

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

**IN THE MATTER OF THE JOINT NOTICE AND)
APPLICATION OF QUESTAR GAS COMPANY)
AND DOMINION RESOURCES, INC. OF) DOCKET NO. 16-057-01
PROPOSED MERGER OF QUESTAR)
CORPORATION AND DOMINION RESOURCES,)
INC.)**

**EXHIBITS
OF
RICHARD A. BAUDINO**

**ON BEHALF OF THE
OFFICE OF CONSUMER SERVICES**

**J. Kennedy and Associates, Inc.
570 Colonial Park Drive, Suite 305
Roswell, GA 30075**

JULY 7, 2016

RESUME OF RICHARD A. BAUDINO

EDUCATION

New Mexico State University, M.A.

Major in Economics

Minor in Statistics

New Mexico State University, B.A.

Economics

English

Thirty-two years of experience in utility ratemaking and the application of principles of economics to the regulation of electric, gas, and water utilities. Broad based experience in revenue requirement analysis, cost of capital, rate of return, cost and revenue allocation, and rate design.

REGULATORY TESTIMONY

Preparation and presentation of expert testimony in the areas of:

Cost of Capital for Electric, Gas and Water Companies

Electric, Gas, and Water Utility Cost Allocation and Rate Design

Revenue Requirements

Gas and Electric industry restructuring and competition

Fuel cost auditing

Ratemaking Treatment of Generating Plant Sale/Leasebacks

RESUME OF RICHARD A. BAUDINO

EXPERIENCE

1989 to

Present: **Kennedy and Associates: Consultant** - Responsible for consulting assignments in the area of revenue requirements, rate design, cost of capital, economic analysis of generation alternatives, electric and gas industry restructuring/competition and water utility issues.

1982 to

1989: **New Mexico Public Service Commission Staff: Utility Economist** - Responsible for preparation of analysis and expert testimony in the areas of rate of return, cost allocation, rate design, finance, phase-in of electric generating plants, and sale/leaseback transactions.

CLIENTS SERVED

Regulatory Commissions

Louisiana Public Service Commission
Georgia Public Service Commission
New Mexico Public Service Commission

Other Clients and Client Groups

Ad Hoc Committee for a Competitive Electric Supply System	Large Power Intervenors (Minnesota)
Air Products and Chemicals, Inc.	Tyson Foods
Arkansas Electric Energy Consumers	West Virginia Energy Users Group
Arkansas Gas Consumers	The Commercial Group
AK Steel	Wisconsin Industrial Energy Group
Armco Steel Company, L.P.	South Florida Hospital and Health Care Assn.
Assn. of Business Advocating Tariff Equity	PP&L Industrial Customer Alliance
CF&I Steel, L.P.	Philadelphia Area Industrial Energy Users Gp.
Climax Molybdenum Company	West Penn Power Intervenors
Cripple Creek & Victor Gold Mining Co.	Duquesne Industrial Intervenors
General Electric Company	Met-Ed Industrial Users Gp.
Holcim (U.S.) Inc.	Penelec Industrial Customer Alliance
IBM Corporation	Penn Power Users Group
Industrial Energy Consumers	Columbia Industrial Intervenors
Kentucky Industrial Utility Consumers	U.S. Steel & Univ. of Pittsburg Medical Ctr.
Kentucky Office of the Attorney General	Multiple Intervenors
Lexington-Fayette Urban County Government	Maine Office of Public Advocate
Large Electric Consumers Organization	Missouri Office of Public Counsel
Newport Steel	University of Massachusetts - Amherst
Northwest Arkansas Gas Consumers	WCF Hospital Utility Alliance
Maryland Energy Group	West Travis County Public Utility Agency
Occidental Chemical	Steering Committee of Cities Served by Oncor
PSI Industrial Group	Utah Office of Consumer Services
	Healthcare Council of the National Capital Area

