ESP case in 2016/2017 (Case Nos. 16-0395-EL-SSO, et. al.)  
4 and more recently in Case Nos. 20-680-EL-SSO, et. al.

5  
6 **II. OVERVIEW AND SUMMARY**

7  
8 ***Q7. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?***

9 ***A7.*** My testimony provides a recommendation on the level of utility profits that should be  
10 considered “significantly excessive,” in other words, the level above which customers  
11 deserve a refund.

12  
13 A supposed consumer protection in Ohio’s utility-friendly 2008 energy law requires  
14 electric distribution utilities (“EDUs”) that have rates set by the PUCO in Electric  
15 Security Plans (“ESPs”) must make annual filings with for the PUCO to determine  
16 whether their earned return on equity (profits) in a given year can be considered  
17 “significantly excessive.” Any so-called significantly excessive profits are to be returned  
18 by the electric utility to consumers who paid such high profits. The PUCO should be  
19 especially sensitive to consumers in its use of this profits test because the 2008 law  
20 allowed electric utilities with ESPs to keep charges to consumers for excessive profits.  
21 Merely significantly excessive profits are to be refunded to consumers.

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1           What constitutes significantly excessive profits is measured by comparing the profits that  
2           the utility actually earned to a benchmark value, where any profits at or exceeding the  
3           benchmark value are considered significantly excessive. The benchmark value is  
4           determined by the PUCO. And I am making a recommendation for what benchmark  
5           value the PUCO should adopt. This process is described in the 2008 law as the  
6           Significantly Excessive Earnings Test (“SEET”). If the PUCO finds that the utility had  
7           significantly excessive earnings (profits), the excess is to be returned to the utility’s  
8           customers.

9  
10          The Cleveland Electric Illuminating Company (“CEI”), Ohio Edison Company (“OE”),  
11          and The Toledo Edison Company (“TE”), collectively referred to as FirstEnergy  
12          (“FirstEnergy” or the “Utilities”) have been operating under the current Electric Security  
13          Plan (referred to as “ESP IV”) since mid-2016, and they have made SEET (profit) filings  
14          for the years 2017, 2018, and 2019, which the PUCO is presently reviewing.

15  
16          In all three cases, the FirstEnergy Utilities have calculated and asked the PUCO to adopt  
17          SEET threshold values for return on equity (“ROE”). Based on their proposals, the  
18          FirstEnergy Utilities ask the PUCO to find that there are no significantly excessive profits  
19          for it to refund to customers. I disagree.

20  
21          I have reviewed the FirstEnergy Utilities’ SEET return on equity (profits) thresholds  
22          proposed for 2017, 2018, and 2019. In my opinion, the thresholds proposed by the

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1 FirstEnergy Utilities are too high, meaning the FirstEnergy thresholds could wrongly  
2 deny refunds to consumers. I have developed an independent recommendation to the  
3 PUCO for the appropriate SEET ROE (profits) threshold for each year. OCC witness Dr.  
4 Daniel Duann will use my proposed SEET ROE thresholds for purposes of determining  
5 the level of any significantly excessive earnings in each year and any appropriate refund  
6 to consumers.

7  
8 ***Q8. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AS COMPARED TO THE***  
9 ***FIRSTENERGY UTILITIES' AND PUCO STAFF'S PROPOSALS.***

10 ***A8.*** The FirstEnergy Utilities are proposing SEET ROE threshold values of 19.2 percent for  
11 2017, 19.3 percent for 2018 and 17.8 percent for 2019. The PUCO Staff is recommending  
12 17.22 percent for 2017. Utility profit levels of this magnitude are extraordinarily high for  
13 allowing an electric utility to keep.

14  
15 In my opinion, these threshold values are unreasonably high and will only serve to permit  
16 unwarranted retention of monopoly profits by the FirstEnergy Utilities, to the detriment  
17 of consumers. This is contrary to central principles of regulation which include protecting  
18 consumers from the exercise of monopoly power and setting just and reasonable rates.

19 My analysis is that an ROE (profit) threshold under the statutory SEET consumer  
20 protection test would be 13.8 percent in 2017, 12.5 percent in 2018 and 12.4 percent in  
21 2019, meaning any FirstEnergy Utility profits above those levels should be considered  
22 significantly excessive.



1 ***Q9. IS THERE A LEGAL BASIS OF THE SEET REVIEW AND REFUND PROCESS***  
2 ***THAT PERMITS CUSTOMERS REFUNDS OF TOO HIGH (SIGNIFICANTLY***  
3 ***EXCESSIVE) PROFITS UNDER ELECTRIC SECURITY PLANS?***

4 ***A9.*** Yes, there is. This process is required by the Ohio Revised Code 4928.143(F) for Ohio  
5 electric distribution utilities in each year of an Electric Security Plan. That statute  
6 requires the PUCO conduct an annual review to determine whether the utility earned  
7 profits “significantly in excess of the return on equity that was earned during the same  
8 period by publicly traded companies, including utilities, that face comparable business  
9 and financial risk, with such adjustments for capital structure as may be appropriate.”

10  
11 Notably, the statutory language also makes clear that the electric distribution utility  
12 making the annual filing has the burden of proof to demonstrate that its earnings were not  
13 significantly excessive under this standard. The statute also provides for customer refunds  
14 in the event of a PUCO finding of significantly excess earnings.

15  
16 ***Q10. DO THE INSTANT SEET PROCEEDINGS OF THE FIRSTENERGY UTILITIES***  
17 ***RAISE ANY UNUSUAL CONCERNS FOR CONSUMERS?***

18 ***A10.*** Yes, the context and background of these three cases is unusual and raises some unique  
19 considerations. As a matter of background, an unusual and controversial feature of the  
20 FirstEnergy Utilities’ ESP IV, approved by the PUCO in 2016, was the PUCO’s allowing  
21 FirstEnergy to charge consumers a subsidy for the so-called Distribution Modernization  
22 Rider (“DMR”). This subsidy predated tainted House Bill 6. In an appeal by OCC and

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1 others, the Ohio Supreme Court overturned the DMR charge, which gave consumers  
2 some protection. But the Court's consumer protection did not arrive until after the  
3 FirstEnergy Utilities had charged consumers about \$456 million of revenue (before tax)  
4 during the years 2017 through 2019.<sup>1</sup> This highly lucrative revenue stream was unrelated  
5 to any utility cost of service (meaning the subsidy charge was not for buying anything  
6 needed for providing utility service to consumers).

7  
8 On June 19, 2019, the Ohio Supreme Court issued its decision finding the FirstEnergy  
9 Utilities' DMR to be unlawful and ordered the PUCO to remove it from the ESP IV  
10 rates.<sup>2</sup> However, the Court's directive for the FirstEnergy Utilities to cease charging  
11 consumers for the DMR was *prospective* only and customers did not receive a refund for  
12 any of the unlawful DMR charges (nearly a half-billion dollars) that they paid. Hence, the  
13 DMR funds collected from customers remain in the FirstEnergy Utilities' reported  
14 earnings for 2017, 2018, and 2019.

15  
16 There is more. In an appeal by OCC, the Ohio Supreme Court issued another decision  
17 overturning a PUCO decision related to the distribution modernization charge. On  
18 December 1, 2020, the Court ruled that it was unlawful for the PUCO to allow the  
19 FirstEnergy Utilities to remove the DMR revenue and related profits from the

---

<sup>1</sup> Approximately \$204 million in 2017, \$168 million in 2018, and \$84 million for the first six months of 2019.(these numbers are in the Ohio Supreme Court decision invalidate the DMR).

<sup>2</sup> *In re Application of Ohio Edison Co.*, 157 Ohio St. 3d 73 (2019).

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1 FirstEnergy Utilities' book earnings for purposes of the SEET review.<sup>3</sup> To be clear, the  
2 PUCO's exclusion of the DMR revenues from the calculation of significantly excessive  
3 profits made it much less likely that consumers of the FirstEnergy Utilities would qualify  
4 for profit refunds because excluding the DMR revenue would make the FirstEnergy  
5 Utilities' profits look lower *on paper*. Because the PUCO previously excluded DMR  
6 revenues from the 2017 SEET review, the Supreme Court remanded the case to the  
7 PUCO for further review and determination. The PUCO is apparently addressing the  
8 remand in this proceeding. The Supreme Court's remand for the 2017 case also includes  
9 a PUCO determination of the SEET ROE threshold as well as the level of Utilities'  
10 earnings.

11  
12 The FirstEnergy Utilities made their 2017, 2018 and 2019 SEET (profits) filings prior to  
13 the Ohio Supreme Court's December 2020 overturning of the PUCO's treatment of  
14 distribution modernization rider revenue. FirstEnergy Utilities made adjustments to their  
15 earnings to remove the DMR revenue in each year, adjustments the Utilities asserted was  
16 permissible under the ESP IV stipulation approved in 2016.

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<sup>3</sup> *In re Determination of Significantly Excessive Earnings for 2017 Under Electric Security Plan of Ohio Edison Company*", No. 2019-0961, December 1, 2020.

1 ***Q11. IS THE CONCEPT OF SEET-RELATED REFUNDS FOR ELECTRIC UTILITY***  
2 ***ELECTRIC SECURITY PLANS CONSISTENT WITH SOUND REGULATORY***  
3 ***PRINCIPLES THAT PROVIDE SOME PROTECTION FOR CONSUMERS?***

4 ***A11.*** Yes, but only in a limited way. Remember, consumers are being made to pay excessive  
5 profits. Consumers merely have the potential to be protected from paying for  
6 significantly excessive profits. In the context of a rate plan (here, the electric security  
7 plan), I regard it as an important consumer protection against undue monopoly  
8 enrichment that consumers have protection against paying for excessive utility profits.

9  
10 An unfortunate feature of an ESP for consumers is that this rate plan typically provides  
11 for the inclusion of various single-issue rate riders (increases). That single-issue  
12 ratemaking allows the utility to impose (including by cherry-picking) rate increases on  
13 customers in between rate cases with general reviews of all rates. For example, in  
14 addition to Rider DMR (which was certainly not cost-related), ESP IV allows for annual  
15 rate increases under Rider DCR related to new distribution capital investment as it enters  
16 service.

17  
18 The 2008 law is a departure from the traditional ratemaking. Traditional ratemaking is  
19 where all rates are considered together and charges to consumers tend to be limited to the  
20 cost of providing utility service, which is a more balanced between consumers and  
21 utilities than electric security plans. Traditional rate cases can even result in rate  
22 reductions for some or all consumers.

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1 Another central feature of base rate cases is that they only permit rates to increase to the  
2 extent that the increase is required to provide the utility with a reasonable level of  
3 earnings (profits) going forward (*i.e.*, based on the utility's cost of capital). For example,  
4 the utility's base rate filing may identify \$100 million per year in new costs for the test  
5 year, but the comprehensive base rate review may find that a rate increase far less than  
6 that, say \$50 million, is needed to provide the utility with an adequate level of earnings.

7  
8 The rate riders under the electric security plan have no such built-in "earnings test" to  
9 determine whether the rate adjustment is needed and justified. It is for this reason that a  
10 properly structured SEET (profits) process is needed to ensure that the electric security  
11 plan does not provide the utility with too-high earnings and thereby harm customers.

12 However, the SEET review can only protect consumers if it is conducted in a reasonable  
13 manner, including employing a threshold for SEET (profits) that does not deny refunds to  
14 consumers by being unreasonably high.

15  
16 ***Q12. IS THIS REGULATORY PRINCIPLE APPLICABLE TO THE FIRSTENERGY***  
17 ***UTILITIES IN THESE THREE CASES WHERE CONSUMERS CAN***  
18 ***POTENTIALLY RECEIVE REFUNDS?***

19 ***A12.*** Yes, very much so. But there is an additional element that renders these cases highly  
20 unusual, and in my opinion, heightens the importance of conducting careful SEET  
21 reviews in a manner that is fair and reasonable manner and is equitable for consumers  
22 under the law.

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1 As noted above, in 2019 the Ohio Supreme Court ruled that the PUCO/FirstEnergy  
2 Distribution Modernization Charge was unlawful. And the Court directed the PUCO to  
3 remove those charges from what consumers were paying to FirstEnergy Utilities under  
4 ESP IV. However, the Court's decision allowed the FirstEnergy Utilities to keep the  
5 nearly half-billion dollars of DMR revenue they collected from customers during 2017,  
6 2018, and at least part of 2019 (because the PUCO declined to make the DMR charge  
7 refundable). Hence, this case provides for a prospective remedy for consumers after they  
8 lost nearly half a billion dollars for an unlawful charge.

9  
10 Thus, this SEET review is the only remaining remedy for customers for the improper  
11 DMR charges imposed on them during 2017-2019 and retained by the FirstEnergy  
12 Utilities. If the SEET review is conducted using an unduly high ROE (profits) threshold  
13 (such as that proposed by FirstEnergy Utilities' witnesses in these cases), then this result  
14 would limit or eliminate the only available remedy to customers for the improper DMR  
15 charges that FirstEnergy kept after charging consumers during 2017-2019. That is the  
16 practical effect of the proposals in this case by the FirstEnergy Utilities.

17  
18 ***Q13. WHAT ARE THE SEET ROE THRESHOLD VALUES RECOMMENDED BY THE***  
19 ***WITNESSES IN THE THREE CASES?***

20 ***A13.*** The SEET ROE threshold recommendation is sponsored by Joanne M. Savage for the  
21 2017 review year and Thomas J. Dolezal for the 2018 and 2019 review years. These  
22 witnesses recommend 19.2 percent for 2017, 19.3 percent for 2018 and 17.8 percent for

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1           2019. These recommendations are claimed to be based on the statistical methodology  
2           employed by the PUCO Staff in several past cases. These witnesses also identify a “safe  
3           harbor” ROE values for each year based on the PUCO’s safe harbor standard of 200 basis  
4           points plus the average ROE for the identified comparable group – 14.3 percent for 2017,  
5           13.3 percent for 2018 and 12.9 percent for 2019.

6  
7           Staff witness Joseph P. Buckley presents a SEET ROE threshold analysis for the review  
8           year 2017. His analysis produces a SEET ROE value of 17.22 percent and a “safe harbor”  
9           value of 11.89 percent. I explain the methodology used by these witnesses and the safe  
10          harbor backstop in the next section of my testimony.

11  
12   ***Q14. HOW DO THE SEET ROE THRESHOLD RECOMMENDATIONS OF THE***  
13   ***UTILITIES WITNESSES COMPARE WITH THE FE UTILITIES’ RATE CASE***  
14   ***ROE AUTHORIZED BY THE PUCO?***

15   ***A14.*** The last base rate case for the FirstEnergy Utilities was completed in 2009, and in that  
16          case the PUCO awarded a ROE of 10.5 percent and a capital structure of 49 percent  
17          common equity and 51 percent debt.<sup>4</sup> I note that while the 10.5 percent may have been a  
18          typical award for an electric utility in 2009, the authorized ROEs for distribution electric

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<sup>4</sup> *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illumination Company, The Toledo Edison Company for Authority to Increase Rates for Distribution Service, Modify Certain Accounting Practices, and for Tariff Approvals, Opinion and Order, Case Nos. 07-551-EL-AIR, et.al., January 29, 2009.*

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1 utilities have generally declined since 2009, and during the 2017-2019 period was, on  
2 average, in the mid 9s.<sup>5</sup>

3  
4 Thus, the FirstEnergy Utilities recommended SEET ROE threshold averaging nearly 19  
5 percent exceeds the PUCO rate case authorized ROE by more than 800 basis points and  
6 typical electric utility authorized ROEs during 2017-2019 by nearly 900 basis points.

7 This comparison provides a useful perspective regarding a judgment of what is  
8 reasonable. The purpose of the SEET review is to determine a fair and reasonable result  
9 and provide a consumer protection ensuring that the ESP does not provide the utility with  
10 unreasonable monopoly profits at the expense of customers. By any definition, a  
11 substantial premium over the authorized return of 800 to 900 basis points cannot be  
12 considered just and reasonable.

13  
14 ***Q15. YOUR RECOMMENDATIONS OF 13.8 PERCENT FOR 2017, 12.5 PERCENT FOR***  
15 ***2018 AND 12.4 PERCENT FOR 2019 ARE SUBSTANTIALLY LOWER THAN THE***  
16 ***UTILITIES' WITNESS RECOMMENDATIONS. WHAT ACCOUNTS FOR THE***  
17 ***DIFFERENCES?***

18 ***A15.*** The Utilities' witnesses developed their ROE recommendation for each year using a  
19 statistical methodology that has previously been employed by the PUCO Staff, applied to  
20 a comparable group of public companies (predominantly electric utilities) known as the

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<sup>5</sup> Data tables accompany the Regulatory Research Associates rate case survey report of February 2, 2021. RRA reports the average ROE for electric distribution as 9.55 percent for 2017, 9.50 percent for 2018 and 9.60 percent for 2019.



