Before the

Public Service Commission of Utah

In the Matter of the Application of PacifiCorp for Approval of its Proposed Electric Service Schedules and Electric Service Regulations	**Docket No. 04-035-42**

Direct Testimony and Exhibits of

Michael Gorman

On Behalf of

Utah Industrial Energy Consumers

December 3, 2004
Project 8279

BRUBAKER & ASSOCIATES, INC.
ST. LOUIS, MO 63141-2000

659004.1

UIEC Exhibit 1
Docket 04-035-42
Witness: M. Gorman

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<u>Direct Testimony of Michael Gorman</u>

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A My name is Michael Gorman and my business address is 1215 Fern Ridge Parkway, Suite 208, St. Louis, MO 63141-2000.

Q WHAT IS YOUR OCCUPATION?

A I am an energy advisor and a consultant in the field of public utility regulation and a principal in the firm of Brubaker & Associates, Inc. (BAI), energy, economic and regulatory consultants.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A These are set forth in Appendix A to my testimony.

Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A I am appearing on behalf of the Utah Industrial Energy Consumers (UIEC).

Q PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A In this testimony I review the Company's proposed test year pension expense and projected capital investment included in the forecasted fiscal year 2006 (FY06) test year covering the 12-month period ending March 2006.

Q PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A My recommendations are summarized as follows:

1. PacifiCorp's projected FY06 pension expense is not appropriately included in a forecasted test year. The Company's forecasted FY06 pension expense is based on economic factors that are not highly certain and the projection expense amount is unlikely to approximate PacifiCorp's actual pension expense. Therefore, PacifiCorp's FY06 projected pension expense is at best a speculative estimate.

2. I recommend the Company's FY06 test year pension expense be set equal to its <u>actual</u> FY04 pension expense. PacifiCorp has not supported its claim that its FY06 pension expense will be different than its FY04 actual expense. This pension expense adjustment reduces PacifiCorp's claimed Utah jurisdictional test year revenue requirement by $11.2 million.

3. I recommend the Company's projected total electric capital expenditures included in the FY06 rate base be reduced by $137.6 million. This eliminates all forecasted capital expenditures that have not been approved by PacifiCorp's management in accordance with the Company's own corporate governance policies. Capital expenditures that have not been approved by PacifiCorp's investment committee should be rejected as it is not known whether the capital expenditures will be made, it is not known whether the projected expenditures are the least cost means of meeting the Company's operating needs, and it is not certain whether all of the operating savings that will be created after the capital expenditures are made and placed in service are reflected in other parts of the Company's filing. This reduction to the Company's forecasted capital expenditures reduces PacifiCorp's claimed Utah jurisdictional test year revenue requirement by approximately $7.2 million.

Q WHY IS THE COMPANY PROPOSING A FORECASTED TEST YEAR IN THIS PROCEEDING?

A PacifiCorp witness Ferman states that the Company is selecting a test year that would best match the conditions that will exist during the rate effective period. He states that the Company's objective in this rate case is to set rates that will produce the following:

1. Recover cost increases driven by increased load growth in Utah;
2. Recover cost increases driven by external conditions; and
3. Improve financial strength to support the significant investment that is required to maintain infrastructure and ensure reliable service for Utah customers.

Q ARE THERE GENERAL PRINCIPLES YOU ARE ADVOCATING FOR ADOPTING FORECASTED EXPENSES WITHIN A FORECASTED TEST YEAR?

A Yes. The Commission and parties have acknowledged the difficulty intervenors and Commission Staff will have in assessing uncertain cost projections that are embedded in a future test year.[1] PacifiCorp's projected FY06 test year includes not only relatively simple escalated cost increases, but it also contains significant and material projected increases to PacifiCorp's actual FY04 results.

I recommend the Commission reject all of PacifiCorp's significant and material accounting and financial projections that are uncertain in amount and unlikely to match future actual costs. This policy will help to ensure the integrity of the rate setting process and the ability of the Commission to set just and reasonable rates.

[1]Docket N. 04-035-42, Order Approving Test Period Stipulation, October 20, 2004, at 5-6.

<u>Pension Expense</u>

Q WHAT PROJECTED PENSION EXPENSE HAS PACIFICORP INCLUDED IN ITS FORECASTED FY06 TEST YEAR?