**Expert Testimony Appearances
of
Richard A. Baudino
As of July 2016**

Date	Case	Jurisdiction	Party	Utility	Subject
10/83	1803, 1817	NM	New Mexico Public Service Commission	Southwestern Electric Coop.	Rate design.
11/84	1833	NM	New Mexico Public Service Commission Palo Verde	El Paso Electric Co.	Service contract approval, rate design, performance standards for nuclear generating system
1983	1835	NM	New Mexico Public Service Commission	Public Service Co. of NM	Rate design.
1984	1848	NM	New Mexico Public Service Commission	Sangre de Cristo Water Co.	Rate design.
02/85	1906	NM	New Mexico Public Service Commission	Southwestern Public Service Co.	Rate of return.
09/85	1907	NM	New Mexico Public Service Commission	Jornada Water Co.	Rate of return.
11/85	1957	NM	New Mexico Public Service Commission	Southwestern Public Service Co.	Rate of return.
04/86	2009	NM	New Mexico Public Service Commission	El Paso Electric Co.	Phase-in plan, treatment of sale/leaseback expense.
06/86	2032	NM	New Mexico Public Service Commission	El Paso Electric Co.	Sale/leaseback approval.
09/86	2033	NM	New Mexico Public Service Commission	El Paso Electric Co.	Order to show cause, PVNGS audit.
02/87	2074	NM	New Mexico Public Service Commission	El Paso Electric Co.	Diversification.
05/87	2089	NM	New Mexico Public Service Commission	El Paso Electric Co.	Fuel factor adjustment.
08/87	2092	NM	New Mexico Public Service Commission	El Paso Electric Co.	Rate design.
10/87	2146	NM	New Mexico Public Service Commission	Public Service Co. of New Mexico	Financial effects of restructuring, reorganization.
07/88	2162	NM	New Mexico Public Service Commission	El Paso Electric Co.	Revenue requirements, rate design, rate of return.

**Expert Testimony Appearances
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Date	Case	Jurisdict.	Party	Utility	Subject
01/89	2194	NM	New Mexico Public Service Commission	Plains Electric G&T Cooperative	Economic development.
1/89	2253	NM	New Mexico Public Service Commission	Plains Electric G&T Cooperative	Financing.
08/89	2259	NM	New Mexico Public Service Commission	Homestead Water Co.	Rate of return, rate design.
10/89	2262	NM	New Mexico Public Service Commission	Public Service Co. of New Mexico	Rate of return.
09/89	2269	NM	New Mexico Public Service Commission	Ruidoso Natural Gas Co.	Rate of return, expense from affiliated interest.
12/89	89-208-TF	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Rider M-33.
01/90	U-17282	LA	Louisiana Public Service Commission	Gulf States Utilities	Cost of equity.
09/90	90-158	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co.	Cost of equity.
09/90	90-004-U	AR	Northwest Arkansas Gas Consumers	Arkansas Western Gas Co.	Cost of equity, transportation rate.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission	Gulf States Utilities	Cost of equity.
04/91	91-037-U	AR	Northwest Arkansas Gas Consumers	Arkansas Western Gas Co.	Transportation rates.
12/91	91-410-EL-AIR	OH	Air Products & Chemicals, Inc., Amco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Cost of equity.
05/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Cost of equity, rate of return.
09/92	92-032-U	AR	Arkansas Gas Consumers	Arkansas Louisiana Gas Co.	Cost of equity, rate of return, cost-of-service.
09/92	39314	ID	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Cost of equity, rate of return.

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Date	Case	Jurisdic.	Party	Utility	Subject
09/92	92-009-U	AR	Tyson Foods	General Waterworks	Cost allocation, rate design.
01/93	92-346	KY	Newport Steel Co.	Union Light, Heat & Power Co.	Cost allocation.
01/93	39498	IN	PSI Industrial Group	PSI Energy	Refund allocation.
01/93	U-10105	MI	Association of Businesses Advocating Tariff Equality (ABATE)	Michigan Consolidated Gas Co.	Return on equity.
04/93	92-1464-EL-AIR	OH	Air Products and Chemicals, Inc., Amco Steel Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Return on equity.
09/93	93-189-U	AR	Arkansas Gas Consumers	Arkansas Louisiana Gas Co.	Transportation service terms and conditions.
09/93	93-081-U	AR	Arkansas Gas Consumers	Arkansas Louisiana Gas Co.	Cost-of-service, transportation rates, rate supplements; return on equity; revenue requirements.
12/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Historical reviews; evaluation of economic studies.
03/94	10320	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Trimble County CWIP revenue refund.
4/94	E-015/GR-94-001	MN	Large Power Intervenors	Minnesota Power Co.	Evaluation of the cost of equity, capital structure, and rate of return.
5/94	R-00942993	PA	PG&W Industrial Intervenors	Pennsylvania Gas & Water Co.	Analysis of recovery of transition costs.
5/94	R-00943001	PA	Columbia Industrial Intervenors	Columbia Gas of Pennsylvania charge proposals.	Evaluation of cost allocation, rate design, rate plan, and carrying
7/94	R-00942986	PA	Armco, Inc., West Penn Power Industrial Intervenors	West Penn Power Co.	Return on equity and rate of return.
7/94	94-0035-E-42T	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Return on equity and rate of return.