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1 XLU group. In conducting my analysis, I use largely the same group of public companies  
2 and the company-by-company accounting ROE data set presented in testimony by the  
3 Utility witnesses. Using the same data set has the advantage of reducing controversy over  
4 data sources that otherwise would be difficult for the Commission to resolve. With this  
5 common starting point, I made three primary changes to their analyses.

6  
7 1. The Utilities witnesses removed one company, NRG, from the analysis in each  
8 year. I agree with that exclusion, as NRG data is unusable (due to negative  
9 equity), and NRG is not risk-comparable to the FirstEnergy Utilities. In addition, I  
10 removed two additional companies, FirstEnergy Corporation and AES  
11 Corporation. It is not proper to include either company in the analysis for reasons  
12 I explain in the next section of my testimony. I refer to this group (minus NRG,  
13 AES and FirstEnergy) as the “Full XLU Group”.

14  
15 2. Noting that the Ohio Revised Code for the SEET ROE determination makes  
16 reference to employing a potential capital structure adjustment, I refine the Full  
17 XLU Group to screen out companies in that group that have capital structures  
18 substantially different from the FirstEnergy Utilities. As noted above, the  
19 approved capital structure from the 2009 rate case has 49 percent common equity  
20 which is typical for electric utilities. I therefore eliminate companies with equity  
21 ratios less than 40 percent and greater than 60 percent. This screen removes about  
22 a half dozen companies and thereby improves the comparability of the group,

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1 consistent with the stature, and I refer to this group as the “Capital Structure  
2 Screen”.

3  
4 3. I apply the PUCO Staff statistical method to both of Full XLU Group and the  
5 Capital Structure Screen group. In addition, due to concerns over the Staff  
6 statistical method, I apply a second method, the upper half median. This second  
7 method displays the accounting ROEs for the group from highest to lowest,  
8 selecting the half with the highest ROEs. I then calculate or identify the median of  
9 that upper half. This is done for both comparable groups. To develop my  
10 recommendation, I average the results of the Staff statistical method and the upper  
11 half median method, in both cases using the Capital Structure Screen group. In  
12 addition, I calculate for each year, the PUCO’s safe harbor value, i.e., the Capital  
13 Structure Screen group average ROE plus 200 basis points. I summarize these  
14 results and my recommendations on page 1 of Schedule MIK-1.

15  
16 ***Q16. DO YOU CONSIDER YOUR ROE THRESHOLD RESULTS TO BE REASONABLE?***

17 ***A16.*** Yes. My calculation of threshold ROE values of 13.8 percent, 12.5 percent, and 12.4  
18 percent have been calculated in a manner that falls within the framework of the Ohio  
19 Revised Code and is consistent with the PUCO’s safe harbor protection for utility  
20 earnings. These ROE threshold values average about 13 percent, which is nearly 250  
21 basis points above the 10.5 percent awarded in the 2009 rate case and is nearly 350 basis  
22 points higher than a typical 2017-2019 ROE rate case award to distribution electric

1 utilities. There can be little question that a profits level above 12.4 percent to 13.8 percent  
2 ROE during the period of 2017 to 2019 would provide a utility significantly excessive  
3 earnings and is a fair threshold for calculating potential refunds for consumers.  
4

5 **III. CALCULATIONS OF THE SEET ROE THRESHOLD**

6  
7 ***Q17. PLEASE DESCRIBE HOW THE FIRSTENERGY UTILITIES WITNESSES HAVE***  
8 ***DERIVED THEIR RECOMMENDED SEET ROE THRESHOLD***  
9 ***RECOMMENDATIONS.***

10 ***A17.*** The Utilities' witnesses have chosen to employ what has been referred to as the Staff  
11 statistical method, a method employed by the PUCO Staff in several past SEET cases.  
12 This method requires the following steps: (1) identification of an initial comparable group  
13 of publicly-traded companies; (2) if necessary and appropriate, removal from the initial  
14 group companies deemed anomalous or problematic; (3) calculation of the earned return  
15 on equity for the SEET year for each comparable company; (4) calculation of the (size-  
16 weighted) average ROE for the comparable group; (5) calculation of the ROE standard  
17 deviation for the comparable group companies; (6) multiply the standard deviation by  
18 1.64 to obtain a 95 percent confidence interval "adder"; (7) combine the group size  
19 weighted average ROE with the adder. For 2017, witness Savage obtained 19.2 percent  
20 using this method as shown on her Schedule JMS-1.

1 Staff witness Buckley used the same method for 2017 and obtained a lower value of  
2 17.22 percent as shown on Staff Exhibit 1.

3  
4 ***Q18. HOW DID THE UTILITIES AND STAFF WITNESSES SELECT THE***  
5 ***COMPARABLE COMPANIES?***

6 ***A18.*** The comparable companies are derived from the SPDR Select Sector Fund (“XLU”),  
7 which is an Exchange Traded Fund (“ETF”). This group is composed predominantly of  
8 electric utilities (or combination electric/gas utilities), one major water utility, at least one  
9 major gas utility and two companies that are mainly in the unregulated merchant power  
10 generation business. In 2017, the XLU consisted of 28 companies.

11  
12 The Utilities witnesses excluded one XLU company, NRG which is in the merchant  
13 generation business, in all three years. In addition, they excluded AES Corporation (in  
14 2017 only), Pacific Gas & Electric Corporation (after 2017) due to bankruptcy, three  
15 other companies in certain years (Eversource, SCANA and CenterPoint Energy) due to  
16 merger activity.

17  
18 Similarly, Mr. Buckley in his 2017 analysis excluded NRG, AES, SCANA, and  
19 FirstEnergy Corporation due to anomalous (negative) earnings in those years. All of these  
20 exclusions from the comparable group were made for practical reasons related to data or  
21 data distortion issues, and I do not contest these decisions.

1 **Q19. HOW WERE THE COMPANY-BY-COMPANY ROES CALCULATED?**

2 **A19.** The Utilities witness testimony provides almost no description regarding the company  
3 ROE calculations, but based on witness Savage's schedule, the common equity ratio (the  
4 ROE denominator) is calculated as the average of the beginning and end of year balance.  
5 Her source of common equity balances is the Bloomberg financial data base. The  
6 earnings figures (the ROE numerator) are from Value Line Investment Analyzer. From  
7 working with Value Line data over the years, it is my understanding that Value Line  
8 removes extraordinary items when reporting earnings to provide a more normal depiction  
9 of earnings. Witness Dolezal of the 2018 and 2019 SEET cases does not report his data  
10 sources, but I assume that he employed the same sources as witness Savage. Staff witness  
11 Buckley employs a different data source, SNL Financial, in his 2017 SEET testimony.

12  
13 While I consider all three (Bloomberg, Value Line, and SNL Financial) of these to be  
14 reputable and widely used sources of financial data, the selection of the earnings data can  
15 affect the results. Notably, the earnings data and ROEs for the 2017 SEET year used by  
16 witnesses Savage and Buckley do differ significantly. While it appears that the Value  
17 Line data used by witness Savage removes extraordinary items, Mr. Buckley's data  
18 appear not to do so, and he reports earnings on more of a GAAP basis. While Value Line  
19 may not be a perfect source of earnings data, I believe it is preferable to employ earnings  
20 figures that remove the effects of extraordinary items when calculating the ROEs. For  
21 this reason, I have accepted and chosen to use the company ROE figures reported and  
22 calculated by Utilities witnesses for purposes of my own analyses.

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1 **Q20. WHAT IS WITNESS SAVAGE'S SEET ROE RESULT USING THIS METHOD?**

2 **A20.** After removing NRG and AES, witness Savage calculates the ROEs for the remaining 26  
3 XLU companies, ranging from 7.2 to 22.7 percent, with a group weighted (by profits and  
4 common equity) average of 12.3 percent. Her testimony makes the point that the  
5 unweighted average (i.e., weighting each company equally) may be an analytically more  
6 valid approach and consistent with the use of a standard deviation.<sup>6</sup> However, she does  
7 not present the results using the unweighted average. The standard deviation of the ROEs  
8 in her study is 4.2 percent, and when modified by the 1.64 multiplier produces a SEET  
9 adder of 6.9 percent. The sum of the 12.3 percent group average and the 6.9 percent adder  
10 is 19.2 percent, which is her SEET ROE threshold recommendation.

11  
12 Witness Dolezal uses an identical calculation method for 2018 and 2019 (albeit with a  
13 slightly different comparable group) obtaining 19.3 percent for 2018 and 17.8 percent for  
14 2019.

15  
16 **Q21. ARE THE XLU GROUPS USED BY THESE WITNESSES COMPARABLE IN**  
17 **BUSINESS AND FINANCIAL RISK TO THE FE UTILITIES?**

18 **A21.** With the modifications set forth in my testimony, the XLU group is not unreasonable as a  
19 comparable group for SEET purposes, although it probably is slightly riskier. The  
20 FirstEnergy Utilities operate as pure distribution utilities, regulated by the PUCO,

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<sup>6</sup> Direct Testimony of witness Savage, at 5-6. Witness Dolezal's testimony in the 2018 and 2019 cases makes a similar argument.

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1 operating under a very favorable ESP. They have very low business risk and strong  
2 investment grade credit ratings during this period.<sup>7</sup> As mentioned earlier, the XLU  
3 companies are predominantly electric utilities, but most are vertically integrated (which is  
4 at least slightly riskier than pure distribution), and some of the companies also have  
5 substantial unregulated generation investments (e.g., Exelon Energy, NextEra, Public  
6 Service Enterprise Group, Entergy Corp., Dominion Energy), which would also be  
7 riskier, in general, than distribution-only utilities. While I do not contest the use of these  
8 companies, the PUCO should recognize that the comparable group may be somewhat  
9 riskier than the FirstEnergy Utilities when arriving at a judgment regarding the  
10 appropriate SEET ROE threshold.

11  
12 ***Q22. WHAT COMPANY EXCLUSIONS DO YOU BELIEVE ARE NEEDED?***

13 ***A22.*** All witnesses agree to the exclusion of NRG from the analysis, and both the Utilities  
14 witnesses and Staff exclude AES Corporation at least in 2017. I believe AES should be  
15 excluded in all three years. AES is primarily engaged in the merchant plant business and  
16 in power plant development in overseas markets. While it does have some U.S. utility  
17 operations, they are a relatively small portion of its total business operations and assets.  
18 During 2017-2019, AES was generally not rated investment grade for credit rating  
19 purposes, and its capital structure was approximately 80 to 85 percent debt leverage. AES  
20 clearly is not risk comparable to the FirstEnergy Utilities.

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<sup>7</sup> See the testimony of FirstEnergy Utilities witness Stephen Staub in Case No. 19-361-EL-RDR, March 1, 2019, at page 8, where he presents the credit ratings of the FirstEnergy Utilities. The issuer or corporate ratings are generally triple B with the secured debt ratings high triple B to medium single A.

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1 In addition, FirstEnergy also must be excluded in all three years, and not merely in 2017.  
2 During this time period, FirstEnergy was going through a bankruptcy and corporate  
3 restructuring as a result of the failure of its unregulated merchant power operations. As a  
4 result of this process and adverse market conditions it was forced to take massive write-  
5 offs. Value Line reports that the FirstEnergy's book value per share (a measure of  
6 common equity) declined from \$29.33 at year-end 2015 to \$8.81 by year-end 2017 and  
7 only partly recovered to \$12.90 by the end of 2019.<sup>8</sup> This is a loss of about 60 to 70  
8 percent of book value per share during this period. This massive loss of equity resulted in  
9 an extraordinarily low equity ratio – less than 25 percent of total capital – which has the  
10 mechanical effect of inflating the return on equity calculation. This is why the  
11 FirstEnergy Utilities witnesses are reporting ROEs for FirstEnergy in their studies of  
12 more than 20 percent during this period, providing the misleading interpretation that  
13 FirstEnergy must be an extremely profitable company. It certainly was not. The inclusion  
14 of FirstEnergy in the analysis can only serve to provide misleading results and cannot  
15 serve as the basis for the SEET ROE threshold.

16  
17 There is an additional compelling reason why FirstEnergy cannot be included as a  
18 comparable company in this case. During 2017-2019, a significant share of the  
19 FirstEnergy profits came from the unlawful DMR revenues. The profits retained by  
20 FirstEnergy due to the DMR charges cannot be the basis for the setting of the SEET ROE  
21 threshold, which is to be used to determine customer refunds of that same DMR revenue.

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<sup>8</sup> *Value Line Investment Survey*, report for FirstEnergy Corporation, February 12, 2021.



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1 That is, the DMR charges that flowed to FirstEnergy earnings would be used through the  
2 SEET ROE threshold to reduce customer refunds if FirstEnergy is retained in the  
3 comparable group. This would certainly be an unreasonable and thus, unacceptable result.  
4

5 ***Q23. HAS THE PUCO RECENTLY EXCLUDED NRG, AES AND FIRSTENERGY IN A  
6 SEET ANALYSIS?***

7 ***A23.*** Yes. In a recent AEP Ohio SEET review, the PUCO chose to exclude from the analysis  
8 all three of these companies as not being comparable to AES Ohio.<sup>9</sup>  
9

10 ***Q24. DO YOU PROPOSE ANY OTHER EXCLUSIONS?***

11 ***A24.*** I have prepared my SEET ROE analyses with the same comparable group as used by  
12 Utilities' witnesses, with the exception of AES and FirstEnergy as explained above.  
13 However, I also have conducted my analyses using a Capital Structure Screen to remove  
14 XLU companies that do not have capital structures reasonably comparable to the  
15 FirstEnergy Utilities' PUCO approved capital structure of 49 percent equity and 51  
16 percent debt.  
17

18 This approved capital structure, based on my experience, is typical of the electric utility  
19 industry practice and what credit rating agencies generally expect for utilities when  
20 assigning investment grade ratings. To develop this second comparable group, I exclude  
21 companies in each year with a common equity ratio of less than 40 percent and more than

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<sup>9</sup> Opinion and Order, Case No. 17-1230-EL-UNC, February 27, 2019, at 13 (paragraph 33).

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1           60 percent. I show the equity ratios, as reported by Value Line, for the XLU companies  
2           on my Schedule MIK-2 for 2017, 2018 and 2019. The equity ratios are calculated as  
3           average year, i.e., the average of beginning and end of year.

4  
5           I believe that it is important to utilize a capital structure screen because a very unusual  
6           capital structure can distort the calculation of the ROE. The vast majority, if not all, of  
7           the XLU companies are utility holding companies with utility subsidiaries. The utility  
8           subsidiaries may be operating with normal (e.g., approximately 50/50) capital structures.  
9           The holding company then may add substantial debt to its balance sheet to finance its  
10          investment in its utility subsidiaries, and this leveraged financing tends to artificially  
11          magnify the calculated ROE since the low equity balance is the denominator of the  
12          calculation. In the alternative, the holding company may have a low equity ratio due to  
13          write offs associated with its current or former non-regulated operations. But the effect of  
14          the low equity ratio on magnifying the reported ROE is the same. This appears to be the  
15          case with several XLU companies that have unduly low equity ratios and as a result  
16          relatively high reported ROEs. The inclusion of such companies tends to distort the  
17          analysis.

18  
19          My capital structure screen removes approximately a half dozen of the XLU companies  
20          from the comparable group. For 2017, this screen removes CMS Energy, CenterPoint  
21          Energy, Dominion Energy, Entergy Corporation, NiSource, Inc., PPL Corporation and  
22          Southern Company. The exclusions in 2018 and 2019 are quite similar.

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1 In addition, as discussed in Section II of my testimony, the Ohio Revised Code on the  
2 SEET process specifically contemplates potential adjustments to the analysis for capital  
3 structure, if appropriate. I believe that in this case and this context, the use of a capital  
4 structure screen to avoid distorting the ROE calculations is appropriate and needed. I  
5 have applied the SEET ROE methods to the XLU group minus the companies that do not  
6 pass the capital structure screen.