A PacifiCorp is projecting a total electric pension expense of $41.6 million in FY06. This is a substantial increase from its <u>actual</u> FY04 pension expense of $14.8 million in FY04, and estimated FY05 expense of $31.5 million.

Q DO YOU HAVE ANY GENERAL COMMENTS CONCERNING DEFINED BENEFIT PLANS?

A Yes. Defined plan costs generally have risen dramatically in recent years due to declines in trust fund assets caused by losses in security markets. I would note that the increased pension expenses caused by trust fund asset losses has caused considerable financial strains on many companies. Consequently, I would recommend the Commission take a careful look at PacifiCorp's defined benefit plan to ensure that such a plan is consistent with PacifiCorp's obligation to minimize its cost of service to retail customers, while at the same time providing fair but not above market compensation to its employees. This is particularly true in this case because a significant run-up in pension expenses has been caused by declines in the stock market. Thus, PacifiCorp is not able to control its pension costs because of the substantial influence of capital market gains and losses on this expense.

Q WHAT ARE THE REASONS PACIFICORP GIVES FOR THIS DRAMATIC INCREASE IN ITS PENSION EXPENSE?

A PacifiCorp states the following in support of its estimated pension expense for FY06:

- The Company has incurred substantial investment losses in its pension trust fund, which increased the level of its projected FY06 pension expense.

- The Company is projecting a reduction in the discount rate used to determine the pension plan benefit present value obligations.

- The Company is projecting a substantial increase in the number of employees that will participate in its pension plan in FY06 compared to FY04.

Q WHY HAVE YOU CONCLUDED THAT THE COMPANY'S PROJECTED FY06 PENSION EXPENSE IS HIGHLY UNCERTAIN AND SHOULD NOT BE REFLECTED IN ITS FY06 TEST YEAR?

A First, PacifiCorp has failed to supply any support for its claim that its FY05 pension expense is $31.5 million. Indeed, PacifiCorp has not completed an actuarial study of its FY05 pension expenses,[2] and has failed to identify its trust fund balance in developing its estimated FY05 pension expense.[3] Further, PacifiCorp's FY05 pension expense appears to be something of a mystery. The Company contends that the FY05 pension expense is an actual expense, but then has failed to provide any actuarial study supporting the expense amount, nor has it been able to estimate what the asset trust balances were in the actuarial study needed to derive an actual FY05 expense. PacifiCorp's positions and data responses appear to contradict the contention that the FY05 pension expense is truly an actual expense.

Further, PacifiCorp acknowledged that it is not possible to estimate its FY06 pension trust fund balance.[4] Nor is it possible to accurately predict the discount rate and number of plan participants in FY06. Further, no party can review an FY05 or FY06 actuarial study to confirm the accuracy of calculations and the reasonableness of the assumptions underlying PacifiCorp's projections. Therefore, the accuracy of the projections cannot be confirmed.

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[2]PacifiCorp's Response to UIEC 2.5.
[3]PacifiCorp's Response to UIEC 2.6.
[4]Response to UIEC 1.28

Further, the filing simply does not support the claim that PacifiCorp's FY06 pension expense will be materially higher than the FY04 pension expense. The claimed increase to the FY06 expense is driven by three factors. First, PacifiCorp implies that recent gains in the pension trust fund balance will not offset investment losses from previous periods. Second, PacifiCorp claims that interest rates will decline in FY06 relative to FY04. A reduction in interest rates will be reflected as a lower discount rate in the actuarial study. A lower discount rate will increase the present value pension benefit obligation and increase the pension expense. Finally, PacifiCorp's FY06 pension expense includes a significant increase in the plan participants (number of employees).

Q WHY DON'T TRUST FUND LOSSES SUPPORT PACIFICORP'S CLAIM OF A SIGNIFICANT INCREASE IN FY06 PENSION EXPENSES?

A PacifiCorp claims that the investment losses experienced in its pension trust fund during the period 2000 through 2002 have resulted in an under-funded pension plan.[5] This under-funded pension cost is reflected in the FY04 pension expense. Indeed, PacifiCorp's FY04 pension expense of $14.8 million is already a dramatic increase over FY03 pension expense of $2.1 million.