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Date	Case	Jurisdiction	Party	Utility	Subject
8/94	8652	MD	Westvaco Corp. Co.	Potomac Edison	Return on equity and rate of return.
9/94	930357-C	AR	West Central Arkansas Gas Consumers	Arkansas Oklahoma Gas Corp.	Evaluation of transportation service.
9/94	U-19904	LA	Louisiana Public Service Commission	Gulf States Utilities	Return on equity.
9/94	8629	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Transition costs.
11/94	94-175-U	AR	Arkansas Gas Consumers	Arkla, Inc.	Cost-of-service, rate design, rate of return.
3/95	RP94-343- 000	FERC	Arkansas Gas Consumers	NorAm Gas Transmission	Rate of return.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Return on equity.
6/95	U-10755	MI	Association of Businesses Advocating Tariff Equity	Consumers Power Co.	Revenue requirements.
7/95	8697	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Cost allocation and rate design.
8/95	95-254-TF U-2811	AR	Tyson Foods, Inc.	Southwest Arkansas Electric Cooperative	Refund allocation.
10/95	ER95-1042 -000	FERC	Louisiana Public Service Commission	Systems Energy Resources, Inc.	Return on Equity.
11/95	I-940032	PA	Industrial Energy Consumers of Pennsylvania	State-wide - all utilities	Investigation into Electric Power Competition.
5/96	96-030-U	AR	Northwest Arkansas Gas Consumers	Arkansas Western Gas Co.	Revenue requirements, rate of return and cost of service.
7/96	8725	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Return on Equity.
7/96	U-21496	LA	Louisiana Public Service Commission	Central Louisiana Electric Co.	Return on equity, rate of return.
9/96	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Return on equity.

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Date	Case	Jurisdct.	Party	Utility	Subject
1/97	RP96-199-000	FERC	The Industrial Gas Users Conference	Mississippi River Transmission Corp.	Revenue requirements, rate of return and cost of service.
3/97	96-420-U	AR	West Central Arkansas Gas Corp.	Arkansas Oklahoma Gas Corp.	Revenue requirements, rate of return, cost of service and rate design.
7/97	U-11220	MI	Association of Business Advocating Tariff Equity	Michigan Gas Co. and Southeastern Michigan Gas Co.	Transportation Balancing Provisions.
7/97	R-00973944	PA	Pennsylvania American Water Large Users Group	Pennsylvania-American Water Co.	Rate of return, cost of service, revenue requirements.
3/98	8390-U	GA	Georgia Natural Gas Group and the Georgia Textile Manufacturers Assoc.	Atlanta Gas Light	Rate of return, restructuring issues, unbundling, rate design issues.
7/98	R-00984280	PA	PG Energy, Inc. Intervenors	PGE Industrial	Cost allocation.
8/98	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Revenue requirements.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric Co.	Return on equity, rate of return.
10/98	U-23327	LA	Louisiana Public Service Commission	SWPECO, CSW and AEP	Analysis of proposed merger.
12/98	98-577	ME	Maine Office of the Public Advocate	Maine Public Service Co.	Return on equity, rate of return.
12/98	U-23358	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Return on equity, rate of return.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co	Return on equity.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Return on equity.
4/99	R-984554	PA	T. W. Phillips Users Group	T. W. Phillips Gas and Oil Co.	Allocation of purchased gas costs.
6/99	R-0099462	PA	Columbia Industrial Intervenors	Columbia Gas of Pennsylvania	Balancing charges.
10/99	U-24182	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Cost of debt.