7  
8 ***Q25. IS THE STAFF METHOD AN APPROPRIATE WAY TO IDENTIFY A  
9 REASONABLE SEET ROE THRESHOLD VALUE?***

10 ***A25.*** No. These witnesses are correct that this method has been used in recent cases by the  
11 Staff to determine the SEET ROE threshold, and it has received some acceptance by the  
12 PUCO as one method that is useful. In this case, however, I believe that it produces  
13 outlandishly high ROE results with a threshold value that averages around 19 percent. A  
14 literal interpretation of this result would be that any ROE earned by the Utilities less than  
15 19 percent should not be considered significantly excessive. This is obviously absurd.

16  
17 While the Staff method can provide useful insights by focusing on both the group average  
18 and the statistical dispersion of comparable company ROEs, it also has pitfalls and  
19 shortcomings. This is best illustrated by Staff witness Buckley's own analysis for 2017.  
20 His exhibits show a recommended ROE value of 17.22 percent after his exclusion of four  
21 companies (NRG, AES, SCANA and FirstEnergy). However, he also provides an exhibit  
22 (Staff Exhibit 1A) to show what the results would be with no exclusions. That result is

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1           30.28 percent which he correctly recognizes is an unreasonable and even meaningless  
2           result. His purpose in presenting the comparison is to demonstrate why his four  
3           exclusions of the anomalous companies are needed, and I agree. However, it also  
4           provides some insight into the limitations of the Staff statistical method.

5  
6           A closer inspection of the results illustrates the problem with the method. All four of the  
7           excluded observations are, in fact, negative earnings. The group average with the four  
8           companies is 8.73 percent, and the average without those companies is a significantly  
9           higher 9.69 percent. Mr. Buckley's demonstration is counter intuitive. It shows that very  
10          low or even negative earnings by comparable companies does not reduce the SEET ROE  
11          result under this method, as one might expect, but it paradoxically increases it. This is  
12          because the effects of the increase in the company ROE dispersions (as measured by the  
13          standard deviation) overwhelms the lower ROE average. This creates a dilemma that I  
14          believe Mr. Buckley recognizes – if the results of the analysis are clearly unreasonable,  
15          then it simply becomes necessary to remove ROE figures judged to be anomalous, often  
16          anomalously low, in order to salvage the study. Mr. Buckley does not state that he has  
17          removed the offending companies due to a lack of risk comparability or a capital  
18          structure distortion, but only because their ROEs differ so much (on the low side in this  
19          case) from the group average. Under the circumstances, it is appropriate that Mr. Buckley  
20          remove these anomalies, but this also illustrates the problem. The results of the Staff  
21          statistical method can be driven by extreme observations, and this will sharply drive up

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1 the ROE threshold result by the extremely high value of standard deviation regardless of  
2 whether the extreme observation is a high or low ROE.

3  
4 My additional concern with the Staff method is that the 1.64 multiplier is essentially  
5 arbitrary and involves a misuse of statistical principles. It is cloaked in the respectability  
6 of reflecting a “95 percent confidence interval” or test. It is true that analysts frequently  
7 use a 95 percent confidence interval for purposes of hypothesis testing, for example  
8 testing whether A causes B. But the setting of the SEET ROE threshold is not an exercise  
9 in testing hypotheses as a scientist would do, but rather it is an examination of earnings  
10 data from comparable companies to determine what level of earnings and earnings  
11 cushion a utility with an ESP should be permitted to earn before the utility’s return is  
12 judged to be unreasonable and unduly monopolistic. For example, the PUCO’s safe  
13 harbor 200 basis points above the group average ROE is intended to do exactly that.  
14 While the use of some measure of dispersion of company ROEs makes some sense, there  
15 simply is no objective or public policy basis for a 1.64 standard deviation multiplier or  
16 the use of a 95 percent confidence interval.

17  
18 Further, consider the results obtained by Utilities witnesses using this method. Schedule  
19 JMS-1 shows the calculation of the SEET ROE threshold of 19.2 percent. However, that  
20 schedule also shows that only two of the XLU companies experienced ROEs at or above  
21 that level – Dominion at 21.1 percent and FirstEnergy at 22.7 percent. The remaining 24

1 companies had ROEs far lower than 19.2 percent. The pattern is similar for the Utilities  
2 2018 and 2019 analyses.

3  
4 ***Q26. HOW CAN THE SHORTCOMINGS WITH THE STATISTICAL METHOD BE***  
5 ***ADDRESSED?***

6 ***A26.*** If the Staff method is to be used, it is important to exclude companies identified as not  
7 being risk comparable to the subject utility. The PUCO has recognized this in the recent  
8 AEP Ohio case cited earlier.

9  
10 In addition, it also may be necessary to remove companies with unusual capital structures  
11 that distort the ROE calculations. I have made these corrections in conducting my  
12 analyses. In addition, I have averaged the results using the Staff statistical method with  
13 results using an alternative method that I believe the PUCO should consider. This second  
14 method identifies the upper half of the company ROEs, and it then selects the median of  
15 the upper half range. In effect, the method identifies the SEET ROE threshold as being  
16 essentially the 75<sup>th</sup> percentile value ROE. That is, under this method 25 percent of the  
17 comparable companies would have a higher ROE, and 75 percent would have a lower  
18 ROE. The upper half median result largely eliminates the problem of an anomalously  
19 high or low ROE skewing or distorting the SEET ROE calculation result.

1 **Q27. WHAT RESULTS DID YOU OBTAIN WHEN APPLYING THE STAFF'S**  
2 **STATISTICAL METHOD TO YOUR TWO COMPARABLE GROUPS?**

3 **A27.** I apply this method both to the full XLU Group (i.e., excluding NRG, AES and  
4 FirstEnergy) and to that group after removing companies that do not pass the capital  
5 structure screen. This analysis is shown for SEET review years 2017, 2018 and 2019 on  
6 Schedule MIK-3. The data set used in this analysis consists of the ROEs calculated for  
7 each XLU company and in each year by the Utilities witnesses Savage and Dolezal and  
8 shown on their schedules. I show those ROE data on page 1 of Schedule MIK-3, with the  
9 ROEs for companies not passing the capital structure screen in a given year indicated in  
10 bold.

11  
12 Page 2 of Schedule MIK-3 shows the actual calculations of the SEET ROE threshold  
13 value for each year and both comparable groups. For example, for 2017 for the Full XLU  
14 Group the size weighted average is 12.1 percent, the standard deviation of the ROEs is  
15 3.7 percent, or 6.1 percent after applying the 1.64 multiplier, and the SEET ROE  
16 threshold value is 18.2 percent – 12.1% + 6.1%. This same method applied to this same  
17 group produces 14.2 percent in 2018 and 13.5 percent for 2019, as shown on this  
18 schedule.

19  
20 Applying this method to the comparable group with the capital structure screen produces  
21 16.3 percent in 2017, 12.1 percent in 2018, and 12.5 percent in 2019. Hence, the use of

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1 the capital structure screen using this method reduces the SEET ROE threshold by about  
2 one to two percentage points in each year.

3  
4 ***Q28. PLEASE EXPLAIN THE STATISTICAL CONCEPT OF MEDIAN.***

5 ***A28.*** The median is a measure of the central tendency of a series of quantitative observations,  
6 and this measure is widely used by economists, statisticians, and scientists. It is defined  
7 as point of the distribution of observations such that half of the observations are higher  
8 than the median and half are lower. In order to determine or calculate the median, one  
9 begins by arraying all observations in the series in rank order (e.g., from highest to  
10 lowest). With this ranking, the median is merely selected as the observation in the series  
11 such that half are higher than that observation, and half are lower. For example, if the  
12 observations are company ROEs, and the group consists of 25 companies, then  
13 observation number 13 is the median. That is, 12 are higher than the median value and 12  
14 are lower. If there are 24 observations instead of 25, then the median is the simple  
15 average of observations 12 and 13.

16  
17 While the median and the average (referred to as the “mean”) often produce similar  
18 quantitative results, the use of the median can be advantageous as being the more  
19 representative measure. Specifically, the advantage of the median is that it will not be  
20 unduly affected by a small number of numerically unusual observations referred to as  
21 “anomalies” or “outliers.”



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1 For example, consider a series of 25 ROE company observations that are arrayed from a  
2 low of 6 percent to a high of 14 percent. In this example, the median and mean measures  
3 might both produce the same result, say 10 percent. Now assume that instead of the  
4 lowest figure being an ROE of six percent, it is a negative 20 percent. This data outlier  
5 could have a significant impact, substantially lowering the mean, but it would have no  
6 impact whatsoever, on the median. This is because the median is based on the middle  
7 observation in the array, i.e., observation 13, and it makes no difference if the lowest  
8 observation is six percent, negative 20 percent or negative 50 percent.

9  
10 The advantage of the median is that it mitigates highly unusual observations as  
11 posing a measurement problem. Of course, when using the median it still may be  
12 appropriate to remove certain companies from the group due to factors such as risk  
13 comparability to the utility. But when using the median as a measure of central tendency,  
14 there is far less concern that a company that is otherwise risk (or capital structure)  
15 comparable needs to be removed from the group merely because its measured ROE in a  
16 year happens to be highly unusual.

17  
18 ***Q29. HOW DID YOU CONDUCT YOUR UPPER HALF MEDIAN ANALYSIS?***

19 ***A29.*** Using the company-by-company ROE data from page 1 of Schedule MIK-3, I selected  
20 the half of the comparable companies with the highest ROEs. I show this for each year,  
21 2017-2019 for the company comparable group developed using the capital structure  
22 screen. For 2017, there are 18 comparable companies in this group, and the nine highest

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1 have ROEs ranging from 10.4 to 18.6 percent. The other nine comparable companies all  
2 have ROEs equal to or lower than 10.4 percent and therefore are excluded from the upper  
3 half median determination. The median value is the fifth highest ROE observation in this  
4 group of nine companies, specifically Alliant Energy with an ROE of 11.3 percent. The  
5 upper half median for 2018 for this comparable group is 11.4 percent and for 2019 is 11.3  
6 percent.

7  
8 Schedule MIK-5 shows the same analysis for the Full XLU group absent the capital  
9 structure screen. This analysis produces an upper half median of 13.5 percent for 2017,  
10 11.8 percent for 2018, and 11.3 percent for 2019.

11  
12 **Q30. DID YOU CALCULATE THE SAFE HARBOR SEET ROE FOR 2017, 2018, AND**  
13 **2019?**

14 **A30.** Yes, I did so using both the size weighted and simple average ROEs along with the  
15 PUCO's 200 basis point premium over the comparable group average ROE. I performed  
16 these calculations using both comparable groups. I show the safe harbor ROE results on  
17 Schedule MIK-1, page 1 of 2. This shows an ROE range for each year and proxy group  
18 because I employed two definitions of the group average ROE – the weighted and simple  
19 average. However, I focus in each year on the higher end of the safe harbor range.

20  
21 For the Full XLU Group, the safe harbor SEET ROE threshold value is 14.1 percent for  
22 2017, 13.3 percent for 2018, and 12.8 percent for 2019. For the comparable group using

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1 the capital structure screen, the safe harbor SEET ROE threshold is 13.5 percent for  
2 2017, 12.5 percent for 2018, and 12.4 percent 2019. The safe harbor ROE results are  
3 considered to be a floor ROE threshold regardless of the results of the other two methods.  
4

5 **Q31. WHAT IS YOUR SEET ROE THRESHOLD RECOMMENDATION FOR EACH**  
6 **YEAR?**

7 **A31.** I base my recommendation for each year on the comparable group subject to the capital  
8 structure screen, giving equal weight to the Staff statistical method and the upper half  
9 median method. The safe harbor calculations, however, provide a floor value. Using the  
10 summary of my results shown on page 1 of Schedule MIK-1, page 1 of 2, the average of  
11 the two methods is 13.8 percent in 2017, 11.7 percent in 2018, and 11.9 percent in 2019.  
12 However, the safe harbor figures provide the ROE floor, and that floor is actually higher  
13 than the 2018 and 2019 modeling results. Hence, when the safe harbor floor is factored in  
14 my recommendation becomes 13.8 percent for 2017, 12.5 percent in 2018 (instead of  
15 11.7 percent), and 12.4 percent in 2019 (instead of 11.9 percent). I believe these results to  
16 be reasonable and provide a substantial earnings cushion for the Utilities prior to  
17 triggering any refund obligation. These ROE figures, which average to nearly 13 percent,  
18 also provide a substantial premium relative to the FirstEnergy Utilities authorized ROE  
19 from 2009 and ROEs typically granted to distribution utilities during 2017-2019.

1 **Q32. WHAT WOULD YOUR SEET ROE THRESHOLD VALUES BE IF YOU GAVE**  
2 **EQUAL WEIGHT TO THE FULL XLU GROUP AND THE CAPITAL STRUCTURE**  
3 **SCREEN GROUP?**

4 **A32.** In each year, this would be the average of four studies (Staff statistical method and upper  
5 half median method using both groups). The results would be 14.9 percent for 2017, 12.4  
6 percent for 2018 (or 12.9 percent using the safe harbor floor), and 12.2 percent for 2019  
7 (or 12.6 percent using the safe harbor floor).

8

9 **IV. CONCLUSION**

10

11 **Q33. WHAT ARE YOUR MAIN CONCLUSIONS FROM YOUR REVIEW AND**  
12 **ANALYSIS OF THE THRESHOLDS FOR THE SEET RETURN ON EQUITY**  
13 **(PROFITS) ISSUE IN THESE CASES, WHICH WILL AFFECT WHETHER THE**  
14 **FIRSTENERGY UTILITIES WILL BE REQUIRED TO MAKE REFUNDS TO**  
15 **CONSUMERS?**

16 **A33.** I have reached several key conclusions.

17

18 First, the return on equity thresholds recommended by FirstEnergy Utilities' witnesses,  
19 for the PUCO's SEET (profits) review, average nearly 19 percent. This is a completely  
20 unreasonable level of earnings (profits) for the FirstEnergy Utilities to be allowed to  
21 charge to consumers and then keep without refunds to consumers, prior to consumers  
22 being given any refunds. A return on equity (profits) that high should be considered to be

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1 a monopoly level of earnings that sound regulation is intended to prevent from being  
2 charges to consumers.

3  
4 Second, the PUCO, in setting the ROE (profits) threshold, should consider that one of the  
5 reasons for establishing a more reasonable lower threshold for consumer refunds is to  
6 address the unfairness to consumers of the FirstEnergy Utilities charging them the nearly  
7 half-billion dollars of unlawful DMR charges and then not giving consumers any refunds  
8 after the Court's reversal. Another equity and fairness consideration for the PUCO should  
9 be that this process provides some opportunity for at least a portion of the unlawful DMR  
10 charges (that the FirstEnergy Utilities kept) to be returned to customers as refunds of  
11 SEET charges. The unusual circumstances of this case especially warrants that the SEET  
12 ROE threshold not be set an unreasonably high level.

13  
14 Third, the PUCO Staff statistical method may be one approach to determining a SEET  
15 ROE threshold, but it does raise some concerns. Moreover, its 1.64 standard deviation  
16 multiplier is of questionable validity. I recommend combining this method with the upper  
17 half median method to avoid reliance on one approach.

18  
19 Fourth, in identifying comparable companies, an adjustment for capital structure  
20 differences may be needed.

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On Behalf of the Office of the Ohio Consumers' Counsel  
PUCO Case Nos. 18-857-EL-UNC, et. al.*

1 Fifth, my analysis finds that appropriate SEET ROE threshold values, for use in  
2 determining refunds to consumers, are 13.8 percent for 2018, 12.5 percent for 2018, and  
3 12.4 percent for 2019. This reflects not just my study results but also the PUCO's  
4 traditional safe harbor adder.

5

6 ***Q34. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?***

7 ***A34.*** Yes, it does. However, I reserve the right to update and supplement my testimony as new  
8 information becomes available.

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Direct Testimony of Matthew I. Kahal*, on Behalf of the Office of the Ohio Consumers' Counsel was served via electronic transmission to the persons listed below on this 5<sup>th</sup> day of April 2021.

/s/ Christopher Healey  
Christopher Healey (0086027)  
Assistant Consumers' Counsel

The PUCO's e-filing system will electronically serve notice of the filing of this document on the following parties:

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**APPENDIX A**

**QUALIFICATIONS OF**

**MATTHEW I. KAHAL**



## MATTHEW I. KAHAL

Since 2001, Mr. Kahal has worked as an independent consulting economist, specializing in energy economics, public utility regulation, and utility financial studies. Over the past three decades, his work has encompassed electric utility integrated resource planning (IRP), power plant licensing, environmental compliance, and utility financial issues. In the financial area, he has conducted numerous cost of capital studies and addressed other financial issues for electric, gas, telephone, and water utilities. Mr. Kahal's work in recent years has expanded to electric power markets, mergers, and various aspects of regulation.