Mr. Rosborough projects that the plan will remain under-funded through FY06. In reaching this conclusion, Mr. Rosborough projects a FY06 pension trust valuation using a projected earned return on pension trust assets of 4% in 2004 and 8% in 2005.[6] Notably, these <u>projected</u> investment returns are lower than the pension plan's long-term investment return assumption of 8.75%. Therefore, Mr. Rosborough's

[5]Direct Daniel Rosborough at 3.
[6]Rosborough at 5.

return assumptions artificially increase the plan's under-funded status and increase the FY06 pension expense.

Second, and more importantly, Mr. Rosborough's testimony does not show how the plan performed during calendar year 2003. The FY04 pension expense is based on a January 2003 actuarial study. The stock market gained over 33% in 2003. PacifiCorp's pension committee noted that the trust fund increased 29.5% in 2003 (response to UIEC 7.4). This increased trust fund value should have been reflected in an FY05 actuarial study, and would reduce the under-funded status of the plan in FY05 compared to FY04. Reducing the under-funded status of the plan would reduce the pension expense because the company is required to amortize the under-funding obligation over a period not to exceed five years.

Unfortunately, PacifiCorp has not provided the FY05 actuarial study so it is not known if PacifiCorp has properly reflected this pension trust fund gain in its FY05 and FY06 pension expense projections. Since, over 55% of PacifiCorp's trust fund is invested in stock market equities,[7] the plan's under-funded status should have declined by year-end 2003 due to the significant stock market gain. Therefore, the under-funded status of the fund in FY06 should at a minimum be no worse than it was in FY04.

All of this clearly shows that the FY06 pension expense projection is uncertain in amount, and it is unlikely that the Company's projection will reflect it's actual pension expense during the period rates determined in this proceeding are in effect.

[7] Scottish Power Annual Report and Accounts 2003/04 at 121.

Q WHY IS PACIFICORP'S DISCOUNT RATE ASSUMPTION INCONSISTENT WITH OTHER EVIDENCE IN ITS FILING?

A PacifiCorp projects that the market-based discount rate (6.5%) used in the FY06 pension expense projection will decline compared to the discount rate (6.75%) used to determine its FY04 actual pension expense. The discount rate should be based on prevailing market interest rates. (PacifiCorp's economic factors used in its actual pension expense for FY03 and FY04 and projected pension expense for FY05 and FY06 are shown below in Table 1.)

However, PacifiCorp's witness Rosborough's contention that market interest rates will decline in FY06 (March 2005) compared to FY04 (March 2003) is contradicted by other PacifiCorp evidence. For example, PacifiCorp witness Dr. Samuel Hadaway projects an <u>increase</u> in interest rates in the risk premium analysis he relied upon to estimate PacifiCorp's return on common equity. Specifically, Dr. Hadaway uses a projected utility bond yield of 7.0% in his risk premium analysis, which is an increase in utility bond interest rates from 2003 and 2004 of 6.61% and 6.37%, respectively.[8]

PacifiCorp's projected FY06 pension expense will decline relative to the FY04 expense if the discount rate is increased consistent with Dr. Hadaway's projected increase in interest rates. (Dr. Hadaway's evidence would support a discount rate higher than the FY04 discount rate of 6.75%, or at least no lower than 6.75%.) Hence, Mr. Rosborough's use of a lower, 6.5%, discount rate unreasonably increased his projected FY06 pension expense.

[8]Hadaway direct at 24.

Table 1

Pension Expense
Actuarial Economic Factors

Description	Actual FY03	Actual FY04	Projected FY05	Projected FY06
Valuation Report	Jan. 1, 2003	Jan. 1, 2004	N/A	N/A
Discount Rate	7.5%	6.75%	6.25%	6.50%
Salary Escalation	4.0%	4.0%	4.0%	4.0%
Long-Term Trust Return	9.25%	8.75%	8.75%	8.75%
FAS87 Pension Expense (000)	**$2,100**	**$18,900**	**35,800**	**41,600**
Employee Participants	4,036	4,325	4,521	4,800

N/A: Not Available

Finally, PacifiCorp's FY06 projection is based on a significant, over 11%, increase in the number of employees participating in the pension plan in FY06 (4,800) compared to FY04 (4,325). This projected increase is on top of the significant increase in FY04 over FY03. This increase in participating employees is not supported in PacifiCorp's filing. Therefore, the claimed FY06 pension expense is not based on verifiable evidence. It should be rejected and the FY04 amount of $14.8 million should be used.