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Date	Case	Jurisd.	Party	Utility	Subject
10/99	R-00994782	PA	Peoples Industrial Intervenor	Peoples Natural Gas Co.	Restructuring issues.
10/99	R-00994781	PA	Columbia Industrial Intervenor	Columbia Gas of Pennsylvania	Restructuring, balancing charges, rate flexing, alternate fuel.
01/00	R-00994786	PA	UGI Industrial Intervenor	UGI Utilities, Inc.	Universal service costs, balancing, penalty charges, capacity Assignment.
01/00	8829	MD & United States	Maryland Industrial Gr.	Baltimore Gas & Electric Co.	Revenue requirements, cost allocation, rate design.
02/00	R-00994788	PA	Penn Fuel Transportation	PFG Gas, Inc., and	Tariff charges, balancing provisions.
05/00	U-17735	LA	Louisiana Public Service Comm.	Louisiana Electric Cooperative	Rate restructuring.
07/00	2000-080	KY	Kentucky Industrial Utility Consumers	Louisville Gas and Electric Co.	Cost allocation.
07/00	U-21453 U-20925 (SC), U-22092 (SC) (Subdocket E)	LA	Louisiana Public Service Commission	Southwestern Electric Power Co.	Stranded cost analysis.
09/00	R-00005654	PA	Philadelphia Industrial And Commercial Gas Users Group.	Philadelphia Gas Works	Interim relief analysis.
10/00	U-21453 U-20925 (SC), U-22092 (SC) (Subdocket B)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Restructuring, Business Separation Plan.
11/00	R-00005277 (Rebuttal)	PA	Penn Fuel Transportation Customers	PFG Gas, Inc. and North Penn Gas Co.	Cost allocation issues.
12/00	U-24993	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Return on equity.
03/01	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Stranded cost analysis.
04/01	U-21453 U-20925 (SC), U-22092 (SC) (Subdocket B) (Addressing Contested Issues)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Restructuring issues.
04/01	R-00006042	PA	Philadelphia Industrial and Commercial Gas Users Group	Philadelphia Gas Works	Revenue requirements, cost allocation and tariff issues.

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Date	Case	Jurisdict.	Party	Utility	Subject
11/01	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Return on equity.
03/02	14311-U	GA	Georgia Public Service Commission	Atlanta Gas Light	Capital structure.
08/02	2002-00145	KY	Kentucky Industrial Utility Customers	Columbia Gas of Kentucky	Revenue requirements.
09/02	M-00021612	PA	Philadelphia Industrial And Commercial Gas Users Group	Philadelphia Gas Works	Transportation rates, terms, and conditions.
01/03	2002-00169	KY	Kentucky Industrial Utility Customers	Kentucky Power	Return on equity.
02/03	02S-594E	CO	Cripple Creek & Victor Gold Mining Company	Aquila Networks – WPC	Return on equity.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Return on equity.
10/03	CV020495AB	GA	The Landings Assn., Inc.	Utilities Inc. of GA	Revenue requirement & overcharge refund
03/04	2003-00433	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric	Return on equity, Cost allocation & rate design
03/04	2003-00434	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Return on equity
4/04	04S-035E	CO	Cripple Creek & Victor Gold Mining Company, Goodrich Corp., Holcim (U.S.) Inc., and The Trane Co.	Aquila Networks – WPC	Return on equity.
9/04	U-23327, Subdocket B	LA	Louisiana Public Service Commission	Southwestern Electric Power Company	Fuel cost review
10/04	U-23327 Subdocket A	LA	Louisiana Public Service Commission	Southwestern Electric Power Company	Return on Equity
06/05	050045-EI	FL	South Florida Hospital and HealthCare Assoc.	Florida Power & Light Co.	Return on equity
08/05	9036	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Revenue requirement, cost allocation, rate design, Tariff issues.
01/06	2005-0034	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Return on equity.