Mr. Kahal has provided expert testimony in more than 400 cases before state and federal regulatory commissions, federal courts, and the U.S. Congress. His testimony has covered need for power, integrated resource planning, cost of capital, purchased power practices and contracts, merger economics, industry restructuring, and various other regulatory and public policy issues.

### Education

B.A. (Economics) – University of Maryland, 1971

M.A. (Economics) – University of Maryland, 1974

Ph.D. candidacy – University of Maryland, completed all course work and qualifying examinations.

### Previous Employment

1981-2001      Founding Principal, Vice President, and President  
Exeter Associates, Inc.  
Columbia, MD

1980-1981      Member of the Economic Evaluation Directorate  
The Aerospace Corporation  
Washington, D.C.

1977-1980      Consulting Economist  
Washington, D.C. consulting firm

1972-1977      Research/Teaching Assistant and Instructor (part time)  
Department of Economics, University of Maryland (College Park)  
Lecturer in Business and Economics  
Montgomery College (Rockville and Takoma Park, MD)

## Professional Experience

Mr. Kahal has more than thirty-five years' experience managing and conducting consulting assignments relating to public utility economics and regulation. In 1981, he and five colleagues founded the firm of Exeter Associates, Inc., and for the next 20 years he served as a Principal and corporate officer of the firm. During that time, he supervised multi-million dollar support contracts with the State of Maryland and directed the technical work conducted by both Exeter professional staff and numerous subcontractors. Additionally, Mr. Kahal took the lead role at Exeter in consulting to the firm's other governmental and private clients in the areas of financial analysis, utility mergers, electric restructuring, and utility purchase power contracts.

At the Aerospace Corporation, Mr. Kahal served as an economic consultant to the Strategic Petroleum Reserve (SPR). In that capacity, he participated in a detailed financial assessment of the SPR, and developed an econometric forecasting model of U.S. petroleum industry inventories. That study has been used to determine the extent to which private sector petroleum stocks can be expected to protect the U.S. from the impacts of oil import interruptions.

Before entering consulting, Mr. Kahal held faculty positions with the Department of Economics at the University of Maryland and with Montgomery College, teaching courses on economic principles, business, and economic development.

## Publications and Consulting Reports

Projected Electric Power Demands of the Baltimore Gas and Electric Company, Maryland Power Plant Siting Program, 1979.

Projected Electric Power Demands of the Allegheny Power System, Maryland Power Plant Siting Program, January 1980.

An Econometric Forecast of Electric Energy and Peak Demand on the Delmarva Peninsula, Maryland Power Plant Siting Program, March 1980 (with Ralph E. Miller).

A Benefit/Cost Methodology of the Marginal Cost Pricing of Tennessee Valley Authority Electricity, prepared for the Board of Directors of the Tennessee Valley Authority, April 1980.

An Evaluation of the Delmarva Power and Light Company Generating Capacity Profile and Expansion Plan, (Interim Report), prepared for the Delaware Office of the Public Advocate, July 1980 (with Sharon L. Mason).

Rhode Island-DOE Electric Utilities Demonstration Project, Third Interim Report on Preliminary Analysis of the Experimental Results, prepared for the Economic Regulatory Administration, U.S. Department of Energy, July 1980.

Petroleum Inventories and the Strategic Petroleum Reserve, The Aerospace Corporation, prepared for the Strategic Petroleum Reserve Office, U.S. Department of Energy, December 1980.

Alternatives to Central Station Coal and Nuclear Power Generation, prepared for Argonne National Laboratory and the Office of Utility Systems, U.S. Department of Energy, August 1981.

“An Econometric Methodology for Forecasting Power Demands,” Conducting Need-for-Power Review for Nuclear Power Plants (D.A. Nash, ed.), U.S. Nuclear Regulatory Commission, NUREG-0942, December 1982.

State Regulatory Attitudes Toward Fuel Expense Issues, prepared for the Electric Power Research Institute, July 1983 (with Dale E. Swan).

“Problems in the Use of Econometric Methods in Load Forecasting,” Adjusting to Regulatory, Pricing and Marketing Realities (Harry Trebing, ed.), Institute of Public Utilities, Michigan State University, 1983.

Proceedings of the Maryland Conference on Electric Load Forecasting (editor and contributing author), Maryland Power Plant Siting Program, PPES-83-4, October 1983.

“The Impacts of Utility-Sponsored Weatherization Programs: The Case of Maryland Utilities” (with others), in Government and Energy Policy (Richard L. Itteilag, ed.), 1983.

Power Plant Cumulative Environmental Impact Report, contributing author (Paul E. Miller, ed.) Maryland Department of Natural Resources, January 1984.

Projected Electric Power Demands for the Potomac Electric Power Company, three volumes (with Steven L. Estomin), prepared for the Maryland Power Plant Siting Program, March 1984.

“An Assessment of the State-of-the-Art of Gas Utility Load Forecasting” (with Thomas Bacon, Jr. and Steven L. Estomin), published in the Proceedings of the Fourth NARUC Biennial Regulatory Information Conference, 1984.

“Nuclear Power and Investor Perceptions of Risk” (with Ralph E. Miller), published in The Energy Industries in Transition: 1985-2000 (John P. Weyant and Dorothy Sheffield, eds.), 1984.

The Financial Impact of Potential Department of Energy Rate Recommendations on the Commonwealth Edison Company, prepared for the U.S. Department of Energy, October 1984.

“Discussion Comments,” published in Impact of Deregulation and Market Forces on Public Utilities: The Future of Regulation (Harry Trebing, ed.), Institute of Public Utilities, Michigan State University, 1985.

An Econometric Forecast of the Electric Power Loads of Baltimore Gas and Electric Company, two volumes (with others), prepared for the Maryland Power Plant Siting Program, 1985.

A Survey and Evaluation of Demand Forecast Methods in the Gas Utility Industry, prepared for the Public Utilities Commission of Ohio, Forecasting Division, November 1985 (with Terence Manuel).

A Review and Evaluation of the Load Forecasts of Houston Lighting & Power Company and Central Power & Light Company – Past and Present, prepared for the Texas Public Utility Commission, December 1985 (with Marvin H. Kahn).

Power Plant Cumulative Environmental Impact Report for Maryland, principal author of three of the eight chapters in the report (Paul E. Miller, ed.), PPSP-CEIR-5, March 1986.

“Potential Emissions Reduction from Conservation, Load Management, and Alternative Power,” published in Acid Deposition in Maryland: A Report to the Governor and General Assembly, Maryland Power Plant Research Program, AD-87-1, January 1987.

Determination of Retrofit Costs at the Oyster Creek Nuclear Generating Station, March 1988, prepared for Versar, Inc., New Jersey Department of Environmental Protection.

Excess Deferred Taxes and the Telephone Utility Industry, April 1988, prepared on behalf of the National Association of State Utility Consumer Advocates.

Toward a Proposed Federal Policy for Independent Power Producers, comments prepared on behalf of the Indiana Consumer Counselor, FERC Docket EL87-67-000, November 1987.

Review and Discussion of Regulations Governing Bidding Programs, prepared for the Pennsylvania Office of Consumer Advocate, June 1988.

A Review of the Proposed Revisions to the FERC Administrative Rules on Avoided Costs and Related Issues, prepared for the Pennsylvania Office of Consumer Advocate, April 1988.

Review and Comments on the FERC NOPR Concerning Independent Power Producers, prepared for the Pennsylvania Office of Consumer Advocate, June 1988.

The Costs to Maryland Utilities and Ratepayers of an Acid Rain Control Strategy – An Updated Analysis, prepared for the Maryland Power Plant Research Program, October 1987, AD-88-4.

“Comments,” in New Regulatory and Management Strategies in a Changing Market Environment (Harry M. Trebing and Patrick C. Mann, editors), Proceedings of the Institute of Public Utilities Eighteenth Annual Conference, 1987.

Electric Power Resource Planning for the Potomac Electric Power Company, prepared for the Maryland Power Plant Research Program, July 1988.

Power Plant Cumulative Environmental Impact Report for Maryland (Thomas E. Magette, ed.), authored two chapters, November 1988, PPRP-CEIR-6.

Resource Planning and Competitive Bidding for Delmarva Power & Light Company, October 1990, prepared for the Maryland Department of Natural Resources (with M. Fullenbaum).

Electric Power Rate Increases and the Cleveland Area Economy, prepared for the Northeast Ohio Areawide Coordinating Agency, October 1988.

An Economic and Need for Power Evaluation of Baltimore Gas & Electric Company's Perryman Plant, May 1991, prepared for the Maryland Department of Natural Resources (with M. Fullenbaum).

The Cost of Equity Capital for the Bell Local Exchange Companies in a New Era of Regulation, October 1991, presented at the Atlantic Economic Society 32<sup>nd</sup> Conference, Washington, D.C.

A Need for Power Review of Delmarva Power & Light Company's Dorchester Unit 1 Power Plant, March 1993, prepared for the Maryland Department of National Resources (with M. Fullenbaum).

The AES Warrior Run Project: Impact on Western Maryland Economic Activity and Electric Rates, February 1993, prepared for the Maryland Power Plant Research Program (with Peter Hall).

An Economic Perspective on Competition and the Electric Utility Industry, November 1994, prepared for the Electric Consumers' Alliance.

PEPCO's Clean Air Act Compliance Plan: Status Report, prepared for the Maryland Power Plant Research Plan, January 1995 (w/Diane Mountain, Environmental Resources Management, Inc.).

The FERC Open Access Rulemaking: A Review of the Issues, prepared for the Indiana Office of Utility Consumer Counselor and the Pennsylvania Office of Consumer Advocate, June 1995.

A Status Report on Electric Utility Restructuring: Issues for Maryland, prepared for the Maryland Power Plant Research Program, November 1995 (with Daphne Psacharopoulos).

Modeling the Financial Impacts on the Bell Regional Holding Companies from Changes in Access Rates, prepared for MCI Corporation, May 1996.

The CSEF Electric Deregulation Study: Economic Miracle or the Economists' Cold Fusion?, prepared for the Electric Consumers' Alliance, Indianapolis, Indiana, October 1996.

Reducing Rates for Interstate Access Service: Financial Impacts on the Bell Regional Holding Companies, prepared for MCI Corporation, May 1997.

The New Hampshire Retail Competition Pilot Program: A Preliminary Evaluation, July 1997, prepared for the Electric Consumers' Alliance (with Jerome D. Mierzwa).

Electric Restructuring and the Environment: Issue Identification for Maryland, March 1997, prepared for the Maryland Power Plant Research Program (with Environmental Resource Management, Inc.).

An Analysis of Electric Utility Embedded Power Supply Costs, prepared for Power-Gen International Conference, Dallas, Texas, December 1997.

Market Power Outlook for Generation Supply in Louisiana, December 2000, prepared for the Louisiana Public Service Commission (with others).

A Review of Issues Concerning Electric Power Capacity Markets, prepared for the Maryland Power Plant Research Program, December 2001 (with B. Hobbs and J. Inon).

The Economic Feasibility of Air Emissions Controls at the Brandon Shores and Morgantown Coal-fired Power Plants, February 2005 (prepared for the Chesapeake Bay Foundation).

The Economic Feasibility of Power Plant Retirements on the Entergy System, September 2005, with Phil Hayet (prepared for the Louisiana Public Service Commission).

Expert Report on Capital Structure, Equity and Debt Costs, prepared for the Edmonton Regional Water Customers Group, August 30, 2006.

Maryland's Options to Reduce and Stabilize Electric Power Prices Following Restructuring, with Steven L. Estomin, prepared for the Power Plant Research Program, Maryland Department of Natural Resources, September 2006.

Expert Report of Matthew I. Kahal, on behalf of the U. S. Department of Justice, August 2008, Civil Action No. IP-99-1693C-MIS.

### **Conference and Workshop Presentations**

Workshop on State Load Forecasting Programs, sponsored by the Nuclear Regulatory Commission and Oak Ridge National Laboratory, February 1982 (presentation on forecasting methodology).

Fourteenth Annual Conference of the Michigan State University Institute for Public Utilities, December 1982 (presentation on problems in forecasting).

Conference on Conservation and Load Management, sponsored by the Massachusetts Energy Facilities Siting Council, May 1983 (presentation on cost-benefit criteria).

Maryland Conference on Load Forecasting, sponsored by the Maryland Power Plant Siting Program and the Maryland Public Service Commission, June 1983 (presentation on overforecasting power demands).

The 5th Annual Meetings of the International Association of Energy Economists, June 1983 (presentation on evaluating weatherization programs).

The NARUC Advanced Regulatory Studies Program (presented lectures on capacity planning for electric utilities), February 1984.

The 16th Annual Conference of the Institute of Public Utilities, Michigan State University (discussant on phase-in and excess capacity), December 1984.

U.S. Department of Energy Utilities Conference, Las Vegas, Nevada (presentation of current and future regulatory issues), May 1985.

The 18th Annual Conference of the Institute of Public Utilities, Michigan State University, Williamsburg, Virginia, December 1986 (discussant on cogeneration).

The NRECA Conference on Load Forecasting, sponsored by the National Rural Electric Cooperative Association, New Orleans, Louisiana, December 1987 (presentation on load forecast accuracy).

The Second Rutgers/New Jersey Department of Commerce Annual Conference on Energy Policy in the Middle Atlantic States, Rutgers University, April 1988 (presentation on spot pricing of electricity).

The NASUCA 1988 Mid-Year Meeting, Annapolis, Maryland, June 1988, sponsored by the National Association of State Utility Consumer Advocates (presentation on the FERC electricity avoided cost NOPRs).

The Thirty-Second Atlantic Economic Society Conference, Washington, D.C., October 1991 (presentation of a paper on cost of capital issues for the Bell Operating Companies).

The NASUCA 1993 Mid-Year Meeting, St. Louis, Missouri, sponsored by the National Association of State Utility Consumer Advocates, June 1993 (presentation on regulatory issues concerning electric utility mergers).

The NASUCA and NARUC annual meetings in New York City, November 1993 (presentations and panel discussions on the emerging FERC policies on transmission pricing).

The NASUCA annual meetings in Reno, Nevada, November 1994 (presentation concerning the FERC NOPR on stranded cost recovery).

U.S. Department of Energy Utilities/Energy Management Workshop, March 1995 (presentation concerning electric utility competition).

The 1995 NASUCA Mid-Year Meeting, Breckenridge, Colorado, June 1995 (presentation concerning the FERC rulemaking on electric transmission open access).

The 1996 NASUCA Mid-Year Meeting, Chicago, Illinois, June 1996 (presentation concerning electric utility merger issues).

Conference on “Restructuring the Electric Industry,” sponsored by the National Consumers League and Electric Consumers Alliance, Washington, D.C., May 1997 (presentation on retail access pilot programs).

The 1997 Mid-Atlantic Conference of Regulatory Utilities Commissioners (MARUC), Hot Springs, Virginia, July 1997 (presentation concerning electric deregulation issues).

Power-Gen ‘97 International Conference, Dallas, Texas, December 1997 (presentation concerning utility embedded costs of generation supply).

Consumer Summit on Electric Competition, sponsored by the National Consumers League and Electric Consumers’ Alliance, Washington, D.C., March 2001 (presentation concerning generation supply and reliability).

National Association of State Utility Consumer Advocates, Mid-Year Meetings, Austin, Texas, June 16-17, 2002 (presenter and panelist on RTO/Standard Market Design issues).

Louisiana State Bar Association, Public Utility Section, Baton Rouge, Louisiana, October 2, 2002 (presentation on Performance-Based Ratemaking and panelist on RTO issues).

Virginia State Corporation Commission/Virginia State Bar, Twenty-Second National Regulatory Conference, Williamsburg, Virginia, May 10, 2004 (presentation on Electric Transmission System Planning).