Q WHAT IS THE REDUCTION TO PACIFICORP'S FY06 REVENUE REQUIREMENT BY ADJUSTING THE PENSION EXPENSE TO FY04 ACTUAL?

A The total electric FY04 pension expense is $14.8 million, and the projected FY06 pension expense was $41.6 million. Consequently, the Company's projection increased pension expense by $26.8 million. Reducing this expense by this amount reduces Utah jurisdictional operating expense and revenue requirement by $11.1 million.

Projected Plant Investment

Q ARE YOU PROPOSING ANY ADJUSTMENTS TO THE COMPANY'S FORECASTED PLANT ADDITIONS IN FY05 AND FY06 THAT HAVE BEEN INCLUDED IN THE FY06 TEST YEAR RATE BASE?

A Yes. I propose to remove all projected capital expenditures that have not been approved by PacifiCorp's management investment committee and those proposed to be made after the FY06 test year. PacifiCorp Corporate Governance policy requires a review and approval process of each proposed capital expenditure.[9] However, PacifiCorp's projected FY06 rate base includes approximately $137.6 million of capital expenditures that have not yet been approved by PacifiCorp's investment committee. These projected capital improvements are listed on my Exhibit MPG-1. Therefore, PacifiCorp has failed to establish that it actually will make many of these capital expenditures by the end of FY06, if at all. As such, it is not known if the cost of these projected capital expenditures will increase PacifiCorp's cost of service during the period rates determined in this proceeding will be in effect.

Consequently, the projected capital expenditures that have not been approved by the investment committee are highly uncertain as to whether or not they will be made and, therefore, these costs cannot be considered used and useful in the provisions of electric utility service to PacifiCorp's Utah customers. These projected capital expenditures must be removed from its FY06 cost of service.

[9]PacifiCorp Response to DPU 3.22.

Q ARE THERE OTHER REASONS TO EXCLUDE PROJECTED CAPITAL EXPENDITURES THAT HAVE NOT BEEN APPROVED BY PACIFICORP'S INVESTMENT COMMITTEE?

A Yes. PacifiCorp's corporate governance requires its investment committee to review proposed capital expenditures for the following:[10]

1. Clear documentation of customer benefits,
2. Project need,
3. Scope and timeline, and
4. Cost savings, investment returns.

Many of the projected capital expenditures included in the FY06 rate base have not satisfied this review and approval process and, therefore, they should be excluded from the FY06 rate base for many reasons.

First, if an investment isn't needed, it shouldn't be made, and the cost shouldn't be built into PacifiCorp's cost of service. If the project hasn't been approved, it isn't clear if it is needed. Therefore, the asset is not used and useful.

Second, if the scope and time line have not been firmly established, PacifiCorp cannot reasonably estimate the project's cost and can't reasonably estimate when (if ever) the asset will be placed in-service. Therefore, it is not a known and measurable test year cost. Also, the review process may uncover lower cost alternative solutions to the proposed capital expenditure. This casts doubt on the legitimacy of the projected costs.

Finally, if the projected capital expenditure has not been approved by the investment committee, then it is uncertain whether the cost reduction created by the improvement has been properly reflected in the FY06 expenses. As such, FY06 cost

[10] Response to DPU Data Request 3.22.

of service will be unreasonably high if costs for a new project are reflected without also including the offsetting savings. PacifiCorp failed to confirm that the savings associated with each project were reflected in its cost of service (response to DPU Data Request 3.22).

Q HOW DID YOU DETERMINE THE ESTIMATED PROJECTED CAPITAL EXPENDITURES THAT ARE NOT APPROPRIATELY INCLUDED IN THE FY06 RATE BASE?

A In response to CCS Data Request 6.32 (a), (b) and (c), PacifiCorp provided detail on projected capital expenditures. PacifiCorp also provided details of the investment committee approval process it uses to determine its capital expenditure budget.