Expert Testimony  
of Matthew I. Kahal

<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
1. 27374 & 27375 Economic Impacts of Proposed October 1978	Long Island Lighting Company		New York Counties	Nassau & Suffolk  Rate Increase
2. 6807 January 1978	Generic	Maryland	MD Power Plant Siting Program	Load Forecasting
3. 78-676-EL-AIR Revenues February 1978	Ohio Power Company	Ohio	Ohio Consumers' Counsel	Test Year Sales and
4. 17667 Costs, May 1979	Alabama Power Company	Alabama	Attorney General	Test Year Sales, Revenues, and Load Forecasts
5. None April 1980	Tennessee Valley Authority	TVA Board	League of Women Voters	Time-of-Use Pricing
6. R-80021082 Advocate	West Penn Power Company Load Forecasting, Marginal Cost		Pennsylvania	Office of Consumer pricing
7. 7259 (Phase I) October 1980	Potomac Edison Company	Maryland	MD Power Plant Siting Program	Load Forecasting
8. 7222 December 1980	Delmarva Power & Light Company	Maryland	MD Power Plant Siting Program	Need for Plant, Load Forecasting
9. 7441	Potomac Electric	Maryland	Commission Staff	PURPA Standards

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of Matthew I. Kahal

<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
June 1981	Power Company			
10. 7159 May 1980	Baltimore Gas & Electric	Maryland	Commission Staff	Time-of-Use Pricing
11. 81-044-E-42T	Monongahela Power	West Virginia	Commission Staff	Time-of-Use Rates
12. 7259 (Phase II) Load November 1981	Potomac Edison Company	Maryland	MD Power Plant Siting Program	Load Forecasting, Management
13. 1606 September 1981	Blackstone Valley Electric and Narragansett	Rhode Island	Division of Public Utilities	PURPA Standards
14. RID 1819 April 1982	Pennsylvania Bell	Pennsylvania	Office of Consumer Advocate	Rate of Return
15. 82-0152 July 1982	Illinois Power Company	Illinois	U.S. Department of Defense	Rate of Return, CWIP

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of Matthew I. Kahal

	<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
16.	7559 September 1982	Potomac Edison Company	Maryland	Commission Staff	Cogeneration
17.	820150-EU September 1982	Gulf Power Company	Florida	Federal Executive Agencies	Rate of Return, CWIP
18.	82-057-15 Rate of Return, Capital January 1983	Mountain Fuel Supply Company		Utah	Federal Executive Agencies Structure
19.	5200 August 1983	Texas Electric Service Company	Texas	Federal Executive Agencies	Cost of Equity
20.	28069 taxes, August 1983	Oklahoma Natural Gas	Oklahoma	Federal Executive Agencies	Rate of Return, deferred capital structure, attrition
21.	83-0537 Rate of Return, capital structure, February 1984	Commonwealth Edison Company		Illinois	U.S. Department of Energy financial capability
22.	84-035-01 Rate of Return June 1984	Utah Power & Light Company		Utah	Federal Executive Agencies
23.	U-1009-137 Rate of Return, financial July 1984	Utah Power & Light Company		Idaho	U.S. Department of Energy condition

Expert Testimony  
of Matthew I. Kahal

<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
24. R-842590 Advocate August 1984	Philadelphia Electric Company Rate of Return		Pennsylvania	Office of Consumer
25. 840086-EI August 1984	Gulf Power Company	Florida	Federal Executive Agencies	Rate of Return, CWIP
26. 84-122-E August 1984	Carolina Power & Light Company	South Carolina	South Carolina Consumer Advocate	Rate of Return, CWIP, load forecasting
27. CGC-83-G & CGC-84-G Energy October 1984	Load forecasting	Columbia Gas of Ohio		Ohio Ohio Division of
28. R-842621 Advocate October 1984	Western Pennsylvania Water Test year sales Company		Pennsylvania	Office of Consumer
29. R-842710 Advocate January 1985	ALLTEL Pennsylvania Inc. Rate of Return		Pennsylvania	Office of Consumer
30. ER-504 Advocate February 1985	Allegheny Generating Company Rate of Return		FERC	Office of Consumer

Expert Testimony  
of Matthew I. Kahal

<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
31. R-842632 Advocate March 1985	West Penn Power Company Rate of Return, conservation,		Pennsylvania	Office of Consumer time-of-use rates
32. 83-0537 & 84-0555 Rate of Return, incentive April 1985	Commonwealth Edison Company		Illinois	U.S. Department of Energy rates, rate base
33. Rulemaking Docket No. 11, May 1985	Generic	Delaware	Delaware Commission Staff	Interest rates on refunds
34. 29450 rate July 1985	Oklahoma Gas & Electric Company	Oklahoma	Oklahoma Attorney General	Rate of Return, CWIP in base
35. 1811 Rate of Return, capital August 1985	Bristol County Water Company		Rhode Island	Division of Public Utilities Structure
36. R-850044 & R-850045 Advocate August 1985	Quaker State & Continental Rate of Return Telephone Companies		Pennsylvania	Office of Consumer
37. R-850174 financial November 1985	Philadelphia Suburban Water Company	Pennsylvania	Office of Consumer Advocate	Rate of Return, conditions
38. U-1006-265 models	Idaho Power Company	Idaho	U.S. Department of Energy	Power supply costs and

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of Matthew I. Kahal

<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
March 1986				
39. EL-86-37 & EL-86-38 Advocate September 1986	Allegheny Generating Company Rate of Return		FERC	PA Office of Consumer
40. R-850287 June 1986	National Fuel Gas Distribution Corp.	Pennsylvania	Office of Consumer Advocate	Rate of Return
41. 1849 August 1986	Blackstone Valley Electric	Rhode Island	Division of Public Utilities	Rate of Return, financial condition
42. 86-297-GA-AIR November 1986	East Ohio Gas Company	Ohio	Ohio Consumers' Counsel	Rate of Return
43. U-16945 December 1986	Louisiana Power & Light Company	Louisiana	Public Service Commission	Rate of Return, rate phase- in plan
44. Case No. 7972 planning, February 1987	Potomac Electric Power Company	Maryland	Commission Staff	Generation capacity purchased power contract
45. EL-86-58 & EL-86-59 Return March 1987	System Energy Resources and Middle South Services		FERC	Louisiana PSC Rate of

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of Matthew I. Kahal

	<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
46.	ER-87-72-001 April 1987	Orange & Rockland	FERC	PA Office of Consumer Advocate	Rate of Return
47.	U-16945 April 1987	Louisiana Power & Light Company	Louisiana	Commission Staff	Revenue requirement update phase-in plan
48.	P-870196 Advocate May 1987	Pennsylvania Electric Company Cogeneration contract		Pennsylvania	Office of Consumer
49.	86-2025-EL-AIR June 1987	Cleveland Electric Illuminating Company	Ohio	Ohio Consumers' Counsel	Rate of Return
50.	86-2026-EL-AIR June 1987	Toledo Edison Company	Ohio	Ohio Consumers' Counsel	Rate of Return
51.	87-4 June 1987	Delmarva Power & Light Company	Delaware	Commission Staff	Cogeneration/small power
52.	1872 July 1987	Newport Electric Company	Rhode Island	Commission Staff	Rate of Return
53.	WO 8606654 July 1987	Atlantic City Sewerage Company	New Jersey	Resorts International	Financial condition
54.	7510 Rate of Return, phase-in August 1987	West Texas Utilities Company		Texas	Federal Executive Agencies

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of Matthew I. Kahal

<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
55. 8063 Phase I plant site October 1987	Potomac Electric Power Company	Maryland	Power Plant Research Program	Economics of power selection
56. 00439 November 1987	Oklahoma Gas & Electric Company	Oklahoma	Smith Cogeneration	Cogeneration economics
57. RP-87-103 Rate of Return February 1988	Panhandle Eastern Pipe Line Company		FERC Counselor	Indiana Utility Consumer
58. EC-88-2-000 February 1988	Utah Power & Light Co. PacifiCorp	FERC	Nucor Steel	Merger economics
59. 87-0427 Financial projections February 1988	Commonwealth Edison Company		Illinois	Federal Executive Agencies
60. 870840 Advocate February 1988	Philadelphia Suburban Water Rate of Return Company		Pennsylvania	Office of Consumer



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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
61. 870832 Advocate March 1988	Columbia Gas of Pennsylvania Rate of Return		Pennsylvania	Office of Consumer
62. 8063 Phase II July 1988	Potomac Electric Power Company	Maryland	Power Plant Research Program	Power supply study
63. 8102 Program July 1988	Southern Maryland Electric Power supply study Cooperative		Maryland	Power Plant Research
64. 10105 August 1988	South Central Bell Telephone Co.	Kentucky	Attorney General	Rate of Return, incentive regulation
65. 00345 August 1988	Oklahoma Gas & Electric Company	Oklahoma	Smith Cogeneration	Need for power
66. U-17906 September 1988	Louisiana Power & Light Company	Louisiana	Commission Staff	Rate of Return, nuclear power costs Industrial contracts
67. 88-170-EL-AIR October 1988	Cleveland Electric Illuminating Co.	Ohio	Northeast-Ohio Areawide Coordinating Agency	Economic impact study
68. 1914 December 1988	Providence Gas Company	Rhode Island	Commission Staff	Rate of Return
69. U-12636 & U-17649 February 1989	Louisiana Power & Light Company	Louisiana	Commission Staff	Disposition of litigation proceeds

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of Matthew I. Kahal

	<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
70.	00345 February 1989	Oklahoma Gas & Electric Company	Oklahoma	Smith Cogeneration	Load forecasting
71.	RP88-209 March 1989	Natural Gas Pipeline of America	FERC	Indiana Utility Consumer Counselor	Rate of Return
72.	8425 March 1989	Houston Lighting & Power Company	Texas	U.S. Department of Energy	Rate of Return
73.	EL89-30-000 April 1989	Central Illinois Public Service Company	FERC	Soyland Power Coop, Inc.	Rate of Return
74.	R-891208 May 1989	Pennsylvania American Water Company	Pennsylvania	Office of Consumer Advocate	Rate of Return

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of Matthew I. Kahal

	<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
75.	89-0033 May 1989	Illinois Bell Telephone Company	Illinois	Citizens Utility Board	Rate of Return
76.	881167-EI May 1989	Gulf Power Company	Florida	Federal Executive Agencies	Rate of Return
77.	R-891218 July 1989	National Fuel Gas Distribution Company	Pennsylvania	Office of Consumer Advocate	Sales forecasting
78.	8063, Phase III Sept. 1989	Potomac Electric Power Company	Maryland	Dept. Natural Resources	Emissions Controls
79.	37414-S2 October 1989	Public Service Company of Indiana	Indiana	Utility Consumer Counselor	Rate of Return, DSM, off- system sales, incentive regulation
80.	October 1989	Generic	U.S. House of Reps. Comm. on Ways & Means	N/A	Excess deferred income tax
81.	38728 November 1989	Indiana Michigan Power Company	Indiana	Utility Consumer Counselor	Rate of Return
82.	RP89-49-000 December 1989	National Fuel Gas Supply Corporation	FERC	PA Office of Consumer Advocate	Rate of Return
83.	R-891364 December 1989	Philadelphia Electric Company	Pennsylvania	PA Office of Consumer Advocate	Financial impacts (surrebuttal only)
84.	RP89-160-000	Trunkline Gas Company	FERC	Indiana Utility	Rate of Return

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January 1990			Consumer Counselor	
85. EL90-16-000 November 1990	System Energy Resources, FERC Inc.		Louisiana Public Service Commission	Rate of Return
86. 89-624 March 1990	Bell Atlantic	FCC	PA Office of Consumer Advocate	Rate of Return
87. 8245 March 1990	Potomac Edison Company	Maryland	Depart. Natural Resources	Avoided Cost
88. 000586 March 1990	Public Service Company of Oklahoma	Oklahoma	Smith Cogeneration Mgmt.	Need for Power

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89.	38868 March 1990	Indianapolis Water Company	Indiana	Utility Consumer Counselor	Rate of Return
90.	1946 March 1990	Blackstone Valley Electric Company	Rhode Island	Division of Public Utilities	Rate of Return
91.	000776 April 1990	Oklahoma Gas & Electric Company	Oklahoma	Smith Cogeneration Mgmt.	Need for Power
92.	890366 May 1990, December 1990	Metropolitan Edison Company	Pennsylvania	Office of Consumer Advocate	Competitive Bidding Program Avoided Costs
93.	EC-90-10-000 May 1990	Northeast Utilities	FERC	Maine PUC, et al.	Merger, Market Power, Transmission Access
94.	ER-891109125 July 1990	Jersey Central Power & Light	New Jersey	Rate Counsel	Rate of Return
95.	R-901670 July 1990	National Fuel Gas Distribution Corp.	Pennsylvania	Office of Consumer Advocate	Rate of Return Test year sales
96.	8201 October 1990	Delmarva Power & Light Company	Maryland	Dept. Natural Resources	Competitive Bidding, Resource Planning
97.	EL90-45-000 April 1991	Entergy Services, Inc.	FERC	Louisiana PSC	Rate of Return
98.	GR90080786J	New Jersey			

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January 1991	Natural Gas	New Jersey	Rate Counsel	Rate of Return
99. 90-256 January 1991	South Central Bell Telephone Company	Kentucky	Attorney General	Rate of Return
100. U-17949A February 1991	South Central Bell Telephone Company	Louisiana	Louisiana PSC	Rate of Return
101. ER90091090J April 1991	Atlantic City Electric Company	New Jersey	Rate Counsel	Rate of Return
102. 8241, Phase I April 1991	Baltimore Gas & Electric Company	Maryland	Dept. of Natural Resources	Environmental controls

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103. 8241, Phase II May 1991	Baltimore Gas & Electric Company	Maryland	Dept. of Natural Resources	Need for Power, Resource Planning
104. 39128 May 1991	Indianapolis Water Company	Indiana	Utility Consumer Counselor	Rate of Return, rate base, financial planning
105. P-900485 May 1991	Duquesne Light Company	Pennsylvania	Office of Consumer Advocate	Purchased power contract and related ratemaking
106. G900240 Purchased power contract P910502 May 1991	Metropolitan Edison Company  Pennsylvania Electric Company		Pennsylvania  Advocate	Office of Consumer  and related ratemaking
107. GR901213915 May 1991	Elizabethtown Gas Company		New Jersey	Rate Counsel Rate of Return
108. 91-5032 August 1991	Nevada Power Company	Nevada	U.S. Dept. of Energy	Rate of Return
109. EL90-48-000 November 1991	Entergy Services	FERC	Louisiana PSC	Capacity transfer
110. 000662 September 1991	Southwestern Bell Telephone	Oklahoma	Attorney General	Rate of Return
111. U-19236 October 1991	Arkansas Louisiana Gas Company	Louisiana	Louisiana PSC Staff	Rate of Return

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112. U-19237 December 1991	Louisiana Gas Service Company	Louisiana	Louisiana PSC Staff	Rate of Return
113. ER91030356J October 1991	Rockland Electric Company	New Jersey	Rate Counsel	Rate of Return
114. GR91071243J February 1992	South Jersey Gas Company	New Jersey	Rate Counsel	Rate of Return
115. GR91081393J March 1992	New Jersey Natural Gas Company	New Jersey	Rate Counsel	Rate of Return
116. P-870235, et al. March 1992	Pennsylvania Electric Company	Pennsylvania	Office of Consumer Advocate	Cogeneration contracts



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117. 8413 March 1992	Potomac Electric Power Company	Maryland	Dept. of Natural Resources	IPP purchased power contracts
118. 39236 March 1992	Indianapolis Power & Light Company	Indiana	Utility Consumer Counselor	Least-cost planning Need for power
119. R-912164 April 1992	Equitable Gas Company	Pennsylvania	Office of Consumer Advocate	Rate of Return
120. ER-91111698J May 1992	Public Service Electric & Gas Company	New Jersey	Rate Counsel	Rate of Return
121. U-19631 June 1992	Trans Louisiana Gas Company	Louisiana	PSC Staff	Rate of Return
122. ER-91121820J July 1992	Jersey Central Power & Light Company	New Jersey	Rate Counsel	Rate of Return
123. R-00922314 August 1992	Metropolitan Edison Company	Pennsylvania	Office of Consumer Advocate	Rate of Return
124. 92-049-05 September 1992	US West Communications	Utah	Committee of Consumer Services	Rate of Return
125. 92PUE0037 September 1992	Commonwealth Gas Company	Virginia	Attorney General	Rate of Return
126. EC92-21-000	Entergy Services, Inc.	FERC	Louisiana PSC	Merger Impacts

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September 1992				(Affidavit)
127. ER92-341-000 December 1992	System Energy Resources	FERC	Louisiana PSC	Rate of Return
128. U-19904 competition November 1992	Louisiana Power & Light Company	Louisiana	Staff	Merger analysis, competition issues
129. 8473 November 1992	Baltimore Gas & Electric Company	Maryland	Dept. of Natural Resources	QF contract evaluation
130. IPC-E-92-25 January 1993	Idaho Power Company	Idaho	Federal Executive Agencies	Power Supply Clause

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131. E002/GR-92-1185 February 1993	Northern States Power Company	Minnesota	Attorney General	Rate of Return
132. 92-102, Phase II March 1992	Central Maine Power Company	Maine	Staff	QF contracts prudence and procurements practices
133. EC92-21-000 March 1993	Entergy Corporation	FERC	Louisiana PSC	Merger Issues
134. 8489 March 1993	Delmarva Power & Light Company	Maryland	Dept. of Natural Resources	Power Plant Certification
135. 11735 April 1993	Texas Electric Utilities Company	Texas	Federal Executives Agencies	Rate of Return
136. 2082 May 1993	Providence Gas Company	Rhode Island	Division of Public Utilities	Rate of Return
137. P-00930715 December 1993 merger	Bell Telephone Company of Pennsylvania	Pennsylvania	Office of Consumer Advocate	Rate of Return, Financial Projections, Bell/TCI
138. R-00932670 February 1994	Pennsylvania-American Water Company	Pennsylvania	Office of Consumer Advocate	Rate of Return
139. 8583 Competitive Bidding February 1994	Conowingo Power Company		Maryland  Resources	Dept. of Natural  for Power Supplies

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140. E-015/GR-94-001 April 1994	Minnesota Power & Light Company	Minnesota	Attorney General	Rate of Return
141. CC Docket No. 94-1 May 1994	Generic Telephone	FCC	MCI Comm. Corp.	Rate of Return
142. 92-345, Phase II Cap Regulation June 1994	Central Maine Power Company		Maine	Advocacy Staff    Price  Fuel Costs
143. 93-11065 April 1994	Nevada Power Company	Nevada	Federal Executive Agencies	Rate of Return
144. 94-0065 Return May 1994	Commonwealth Edison Company		Illinois  Agencies	Federal Executive    Rate of
145. GR94010002J June 1994	South Jersey Gas Company		New Jersey	Rate Counsel Rate of Return

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146. WR94030059 July 1994	New Jersey-American Water Company	New Jersey	Rate Counsel	Rate of Return
147. RP91-203-000 June 1994	Tennessee Gas Pipeline Company	FERC	Customer Group	Environmental Externalities (oral testimony only)
148. ER94-998-000 July 1994	Ocean State Power	FERC	Boston Edison Company	Rate of Return
149. R-00942986 Return, July 1994	West Penn Power Company		Pennsylvania  Advocate	Office of Consumer Rate of Emission Allowances
150. 94-121 August 1994	South Central Bell Telephone Company	Kentucky	Attorney General	Rate of Return
151. 35854-S2 November 1994	PSI Energy, Inc.	Indiana	Utility Consumer Counsel	Merger Savings and Allocations
152. IPC-E-94-5 November 1994	Idaho Power Company	Idaho	Federal Executive Agencies	Rate of Return
153. November 1994	Edmonton Water	Alberta, Canada	Regional Customer Group	Rate of Return (Rebuttal Only)
154. 90-256 December 1994	South Central Bell Telephone Company	Kentucky	Attorney General	Incentive Plan True-Ups

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155. U-20925 February 1995	Louisiana Power & Light Company	Louisiana	PSC Staff	Rate of Return Industrial Contracts Trust Fund Earnings
156. R-00943231 February 1995	Pennsylvania-American Water Company	Pennsylvania	Consumer Advocate	Rate of Return
157. 8678 March 1995 only)	Generic	Maryland	Dept. Natural Resources	Electric Competition Incentive Regulation (oral
158. R-000943271 April 1995	Pennsylvania Power & Light Company	Pennsylvania	Consumer Advocate	Rate of Return Nuclear decommissioning Capacity Issues
159. U-20925 May 1995	Louisiana Power & Light Company	Louisiana	Commission Staff	Class Cost of Service Issues

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160. 2290 June 1995	Narragansett Electric Company	Rhode Island	Division Staff	Rate of Return
161. U-17949E June 1995	South Central Bell Telephone Company	Louisiana	Commission Staff	Rate of Return
162. 2304 recovery of Capital Spending July 1995	Providence Water Supply Board		Rhode Island	Division Staff      Cost Program
163. ER95-625-000, et al. August 1995	PSI Energy, Inc.	FERC	Office of Utility Consumer Counselor	Rate of Return
164. P-00950915, et al. Contract Amendment September 1995	Paxton Creek Cogeneration Assoc.	Pennsylvania	Office of Consumer Advocate	Cogeneration
165. 8702 (oral only) September 1995	Potomac Edison Company	Maryland	Dept. of Natural Resources	Allocation of DSM Costs
166. ER95-533-001 September 1995	Ocean State Power	FERC	Boston Edison Co.	Cost of Equity
167. 40003 November 1995	PSI Energy, Inc.	Indiana	Utility Consumer Counselor	Rate of Return Retail wheeling
168. P-55, SUB 1013	BellSouth	North Carolina	AT&T	Rate of Return

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January 1996				
169. P-7, SUB 825 January 1996	Carolina Tel.	North Carolina	AT&T	Rate of Return
170. February 1996	Generic Telephone	FCC	MCI	Cost of capital
171. 95A-531EG April 1996	Public Service Company of Colorado	Colorado	Federal Executive Agencies	Merger issues
172. ER96-399-000 May 1996	Northern Indiana Public Service Company	FERC	Indiana Office of Utility Consumer Counselor	Cost of capital
173. 8716 June 1996	Delmarva Power & Light Company	Maryland	Dept. of Natural Resources	DSM programs
174. 8725 July 1996	BGE/PEPCO	Maryland	Md. Energy Admin.	Merger Issues



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175. U-20925 August 1996	Entergy Louisiana, Inc.	Louisiana	PSC Staff	Rate of Return Allocations Fuel Clause
176. EC96-10-000 September 1996	BGE/PEPCO	FERC	Md. Energy Admin.	Merger issues competition
177. EL95-53-000 November 1996	Entergy Services, Inc.	FERC	Louisiana PSC	Nuclear Decommissioning
178. WR96100768 Capital March 1997	Consumers NJ Water Company		New Jersey	Ratepayer Advocate Cost of
179. WR96110818 April 1997	Middlesex Water Co.	New Jersey	Ratepayer Advocate	Cost of Capital
180. U-11366 reform/financial condition April 1997	Ameritech Michigan	Michigan	MCI	Access charge
181. 97-074 condition May 1997	BellSouth	Kentucky	MCI	Rate Rebalancing financial
182. 2540 June 1997	New England Power	Rhode Island	PUC Staff	Divestiture Plan
183. 96-336-TP-CSS	Ameritech Ohio	Ohio	MCI	Access Charge reform

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June 1997				Economic impacts
184. WR97010052 July 1997	Maxim Sewerage Corp.	New Jersey	Ratepayer Advocate	Rate of Return
185. 97-300 August 1997	LG&E/KU	Kentucky	Attorney General	Merger Plan
186. Case No. 8738 Policy August 1997	Generic  (oral testimony only)	Maryland	Dept. of Natural Resources	Electric Restructuring
187. Docket No. 2592 September 1997	Eastern Utilities	Rhode Island	PUC Staff	Generation Divestiture
188. Case No.97-247 September 1997	Cincinnati Bell Telephone	Kentucky	MCI	Financial Condition

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189. Docket No. U-20925 November 1997	Entergy Louisiana	Louisiana	PSC Staff	Rate of Return
190. Docket No. D97.7.90 November 1997	Montana Power Co.	Montana	Montana Consumers Counsel	Stranded Cost
191. Docket No. EO97070459 Advocate November 1997	Stranded Cost	Jersey Central Power & Light Co.		New Jersey Ratepayer
192. Docket No. R-00974104 Advocate November 1997	Stranded Cost	Duquesne Light Co.	Pennsylvania	Office of Consumer
193. Docket No. R-00973981 Advocate November 1997	Stranded Cost	West Penn Power Co.	Pennsylvania	Office of Consumer
194. Docket No. A-1101150F0015 Consumer Advocate November 1997	Merger Issues DQE, Inc.	Allegheny Power System		Pennsylvania Office of
195. Docket No. WR97080615 Advocate January 1998	Rate of Return	Consumers NJ Water Company		New Jersey Ratepayer
196. Docket No. R-00974149 Consumer Advocate January 1998	Stranded Cost	Pennsylvania Power Company		Pennsylvania Office of

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197. Case No. 8774 January 1998	Allegheny Power System DQE, Inc.	Maryland	Dept. of Natural Resources MD Energy Administration	Merger Issues
198. Docket No. U-20925 (SC) Staff Restructuring, Stranded March 1998		Entergy Louisiana, Inc.		Louisiana Commission Costs, Market Prices
199. Docket No. U-22092 (SC) Staff Restructuring, Stranded March 1998		Entergy Gulf States, Inc.		Louisiana Commission Costs, Market Prices
200. Docket Nos. U-22092 (SC) Standby Rates and U-20925(SC) May 1998	and Entergy Louisiana	Entergy Gulf States	Louisiana	Commission Staff
201. Docket No. WR98010015 Advocate May 1998	Rate of Return	NJ American Water Co.		New Jersey Ratepayer
202. Case No. 8794 Of Stranded Cost/ December 1998	Baltimore Gas & Electric Co.		Maryland Natural Resources	MD Energy Admin./Dept. Transition Plan

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203. Case No. 8795 Of Stranded Cost/ December 1998	Delmarva Power & Light Co.		Maryland  Natural Resources	MD Energy Admin./Dept.  Transition Plan
204. Case No. 8797 January 1998	Potomac Edison Co.	Maryland	MD Energy Admin./Dept. Of Natural Resources	Stranded Cost/ Transition Plan
205. Docket No. WR98090795 Return March 1999		Middlesex Water Co.	New Jersey	Ratepayer Advocate Rate of
206. Docket No. 99-02-05 Stranded Costs April 1999	Connecticut Light & Power		Connecticut	Attorney General
207. Docket No. 99-03-04 Stranded Costs May 1999	United Illuminating Company		Connecticut	Attorney General
208. Docket No. U-20925 (FRP) Structure June 1999		Entergy Louisiana, Inc.		Louisiana Staff Capital
209. Docket No. EC-98-40-000, Market Power <u>et al.</u> May 1999	Central & Southwest	American Electric Power/		FERC Arkansas PSC  Mitigation

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210. Docket No. 99-03-35 Restructuring July 1999	United Illuminating Company		Connecticut	Attorney General
211. Docket No. 99-03-36 Restructuring July 1999	Connecticut Light & Power Co.		Connecticut	Attorney General
212. WR99040249 Return Oct. 1999	Environmental Disposal Corp.		New Jersey	Ratepayer Advocate Rate of
213. 2930 Nov. 1999	NEES/EUA	Rhode Island	Division Staff	Merger/Cost of Capital
214. DE99-099 Capital Issues Nov. 1999	Public Service New Hampshire		New Hampshire	Consumer Advocate Cost of
215. 00-01-11 Feb. 2000	Con Ed/NU	Connecticut	Attorney General	Merger Issues
216. Case No. 8821 Operations May 2000	Reliant/ODEC	Maryland	Dept. of Natural Resources	Need for Power/Plant

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217. Case No. 8738 July 2000	Generic	Maryland	Dept. of Natural Resources	DSM Funding
218. Case No. U-23356 June 2000	Entergy Louisiana, Inc.	Louisiana	PSC Staff	Fuel Prudence Issues Purchased Power
219. Case No. 21453, et al. July 2000	SWEPCO	Louisiana	PSC Staff	Stranded Costs
220. Case No. 20925 (B) July 2000	Entergy Louisiana	Louisiana	PSC Staff	Purchase Power Contracts
221. Case No. 24889 August 2000	Entergy Louisiana	Louisiana	PSC Staff	Purchase Power Contracts
222. Case No. 21453, et al. February 2001	CLECO	Louisiana	PSC Staff	Stranded Costs
223. P-00001860 and P-0000181 March 2001	GPU Companies	Pennsylvania	Office of Consumer Advocate	Rate of Return
224. CVOL-0505662-S (Affidavit) March 2001	ConEd/NU	Connecticut Superior Court		Attorney General    Merger
225. U-20925 (SC) March 2001	Entergy Louisiana	Louisiana	PSC Staff	Stranded Costs

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226. U-22092 (SC) March 2001	Entergy Gulf States	Louisiana	PSC Staff	Stranded Costs
227. U-25533 May 2001	Entergy Louisiana/ Gulf States	Louisiana	PSC Staff Interruptible Service	Purchase Power
228. P-00011872 May 2001	Pike County Pike	Pennsylvania	Office of Consumer Advocate	Rate of Return
229. 8893 Corporate Restructuring July 2001	Baltimore Gas & Electric Co.	Maryland	MD Energy Administration	
230. 8890 Issues September 2001	Potomac Electric/Connectivity	Maryland	MD Energy Administration	Merger



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231. U-25533 Contracts August 2001	Entergy Louisiana / Gulf States	Louisiana	Staff	Purchase Power
232. U-25965 November 2001	Generic	Louisiana	Staff	RTO Issues
233. 3401 March 2002	New England Gas Co.	Rhode Island	Division of Public Utilities	Rate of Return
234. 99-833-MJR Source Review April 2002	Illinois Power Co.	U.S. District Court	U.S. Department of Justice	New
235. U-25533 March 2002	Entergy Louisiana/ Gulf States	Louisiana	PSC Staff	Nuclear Uprates Purchase Power
236. P-00011872 May 2002	Pike County Power & Light	Pennsylvania	Consumer Advocate	POLR Service Costs
237. U-26361, Phase I May 2002	Entergy Louisiana/ Gulf States	Louisiana	PSC Staff	Purchase Power Cost Allocations
238. R-00016849C001, et al. Rate of Return June 2002	Generic		Pennsylvania	Pennsylvania OCA
239. U-26361, Phase II July 2002	Entergy Louisiana/ Entergy Gulf States	Louisiana	PSC Staff	Purchase Power Contracts

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240. U-20925(B) August 2002	Entergy Louisiana	Louisiana	PSC Staff	Tax Issues
241. U-26531 Contract October 2002	SWEPCO	Louisiana	PSC Staff	Purchase Power
242. 8936 Standard Offer Service October 2002	Delmarva Power & Light	Maryland	Energy Administration Dept. Natural Resources	
243. U-25965 November 2002	SWEPCO/AEP	Louisiana	PSC Staff	RTO Cost/Benefit
244. 8908 Phase I Service November 2002	Generic	Maryland	Energy Administration Dept. Natural Resources	Standard Offer
245. 02S-315EG Return November 2002	Public Service Company of Colorado	Colorado	Fed. Executive Agencies	Rate of

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246. EL02-111-000 Ratemaking December 2002	PJM/MISO	FERC	MD PSC	Transmission
247. 02-0479 February 2003	Commonwealth Edison	Illinois	Dept. of Energy	POLR Service
248. PL03-1-000 March 2003	Generic	FERC	NASUCA	Transmission Pricing (Affidavit)
249. U-27136 Contracts April 2003	Entergy Louisiana	Louisiana	Staff	Purchase Power
250. 8908 Phase II Service July 2003	Generic	Maryland	Energy Administration Dept. of Natural Resources	Standard Offer
251. U-27192 Contract June 2003	Entergy Louisiana and Gulf States	Louisiana	LPSC Staff	Purchase Power Cost Recovery
252. C2-99-1181 Clean Air Act Compliance October 2003	Ohio Edison Company		U.S. District Court	U.S. Department of Justice, et al. Economic Impact (Report)
253. RP03-398-000 Return December 2003	Northern Natural Gas Co.	FERC	Municipal Distributors Group/Gas Task Force	Rate of

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254. 8738 Disclosure December 2003	Generic	Maryland	Energy Admin Department of Natural Resources	Environmental (oral only)
255. U-27136 Power Contracts December 2003	Entergy Louisiana, Inc.	Louisiana	PSC Staff	Purchase
256. U-27192, Phase II Contracts October/December 2003	Entergy Louisiana & Entergy Gulf States	Louisiana	PSC Staff	Purchase Power
257. WC Docket 03-173 (TELRIC) December 2003	Generic	FCC	MCI	Cost of Capital
258. ER 030 20110 January 2004	Atlantic City Electric	New Jersey	Ratepayer Advocate	Rate of Return
259. E-01345A-03-0437 Rate of Return January 2004	Arizona Public Service Company	Arizona		Federal Executive Agencies
260. 03-10001 January 2004	Nevada Power Company	Nevada	U.S. Dept. of Energy	Rate of Return