I excluded all projected capital expenditures for which PacifiCorp did not provide an executed Expenditure Requisition approval from PacifiCorp's investment committee and projected expenditures made after the FY06 test year.

Q WHAT IS THE REVENUE REQUIREMENT OF CAPITAL EXPENDITURES INCLUDED IN FY06 RATE BASE THAT HAVE NOT YET BEEN APPROVED BY PACIFICORP'S SENIOR MANAGEMENT?

A The revenue requirement for these capital expenditures is developed by my Exhibit MPG-2. Removing these projected capital expenditures from the FY06 test year reduces PacifiCorp's Utah revenue requirement by approximately $7.2 million. This revenue requirement is based on the estimated rate base value of the projected capital expenditures, the Company's proposed rate of return adjusted for income taxes, and depreciation expense.

AFFILIATE RELATIONSHIPS

Q HAS PACIFICORP'S RELATIONSHIP WITH AFFILIATE COMPANIES RESULTED IN ANY INCREASES TO ITS COST OF SERVICE?

A Yes. PacifiCorp's relationship with its parent company, Scottish Power PLC, has produced negative implications on its bond rating and has likely increased its cost of borrowing. Specifically, Standard & Poor's states as follows concerning PacifiCorp's bond rating:

> "The ratings on PacifiCorp reflect average consolidated business profile and somewhat stressed financial profile or parent Scottish Power PLC, of which PacifiCorp represents slightly less than half of consolidated operating income. That credit profile is underpinned by the cash flows from stable regulated U.K. transmission and distribution operations and by PacifiCorp's vertically integrated regulated businesses, which together provide the vast majority of cash flow. The ratings on the Company are also supported by improved regulatory relationships, including the recovery of more than $300 million in excess power cost in the U.S., and recent rate awards in Oregon and Utah, the largest states served; a good record of reducing costs and improving operating performance in infrastructure operations; and a cautious approach to asset acquisitions. These strengths are offset by Scottish Power's moderate exposure to volatility in the U.K. power market; a relatively weak financial profile; a growing focus on the U.S. trading and marketing business; and the challenges of managing a geographically remote subsidiary." (Standard & Poor's Ratings Direct: Research: Summary: PacifiCorp, April 12, 2004)

While PacifiCorp and Scottish Power do have relatively strong bond ratings of A-, PacifiCorp's affiliation with Scottish Power, and its higher risk U.S. trading operations and wholesale activities in the volatile U.K. market are clearly creating negative credit analysts' concerns and have likely increased PacifiCorp's cost of debt.

Further, PacifiCorp's new participation within the Scottish Power holding company's structure also creates significant uncertainty of cost to PacifiCorp retail operations. For example, PacifiCorp currently provides significant services to affiliate companies. To the extent these affiliates are not credit worthy, PacifiCorp assumes significant credit risk that its affiliate companies are able to fully compensate PacifiCorp for the affiliate services. Also, the affiliate services demands on PacifiCorp may also create strains on PacifiCorp's resources.

Consequently, PacifiCorp's participation in Scottish Power Holding Company's structure has negative impacts on PacifiCorp's credit, creates counter-party credit risk related to services provided to affiliates that may not have strong credit standing, and may constrain PacifiCorp's resources devoted to utility operations. In other words, PacifiCorp's participation in the Scottish Power holding company structure is extremely complex and the total cost and benefits to PacifiCorp of participating in this affiliate structure are difficult to identify and measure, but do significantly impact PacifiCorp's financial and operating functions.

Q SHOULD THE COMMISSION BE CONCERNED ABOUT THE REASONABLENESS AND LEGITIMACY OF PACIFICORP'S MANAGEMENT FEES AND THE REIMBURSEMENTS IT RECEIVES FROM AFFILIATE SERVICES?

A Yes. PacifiCorp's arrangements for purchasing services from its parent company and providing services to affiliate companies is very complex and extremely difficult to sort out. Consequently, it is highly likely that PacifiCorp and Scottish Power could manipulate these costs and services to improve its bottom line at great expense to retail customers. Consequently, affiliate service agreements and parent company management fees should be carefully scrutinized to ensure that PacifiCorp is not over-charged or double charged for management services, and does not provide services to affiliates at below market charges.

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes, it does.