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261. R-00049255 June 2004	PPL Elec. Utility	Pennsylvania	Office of Consumer Advocate	Rate of Return
262. U-20925 July 2004	Entergy Louisiana, Inc.	Louisiana	PSC Staff	Rate of Return Capacity Resources
263. U-27866 Purchase Power Contract September 2004	Southwest Electric Power Co.	Louisiana	PSC Staff	
264. U-27980 Contract September 2004	Cleco Power	Louisiana	PSC Staff	Purchase Power
265. U-27865 Contract October 2004	Entergy Louisiana, Inc. Entergy Gulf States	Louisiana	PSC Staff	Purchase Power
266. RP04-155 December 2004	Northern Natural Gas Company	FERC	Municipal Distributors Group/Gas Task Force	Rate of Return
267. U-27836 January 2005	Entergy Louisiana/ Gulf States	Louisiana	PSC Staff	Power plant Purchase and Cost Recovery
268. U-199040 et al. February 2005	Entergy Gulf States/ Louisiana	Louisiana	PSC Staff	Global Settlement, Multiple rate proceedings
269. EF03070532 of Deferred Costs	Public Service Electric & Gas	New Jersey	Ratepayers Advocate	Securitization

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March 2005				
270. 05-0159 June 2005	Commonwealth Edison	Illinois	Department of Energy	POLR Service
271. U-28804 June 2005	Entergy Louisiana	Louisiana	LPSC Staff	QF Contract
272. U-28805 June 2005	Entergy Gulf States	Louisiana	LPSC Staff	QF Contract
273. 05-0045-EI June 2005	Florida Power & Lt.	Florida	Federal Executive Agencies	Rate of Return
274. 9037 July 2005	Generic	Maryland	MD. Energy Administration	POLR Service
275. U-28155 Coordinator August 2005	Entergy Louisiana Entergy Gulf States	Louisiana	LPSC Staff	Independent of Transmission Plan

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276. U-27866-A Contract September 2005	Southwestern Electric Power Company	Louisiana	LPSC Staff	Purchase Power
277. U-28765 Contract October 2005	Cleco Power LLC	Louisiana	LPSC Staff	Purchase Power
278. U-27469 Methodology October 2005	Entergy Louisiana Entergy Gulf States	Louisiana	LPSC Staff	Avoided Cost
279. A-313200F007 Restructuring October 2005	Sprint (United of PA)	Pennsylvania	Office of Consumer Advocate	Corporate
280. EM05020106 November 2005	Public Service Electric & Gas Company	New Jersey	Ratepayer Advocate	Merger Issues
281. U-28765 Financing, Rate Plan December 2005	Cleco Power LLC	Louisiana	LPSC Staff	Plant Certification,
282. U-29157 Financing February 2006	Cleco Power LLC	Louisiana	LPSC Staff	Storm Damage
283. U-29204 contracts	Entergy Louisiana	Louisiana	LPSC Staff	Purchase power

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March 2006	Entergy Gulf States			
284. A-310325F006 Corporate Restructuring March 2006	Alltel	Pennsylvania	Office of Consumer Advocate	Merger,
285. 9056 Service March 2006	Generic	Maryland	Maryland Energy Administration	Standard Offer Structure
286. C2-99-1182 Review April 2006 (expert report)	American Electric Power Utilities	U. S. District Court Southern District, Ohio	U. S. Department of Justice	New Source Enforcement
287. EM05121058 April 2006	Atlantic City Electric	New Jersey	Ratepayer Advocate	Power plant Sale
288. ER05121018 Recovery June 2006	Jersey Central Power & Light Company	New Jersey	Ratepayer Advocate	NUG Contracts Cost
289. U-21496, Subdocket C Rate Stabilization Plan June 2006	Cleco Power LLC		Louisiana	Commission Staff
290. GR0510085 (gas services) June 2006	Public Service Electric & Gas Company	New Jersey	Ratepayer Advocate	Rate of Return



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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
291. R-000061366 July 2006	Metropolitan Ed. Company Penn. Electric Company	Pennsylvania	Office of Consumer Advocate	Rate of Return
292. 9064 Service September 2006	Generic	Maryland	Energy Administration	Standard Offer
293. U-29599 Power Contracts September 2006	Cleco Power LLC	Louisiana	Commission Staff	Purchase
294. WR06030257 September 2006	New Jersey American Water Company	New Jersey	Rate Counsel	Rate of Return
295. U-27866/U-29702 Power/Power Plant Certification October 2006	Southwestern Electric Power Company	Louisiana	Commission Staff	Purchase
296. 9063 Policies October 2006	Generic	Maryland	Energy Administration  Department of Natural Resources	Generation Supply
297. EM06090638 November 2006	Atlantic City Electric	New Jersey	Rate Counsel	Power Plant Sale
298. C-2000065942 Service November 2006	Pike County Light & Power	Pennsylvania	Consumer Advocate	Generation Supply

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
299. ER06060483 November 2006	Rockland Electric Company	New Jersey	Rate Counsel	Rate of Return
300. A-110150F0035 Merger Issues December 2006	Duquesne Light Company		Pennsylvania	Consumer Advocate
301. U-29203, Phase II Damage Cost Allocation January 2007	Entergy Gulf States Entergy Louisiana	Louisiana	Commission Staff	Storm
302. 06-11022 February 2007	Nevada Power Company	Nevada	U.S. Dept. of Energy	Rate of Return
303. U-29526 Transactions March 2007	Cleco Power	Louisiana	Commission Staff	Affiliate
304. P-00072245 Last Resort Service March 2007	Pike County Light & Power	Pennsylvania	Consumer Advocate	Provider of
305. P-00072247 Provider of Last Resort Service March 2007	Duquesne Light Company		Pennsylvania	Consumer Advocate

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
306. EM07010026 May 2007	Jersey Central Power & Light Company	New Jersey	Rate Counsel	Power Plant Sale
307. U-30050 Power Contract June 2007	Entergy Louisiana  Entergy Gulf States	Louisiana	Commission Staff	Purchase
308. U-29956 Unit June 2007	Entergy Louisiana	Louisiana	Commission Staff	Black Start
309. U-29702 Certification June 2007	Southwestern Electric Power  Company	Louisiana	Commission Staff	Power Plant
310. U-29955 Power Contracts July 2007	Entergy Louisiana  Entergy Gulf States	Louisiana	Commission Staff	Purchase
311. 2007-67 Financial Issues July 2007	FairPoint Communications	Maine	Office of Public Advocate	Merger
312. P-00072259 Purchase Power Contract Restructuring July 2007	Metropolitan Edison Co.	Pennsylvania	Office of Consumer Advocate	
313. EO07040278 Program Financial	Public Service Electric & Gas	New Jersey	Rate Counsel	Solar Energy

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
September 2007				Issues
314. U-30192 Certification Ratemaking, September 2007	Entergy Louisiana	Louisiana	Commission Staff	Power Plant  Financing
315. 9117 (Phase II) Service Reliability October 2007	Generic (Electric)	Maryland	Energy Administration	Standard Offer
316. U-30050 Acquisition November 2007	Entergy Gulf States	Louisiana	Commission Staff	Power Plant
317. IPC-E-07-8 Capital December 2007	Idaho Power Co.	Idaho	U.S. Department of Energy	Cost of
318. U-30422 (Phase I) Power Contract January 2008	Entergy Gulf States	Louisiana	Commission Staff	Purchase
319. U-29702 (Phase II) Certification February, 2008	Southwestern Electric Power Co.	Louisiana	Commission Staff	Power Plant
320. March 2008 Wind Energy Economics	Delmarva Power & Light		Delaware State Senate	Senate Committee

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
321. U-30192 (Phase II) Policy, Credit Ratings March 2008	Entergy Louisiana	Louisiana	Commission Staff	Cash CWIP
322. U-30422 (Phase II) Power Plant Acquisition April 2008	Entergy Gulf States - LA		Louisiana Commission Staff	
323. U-29955 (Phase II) Power Contract April 2008	Entergy Gulf States - LA Entergy Louisiana	Louisiana	Commission Staff	Purchase
324. GR-070110889 April 2008	New Jersey Natural Gas Company	New Jersey	Rate Counsel	Cost of Capital
325. WR-08010020 July 2008	New Jersey American Water Company	New Jersey	Rate Counsel	Cost of Capital
326. U-28804-A Contract August 2008	Entergy Louisiana	Louisiana	Commission Staff	Cogeneration
327. IP-99-1693C-M/S Compliance August 2008 Report)	Duke Energy Indiana	Federal District Court	U.S. Department of Justice/ Environmental Protection Agency	Clean Air Act (Expert
328. U-30670 Equipment	Entergy Louisiana	Louisiana	Commission Staff	Nuclear Plant

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
September 2008				Replacement
329. 9149 Adequacy/Reliability October 2008	Generic	Maryland	Department of Natural Resources	Capacity
330. IPC-E-08-10 Capital October 2008	Idaho Power Company	Idaho	U.S. Department of Energy	Cost of
331. U-30727 Power Contract October 2008	Cleco Power LLC	Louisiana	Commission Staff	Purchased
332. U-30689-A Upgrade Project December 2008	Cleco Power LLC	Louisiana	Commission Staff	Transmission
333. IP-99-1693C-M/S Compliance February 2009	Duke Energy Indiana	Federal District Court	U.S. Department of Justice/EPA	Clean Air Act  (Oral Testimony)
334. U-30192, Phase II Request February 2009	Entergy Louisiana, LLC	Louisiana	Commission Staff	CWIP Rate  Plant Allocation
335. U-28805-B Cogeneration Contract February 2009	Entergy Gulf States, LLC		Louisiana	Commission Staff

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
336. P-2009-2093055, et al. Advocate Default Service May 2009	Metropolitan Edison Pennsylvania Electric		Pennsylvania	Office of Consumer
337. U-30958 Power Contract July 2009	Cleco Power	Louisiana	Commission Staff	Purchase
338. EO08050326 Demand Response Cost Recovery August 2009	Jersey Central Power Light Co.		New Jersey	Rate Counsel
339. GR09030195 August 2009	Elizabethtown Gas	New Jersey	New Jersey Rate Counsel	Cost of Capital
340. U-30422-A Purchase August 2009	Entergy Gulf States	Louisiana	Staff	Generating Unit
341. CV 1:99-01693 Compliance Rate August 2009 Report)	Duke Energy Indiana	Federal District Court – Indiana	U. S. DOJ/EPA, et al.	Environmental Impacts (Expert
342. 4065 September 2009	Narragansett Electric	Rhode Island	Division Staff	Cost of Capital
343. U-30689 Design, Other	Cleco Power	Louisiana	Staff	Cost of Capital, Rate

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
September 2009				Rate Case Issues
344. U-31147 Contracts	Entergy Gulf States	Louisiana	Staff	Purchase Power
October 2009	Entergy Louisiana			
345. U-30913 Generating Unit	Cleco Power	Louisiana	Staff	Certification of
November 2009				
346. M-2009-2123951 Cost of Capital	West Penn Power	Pennsylvania	Office of Consumer Advocate	Smart Meter
November 2009				(Surrebuttal Only)
347. GR09050422 November 2009	Public Service Electric & Gas Company	New Jersey	Rate Counsel	Cost of Capital
348. D-09-49 November 2009	Narragansett Electric	Rhode Island	Division Staff	Securities Issuances
349. U-29702, Phase II Recovery	Southwestern Electric Power Company	Louisiana	Commission Staff	Cash CWIP
November 2009				
350. U-30981 Damage Cost	Entergy Louisiana	Louisiana	Commission Staff	Storm
December 2009	Entergy Gulf States			Allocation
351. U-31196 (ITA Phase) Purchase Power Contract	Entergy Louisiana		Louisiana Staff	



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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
February 2010				
352. ER09080668 March 2010	Rockland Electric	New Jersey	Rate Counsel	Rate of Return
353. GR10010035 May 2010	South Jersey Gas Co.	New Jersey	Rate Counsel	Rate of Return
354. P-2010-2157862 Service Program May 2010	Pennsylvania Power Co.	Pennsylvania	Consumer Advocate	Default
355. 10-CV-2275 Enforcement June 2010	Xcel Energy	U.S. District Court Minnesota	U.S. Dept. Justice/EPA	Clean Air Act
356. WR09120987 June 2010	United Water New Jersey	New Jersey	Rate Counsel	Rate of Return
357. U-30192, Phase III Cancellation Costs June 2010	Entergy Louisiana	Louisiana	Staff	Power Plant
358. 31299 July 2010	Cleco Power	Louisiana	Staff	Securities Issuances
359. App. No. 1601162 Capital July 2010	EPCOR Water	Alberta, Canada	Regional Customer Group	Cost of

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
360. U-31196 Contract July 2010	Entergy Louisiana	Louisiana	Staff	Purchase Power
361. 2:10-CV-13101 Enforcement August 2010	Detroit Edison	U.S. District Court Eastern Michigan	U.S. Dept. of Justice/EPA	Clean Air Act
362. U-31196 Purchase and August 2010	Entergy Louisiana Entergy Gulf States	Louisiana	Staff	Generating Unit Cost Recovery
363. Case No. 9233 October 2010	Potomac Edison Company	Maryland	Energy Administration	Merger Issues
364. 2010-2194652 November 2010	Pike County Light & Power	Pennsylvania	Consumer Advocate	Default Service Plan
365. 2010-2213369 April 2011	Duquesne Light Company	Pennsylvania	Consumer Advocate	Merger Issues
366. U-31841 Agreement May 2011	Entergy Gulf States	Louisiana	Staff	Purchase Power
367. 11-06006 Capital September 2011	Nevada Power	Nevada	U. S. Department of Energy	Cost of

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
368. 9271 Savings September 2011	Exelon/Constellation	Maryland	MD Energy Administration	Merger
369. 4255 September 2011	United Water Rhode Island	Rhode Island	Division of Public Utilities	Rate of Return
370. P-2011-2252042 October 2011	Pike County Light & Power	Pennsylvania	Consumer Advocate	Default service plan
371. U-32095 contract November 2011	Southwestern Electric Power Company	Louisiana	Commission Staff	Wind energy
372. U-32031 Power Contract November 2011	Entergy Gulf States Louisiana	Louisiana	Commission Staff	Purchased
373. U-32088 evaluation January 2012	Entergy Louisiana	Louisiana	Commission Staff	Coal plant
374. R-2011-2267958 February 2012	Aqua Pa.	Pennsylvania	Office of Consumer Advocate	Cost of capital
375. P-2011-2273650 service plan February 2012	FirstEnergy Companies	Pennsylvania	Office of Consumer Advocate	Default

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
376. U-32223 Power Contract and March 2012	Cleco Power	Louisiana	Commission Staff	Purchase  Rate Recovery
377. U-32148 Membership March 2012	Entergy Louisiana  Energy Gulf States	Louisiana	Commission Staff	RTO
378. ER11080469 April 2012	Atlantic City Electric	New Jersey	Rate Counsel	Cost of capital
379. R-2012-2285985 May 2012	Peoples Natural Gas Company	Pennsylvania	Office of Consumer Advocate	Cost of capital
380. U-32153 Compliance July 2012	Cleco Power	Louisiana	Commission Staff	Environmental  Plan
381. U-32435 (gas) August 2012	Entergy Gulf States  Louisiana LLC	Louisiana	Commission Staff	Cost of equity
382. ER-2012-0174 August 2012	Kansas City Power & Light Company	Missouri	U. S. Department of Energy	Rate of return
383. U-31196 Joint August 2012	Entergy Louisiana/  Entergy Gulf States	Louisiana	Commission Staff	Power Plant  Ownership
384. ER-2012-0175	KCP&L Greater	Missouri	U.S. Department of Energy	Rate of Return

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
August 2012	Missouri Operations			
385. 4323 August 2012	Narragansett Electric Company	Rhode Island	Division of Public Utilities and Carriers	Rate of Return (electric and gas)
386. D-12-049 October 2012	Narragansett Electric Company	Rhode Island	Division of Public Utilities and Carriers	Debt issue
387. GO12070640 October 2012	New Jersey Natural Gas Company	New Jersey	Rate Counsel	Cost of capital
388. GO12050363 November 2012	South Jersey Gas Company	New Jersey	Rate Counsel	Cost of capital
389. R-2012-2321748 January 2013	Columbia Gas of Pennsylvania	Pennsylvania	Office of Consumer Advocate	Cost of capital
390. U-32220 February 2013	Southwestern Electric Power Co.	Louisiana	Commission Staff	Formula Rate Plan
391. CV No. 12-1286 February 2013	PPL et al.	Federal District Court	MD Public Service Commission	PJM Market Impacts (deposition)
392. EL13-48-000 February 2013	BGE, PHI subsidiaries	FERC	Joint Customer Group	Transmission Cost of Equity
393. EO12080721 March 2013	Public Service Electric & Gas	New Jersey	Rate Counsel	Solar Tracker ROE

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
394. EO12080726 March 2013	Public Service Electric & Gas	New Jersey	Rate Counsel	Solar Tracker ROE
395. CV12-1286MJG Market Issues March 2013	PPL, PSEG	U.S. District Court for the District of Md. Louisiana	Md. Public Service Commission Staff	Capacity (trial testimony) Avoided cost
396. U-32628 methodology April 2013	Entergy Louisiana and Gulf States Louisiana	Louisiana	Staff	RTO Integration
397. U-32675 Issues June 2013	Entergy Louisiana and Entergy Gulf States	Louisiana	Staff	RTO Integration
398. ER12111052 June 2013	Jersey Central Power & Light Company	New Jersey	Rate Counsel	Cost of capital
399. PUE-2013-00020 July 2013	Dominion Virginia Power	Virginia	Apartment & Office Building Assoc. of Met. Washington	Cost of capital
400. U-32766 acquisition August 2013	Cleco Power	Louisiana	Staff	Power plant
401. U-32764 September 2013	Entergy Louisiana and Entergy Gulf States	Louisiana	Staff	Storm Damage Cost Allocation

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
402. P-2013-237-1666 September 2013	Pike County Light and Power Co.	Pennsylvania	Office of Consumer Advocate	Default Generation Service
403. E013020155 and G013020156 October 2013	Public Service Electric and Gas Company	New Jersey	Rate Counsel	Cost of capital
404. U-32507 Compliance Plan November 2013	Cleco Power	Louisiana	Staff	Environmental
405. DE11-250 investment prudence December 2013	Public Service Co. New Hampshire	New Hampshire	Consumer Advocate	Power plant
406. 4434 February 2014	United Water Rhode Island	Rhode Island	Staff	Cost of Capital
407. U-32987 February 2014	Atmos Energy	Louisiana	Staff	Cost of Capital
408. EL 14-28-000 Methodology February 2014	Entergy Louisiana Entergy Gulf States	FERC	LPSC	Avoided Cost  (affidavit)
409. ER13111135 May 2014	Rockland Electric	New Jersey	Rate Counsel	Cost of Capital

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
410. 13-2385-SSO, et al. Service Issues May 2014	AEP Ohio	Ohio	Ohio Consumers' Counsel	Default
411. U-32779 May 2014	Cleco Power, LLC	Louisiana	Staff	Formula Rate Plan
412. CV-00234-SDD-SCR Avoided Cost Determination June 2014	Entergy Louisiana Entergy Gulf	Louisiana Middle District Louisiana	U.S. District Court Louisiana Service Commission	Public Court Appeal
413. U-32812 Plant Prudence July 2014	Entergy Louisiana	Louisiana	Louisiana Public Service Commission	Nuclear Power
414. 14-841-EL-SSO Service Issues September 2014	Duke Energy Ohio	Ohio	Ohio Consumer' Counsel	Default
415. EM14060581 Financial Issues November 2014	Atlantic City Electric Company	New Jersey	Rate Counsel	Merger
416. EL15-27 December 2014	BGE, PHI Utilities	FERC	Joint Complainants	Cost of Equity
417. 14-1297-EL-SSO Service Issues December 2014	First Energy Utilities	Ohio	Ohio Consumer's Counsel and NOPEC	Default



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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
418. EL-13-48-001 January 2015	BGE, PHI Utilities	FERC	Joint Complainants	Cost of Equity
419. EL13-48-001 and EL15-27-000 April 2015	BGE and PHI Utilities	FERC	Joint Complainants	Cost of Equity
420. U- 33592 Contract November 2015	Entergy Louisiana	Louisiana Public Service Commission	Commission Staff	PURPA PPA
421. GM15101196 Merger April 2016	AGL Resources	New Jersey	Rate Counsel	Financial Aspects of
422. U-32814 April 2016	Southwestern Electric Power	Louisiana	Staff	Wind Energy PPAs
423. A-2015-2517036, et.al. Issues April 2016	Pike County	Pennsylvania	Office of Consumer Advocate	Merger

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
424. EM15060733 Divestiture August 2016	Jersey Central Power & Light Company	New Jersey	Rate Counsel	Transmission
425. 16-395-EL-SSO Electric Security Plan November 2016	Dayton Power & Light Company		Ohio	Ohio Consumer's Counsel
426. PUE-2016-00001 January 2017	Washington Gas Light	Virginia	AOBA	Cost of Capital
427. U-34200 Design of Formula Rate Plan April 2017	Southwestern Electric Power Co.		Louisiana	Commission Staff
428. ER-17030308 Capital August 2017	Atlantic City Electric Co.	New Jersey	Rate Counsel	Cost of
429. U-33856 Power Plant Prudence October 2017	Southwestern Electric Power Co.		Louisiana	Commission Staff
430. 4:11 CV77RWS FGD Retrofit December 2017	Ameren Missouri	U.S. District Court	U.S. Department of Justice	Expert Report
431. D-17-36 Authority	Narragansett Electric Co.	Rhode Island	Division Staff	Debt Issuance

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
January 2018				
432. 4770 Capital April 2018	Narragansett Electric Co.	Rhode Island	Division Staff	Cost of
433. 4800 June 2018	Suez Water	Rhode Island	Division Staff	Cost of Capital
434. 17-32-EL-AIR et.al. Security Plan June 2018	Duke Ohio	Ohio	Ohio Consumer's Counsel	Electric
435. Docket No. ER18010029/ Rate of Return GR18010030 August 2018	Public Service Electric & Gas Co.		New Jersey	Division of Rate Counsel
436. 4:11 CV77RWS Testimony— April 2019 Compliance	Ameren Missouri	U.S. District Court	U.S. Department of Justice	Oral Trial  Environmental
437. A-2018-3006061 Issues April 2019	Aqua American/Peoples Gas	Pennsylvania	Office of Consumer Advocate	Merger
438. 4929	Narragansett Electric	Rhode Island	Division Staff	Wind Energy PPA

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
April 2019				
439. ER19050552 October 2019	Rockland Electric Co.	New Jersey	Division of Rate Counsel	Rate of Return
440. 19-00170-UT Return November 2019	Southwest Public Service Co.	New Mexico	Attorney General	Rate of
441. D-19-17 November 2019	Narragansett Electric	Rhode Island	Division of Public Utilities	Debt Issuance
442. ER-20-1074-000 Structure March 2020	Marsh Landing	FERC	California PUC	Capital
443. 19-00317-UT July 2020	New Mexico Gas Company	New Mexico	Attorney General	Rate of Return
444. EO1801115 Return August 2020	Public Service Electric & Gas Co.		New Jersey Rate Counsel	Rate of
445. 20-00104-UT Return October 2020	El Paso Electric Company	New Mexico	Attorney General	Rate of
446. 20-680-EL-UNC Security Case	Dayton Power & Light Co.	Ohio	Consumers' Counsel	Electric

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<u>Docket Number</u>	<u>Utility</u>	<u>Jurisdiction</u>	<u>Client</u>	<u>Subject</u>
October 2020				
447. ER16-2320-002 December 2020	Pacific Gas & Electric Co.	FERC	California PUC	Cost of Equity

## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

## OHIO EDISON COMPANY

## THE TOLEDO EDISON COMPANY

SEET ROE Results and Recommendation

	<u>2017</u>	<u>2018</u>	<u>2019</u>
1. <b><u>Safe Harbor Result</u></b>			
Full XLU Group	13.8-14.1%	12.8-13.3%	12.6-12.8%
Cap. Structure Screen	13.2-13.5%	12.1-12.5%	12.3-12.4%
2. <b><u>Staff Method</u></b>			
Full XLU Group	18.2%	14.2%	13.5%
Cap. Structure Screen	16.3%	12.0%	12.5%
3. <b><u>Upper Half Median Method</u></b>			
Full XLU Group	13.6%	11.8%	11.3%
Cap. Structure Screen	11.3%	11.4%	11.3%
4. <b><u>Recommendation</u></b>	<b>13.8%</b>	<b>12.5%</b>	<b>12.4%</b>

Notes

- (1) Full XLU Group is all companies except for NRG, AES and FirstEnergy.
- (2) Cap. Structure Screen excludes all XLU companies with common equity ratios above 60.0% and below 40% in each year. See Schedule MIK-2.
- (3) Recommendation is the average of Staff method and the Upper Half Median, employing the Capital Structure Screen, and using the Safe Harbor (using Capital Structure Screen) as a floor. The Safe Harbor result is the group average ROE plus 200 basis points. Ranges are shown because the average figures used are based on both the simple and weighted average calculations.
- (4) Source: See Schedules MIK-2, -3, -4 and -5.

## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

## OHIO EDISON COMPANY

## THE TOLEDO EDISON COMPANY

Group Average ROEs  
Weighted vs. Unweighted

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Weighted – Full Group	12.1%	10.8%	10.6%
Unweighted – Full Group	11.8%	11.3%	10.8%
Weighted – Cap. Structure Screen	11.5%	10.1%	10.3%
Unweighted – Cap. Structure Screen	11.2%	10.5%	10.4%

Note: “Full Group” excludes AES, NRG, and FirstEnergy.

## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

## OHIO EDISON COMPANY

## THE TOLEDO EDISON COMPANY

Common Equity Ratios

<u>XLU Companies</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Average</u>
Alliant Energy	47.9%	47.6%	47.6%	47.8%
Ameren Corp.	50.6	49.3	48.0	49.3
Am. Electric Power	48.8	47.7	45.4	47.3
Am. Water Works	46.4	44.5	42.5	44.5
Atmos Energy	-	-	63.8	63.8
CMS Energy	32.5	31.6	30.1	31.3
CenterPoint Energy	34.0	37.0	33.3	33.6
Dominion Energy	34.1	37.4	42.1	38.1
DTE Energy	44.1	44.8	44.1	44.3
Duke Energy	46.7	46.1	45.2	45.9
Consolidated Edison	50.2	50.0	49.1	49.6
Edison International	47.5	42.1	39.1	43.3
Entergy Corp.	35.5	35.8	36.5	36.0
Evergy Inc.	-	-	54.7	54.7
Exelon Corp.	46.2	47.5	48.8	47.5
Eversource Energy	51.3	47.6	46.8	49.0
FirstEnergy	20.6	21.6	26.8	23.7
NextEra Energy	47.0	51.7	52.8	49.9
NiSource Inc.	38.4	37.2	37.4	37.9
Pacific Gas & Electric	49.0	-	-	49.0
Public Service	54.1	52.8	52.3	53.2
Pinnacle West	52.8	52.1	53.0	52.9
PPL Corp.	35.5	36.0	37.6	36.5
Southern Co.	35.4	36.3	38.6	37.0
SCANA Corp.	47.0	-	-	47.0
Sempra Energy	43.4	41.0	40.9	41.8
WEC Corp.	50.6	50.7	48.4	49.5
Xcel Energy	43.9	43.9	43.4	43.7

Source: Value Line Investment Survey, 2021 company reports. Figures are average of beginning and end of year.

Note: Value Line does not provide common equity ratios for AES or NRG.



## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

## OHIO EDISON COMPANY

## THE TOLEDO EDISON COMPANY

Company ROEs Per Utility Witnesses

<u>XLU Companies</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Alliant Energy	11.3%	11.6%	11.3%
Ameren Corp.	9.6	11.2	10.6
Am. Electric Power	10.0	10.4	10.8
Am. Water Works	10.1	10.5	10.9
Atmos Energy	-	-	<b>9.7</b>
CMS Energy	<b>14.0</b>	<b>14.3</b>	<b>14.5</b>
CenterPoint Energy	<b>16.7</b>	-	<b>10.9</b>
Dominion Energy	<b>21.1</b>	<b>14.2</b>	13.2
DTE Energy	11.1	11.6	10.6
Duke Energy	7.2	7.8	8.2
Consolidated Edison	8.5	8.4	8.3
Edison International	13.5	12.2	<b>13.4</b>
Entergy Corp.	<b>11.8</b>	<b>15.9</b>	<b>11.2</b>
Evergy Inc.	-	-	7.5
Exelon Corp.	15.4	10.0	10.0
Eversource Energy	9.1	9.2	9.3
Next Era Energy	18.6	11.8	11.4
NiSource Inc.	<b>3.1</b>	<b>9.2</b>	<b>8.4</b>
Pacific Gas & Electric	9.7	-	-
Public Service	16.6	11.2	11.3
Pinnacle West	10.1	10.0	10.1
PPL Corp.	<b>13.4</b>	<b>15.2</b>	<b>14.7</b>
Southern Co.	<b>12.7</b>	<b>11.5</b>	<b>10.7</b>
SCANA Corp.	10.6	-	-
Sempra Energy	9.1	10.1	10.3
WEC Corp.	10.9	11.0	11.4
Xcel Energy	10.4	10.7	10.8

<u>Results: All Companies</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Average ROE	12.1%	10.8%	10.6%
Standard Deviation	3.7	2.0	1.8
SD x 1.64	6.1	3.3	3.0
ROE per Staff Method	18.2%	14.2%	13.5%
 <u>Results: w/Cap. Structure Screen</u>			
Average ROE	11.5%	10.1%	10.3%
Standard Deviation	2.9	1.2	1.4
SD x 1.64	4.8	2.0	2.3
ROE per Staff Method	16.3%	12.1%	12.5%

Notes

1. Staff method is average ROE + 1.64 x S.D. Results shown use weighted average rather than unweighted average. Weighted average is slightly lower than unweighted average in 2018 and 2019 and slightly higher in 2017.
2. Source: Schedule JMS-1 for 2017, Schedule TJD-1 for 2018 and Schedule TJI-1 for 2019 for ROE figures.
3. ROE figures in bold are removed under the capital structure screen.

## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

## OHIO EDISON COMPANY

## THE TOLEDO EDISON COMPANY

ROE Using Upper Median Method  
Capital Structure Screen

<u>2017</u>		<u>2018</u>		<u>2019</u>	
Next Era	18.6%	Edison Inc.	12.2%	Dominion	13.2%
Public Service	16.6	Next Era	11.8	Next Era	11.4
Exelon Corp.	15.4	Alliant	11.6	WEC Energy	11.4
Edison Inc.	13.5	DTE Energy	11.6	Public Service	11.3
Alliant	11.3	Public Service	11.2	Alliant	11.3
DTE Energy	11.1	Ameren	11.2	Am. Water	10.9
WEC Energy	10.9	WEC Energy	11.0	Am. Electric	10.8
SCANA	10.6	Xcel Energy	<u>10.7</u>	Xcel Energy	<u>10.6</u>
Xcel Energy	<u>10.4</u>				
Median	<b>11.3%</b>		<b>11.4%</b>		<b>11.3%</b>
Mean	13.2%		11.4%		11.3%

Source: Schedule MIK-3.

## THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

## OHIO EDISON COMPANY

## THE TOLEDO EDISON COMPANY

ROE Using the Upper Median MethodNo Capital Structure Screen

<u>2017</u>		<u>2018</u>		<u>2019</u>	
Dominion	21.1%	Entergy Corp.	15.9%	PPL Corp.	14.7%
NextEra	18.6	PPL Corp.	15.2	CMS Energy	14.5
CenterPoint	16.7	CMS Energy	14.3	Edison Inc.	13.4
Public Service	16.6	Dominion	14.2	Dominion	13.2
Exelon	15.4	Edison Inc.	12.2	WEC Energy	11.4
CMS Energy	14.0	Next Era	11.8	Next Era	11.4
Edison Inc.	13.5	Alliant	11.6	Alliant	11.3
PPL Corp.	13.4	DTE Energy	11.5	Public Service	11.3
Southern Co.	12.7	Southern Co.	11.5	Entergy	11.2
Entergy	11.8	Ameren	11.2	Am. Water Works	10.9
Alliant	11.3	Public Service	<u>11.2</u>	Am. Electric	10.8
DTE Energy	11.1			Xcel Energy	10.8
WEC Energy	<u>10.9</u>			Southern Co.	<u>10.7</u>
Median	<b>13.5%</b>		<b>11.8%</b>		<b>11.3%</b>
Mean	14.4%		12.8%		12.0%

Source: Schedule MIK-3.

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**Case No(s). 18-0857-EL-UNC, 19-1338-EL-UNC, 20-1034-EL-UNC, 20-1476-EL-UNC**

Summary: Testimony Direct Testimony of Matthew I. Kahal on Behalf of the Office of the Ohio Consumers' Counsel electronically filed by Ms. Deb J. Bingham on behalf of Healey, Christopher Mr.