Qualifications of Michael Gorman

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Michael P. Gorman. My business mailing address is P. O. Box 412000, 1215 Fern Ridge Parkway, Suite 208, St. Louis, Missouri 63141-2000.

Q PLEASE STATE YOUR OCCUPATION.

A I am a consultant in the field of public utility regulation with Brubaker & Associates, Inc., energy, economic and regulatory consultants.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A In 1983 I received a Bachelors of Science Degree in Electrical Engineering from Southern Illinois University, and in 1986, I received a Masters Degree in Business Administration with a concentration in Finance from the University of Illinois at Springfield. I have also completed several graduate level economics courses.

In August of 1983, I accepted an analyst position with the Illinois Commerce Commission (ICC). In this position, I performed a variety of analyses for both formal and informal investigations before the ICC, including: marginal cost of energy, central dispatch, avoided cost of energy, annual system production costs, and working capital. In October of 1986, I was promoted to the position of Senior Analyst. In this position, I assumed the additional responsibilities of technical leader on projects, and my areas of responsibility were expanded to include utility financial modeling and financial analyses.

In 1987, I was promoted to Director of the Financial Analysis Department. In this position, I was responsible for all financial analyses conducted by the staff. Among other things, I conducted analyses and sponsored testimony before the ICC on rate of return, financial integrity, financial modeling and related issues. I also supervised the development of all Staff analyses and testimony on these same issues. In addition, I supervised the Staff's review and recommendations to the Commission concerning utility plans to issue debt and equity securities.

In August of 1989, I accepted a position with Merrill-Lynch as a financial consultant. After receiving all required securities licenses, I worked with individual investors and small businesses in evaluating and selecting investments suitable to their requirements.

In September of 1990, I accepted a position with Drazen-Brubaker & Associates, Inc. In April 1995 the firm of Brubaker & Associates, Inc. (BAI) was formed. It includes most of the former DBA principals and Staff. Since 1990, I have performed various analyses and sponsored testimony on cost of capital, cost/benefits of utility mergers and acquisitions, utility reorganizations, level of operating expenses and rate base, cost of service studies, and analyses relating industrial jobs and economic development. I also participated in a study used to revise the financial policy for the municipal utility in Kansas City, Kansas.

At BAI, I also have extensive experience working with large energy users to distribute and critically evaluate responses to requests for proposals (RFPs) for electric, steam, and gas energy supply from competitive energy suppliers. These analyses include the evaluation of gas supply and delivery charges, cogeneration and/or combined cycle unit feasibility studies, and the evaluation of third-party asset/supply management agreements. I have also analyzed commodity pricing indices and forward pricing methods for third party supply agreements. Continuing, I have also conducted regional electric market price forecasts.

In addition to our main office in St. Louis, the firm also has branch offices in Phoenix, Arizona; Chicago, Illinois; Corpus Christi, Texas; and Plano, Texas.

Q HAVE YOU EVER TESTIFIED BEFORE A REGULATORY BODY?

A Yes. I have sponsored testimony on cost of capital, revenue requirements, cost of service and other issues before the regulatory commissions in Arizona, Delaware, Georgia, Illinois, Indiana, Iowa, Michigan, Missouri, New Mexico, New Jersey, Oklahoma, Tennessee, Texas, Utah, Vermont, West Virginia, Wisconsin, Wyoming, and before the provincial regulatory boards in Alberta and Nova Scotia, Canada. I have also sponsored testimony before the Board of Public Utilities in Kansas City, Kansas; presented rate setting position reports to the regulatory board of the municipal utility in Austin, Texas, and Salt River Project, Arizona, on behalf of industrial customers; and negotiated rate disputes for industrial customers of the Municipal Electric Authority of Georgia in the LaGrange, Georgia district.

Q PLEASE DESCRIBE ANY PROFESSIONAL REGISTRATIONS OR ORGANIZATIONS TO WHICH YOU BELONG.

A I earned the designation of Chartered Financial Analyst (CFA) from the Association for Investment Management and Research (AIMR). The CFA charter was awarded after successfully completing three examinations which covered the subject areas of financial accounting, economics, fixed income and equity valuation and professional and ethical conduct. I am a member of AIMR's Financial Analyst Society.