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Date	Case	Jurisdict.	Party	Utility	Subject
03/06	05-1278-E-PC-PW-42T	WV	West Virginia Energy Users Group	Appalachian Power Company	Return on equity.
04/06	U-25116 Commission	LA	Louisiana Public Service	Entergy Louisiana, LLC	Transmission Issues
07/06	U-23327 Commission	LA	Louisiana Public Service	Southwestern Electric Power Company	Return on equity, Service quality
08/06	ER-2006-0314	MO	Missouri Office of the Public Counsel	Kansas City Power & Light Co.	Return on equity, Weighted cost of capital
08/06	06S-234EG	CO	CF&I Steel, L.P. & Climax Molybdenum	Public Service Company of Colorado	Return on equity, Weighted cost of capital
01/07	06-0960-E-42T Users Group	WV	West Virginia Energy Users Group	Monongahela Power & Potomac Edison	Return on Equity
01/07	43112	AK	AK Steel, Inc.	Vectren South, Inc.	Cost allocation, rate design
05/07	2006-661	ME	Maine Office of the Public Advocate	Bangor Hydro-Electric	Return on equity, weighted cost of capital.
09/07	07-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power	Return on equity, weighted cost of capital
10/07	05-UR-103	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Return on equity
11/07	29797	LA	Louisiana Public Service Commission	Cleco Power, LLC & Southwestern Electric Power	Lignite Pricing, support of settlement
01/08	07-551-EL-AIR	OH	Ohio Energy Group	Ohio Edison, Cleveland Electric, Toledo Edison	Return on equity
03/08	07-0585, 07-0585, 07-0587, 07-0588, 07-0589, 07-0590, (consol.)	IL	The Commercial Group	Ameren	Cost allocation, rate design
04/08	07-0566	IL	The Commercial Group	Commonwealth Edison	Cost allocation, rate design
06/08	R-2008-2011621	PA	Columbia Industrial Intervenors	Columbia Gas of PA	Cost and revenue allocation, Tariff issues
07/08	R-2008-2028394	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Cost and revenue allocation, Tariff issues

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Date	Case	Jurisdict.	Party	Utility	Subject
07/08	R-2008-2039634	PA	PPL Gas Large Users Group	PPL Gas	Retainage, LUFG Pct.
08/08	6680-UR-116	WI	Wisconsin Industrial Energy Group	Wisconsin P&L	Cost of Equity
08/08	6690-UR-119	WI	Wisconsin Industrial Energy Group	Wisconsin PS	Cost of Equity
09/08	ER-2008-0318	MO	The Commercial Group	AmerenUE	Cost and revenue allocation
10/08	R-2008-2029325	PA	U.S. Steel & Univ. of Pittsburgh Med. Ctr.	Equitable Gas Co.	Cost and revenue allocation
10/08	08-G-0609	NY	Multiple Intervenors	Niagara Mohawk Power	Cost and Revenue allocation
12/08	27800-U	GA	Georgia Public Service Commission	Georgia Power Company	CWIP/AFUDC issues, Review financial projections
03/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Capital Structure
04/09	E002/GR-08-1065	MN	The Commercial Group	Northern States Power	Cost and revenue allocation and rate design
05/09	08-0532	IL	The Commercial Group	Commonwealth Edison	Cost and revenue allocation
07/09	080677-EI	FL	South Florida Hospital and Health Care Association	Florida Power & Light	Cost of equity, capital structure, Cost of short-term debt
07/09	U-30975	LA	Louisiana Public Service Commission	Cleco LLC, Southwestern Public Service Co.	Lignite mine purchase
10/09	4220-UR-116	WI	Wisconsin Industrial Energy Group	Northern States Power	Class cost of service, rate design
10/09	M-2009-2123945	PA	PP&L Industrial Customer Alliance	PPL Electric Utilities	Smart Meter Plan cost allocation
10/09	M-2009-2123944	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Company	Smart Meter Plan cost allocation
10/09	M-2009-2123951	PA	West Penn Power Industrial Intervenors	West Penn Power	Smart Meter Plan cost allocation
11/09	M-2009-2123948	PA	Duquesne Industrial Intervenors	Duquesne Light Company	Smart Meter Plan cost allocation
11/09	M-2009-2123950	PA	Met-Ed Industrial Users Group Penelec Industrial Customer Alliance, Penn Power Users Group	Metropolitan Edison, Pennsylvania Electric Co., Pennsylvania Power Co.	Smart Meter Plan cost allocation

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03/10	09-1352-	WV E-42T	West Virginia Energy Users Group	Monongahela Power	Return on equity, rate of return Potomac Edison
03/10	E015/GR- 09-1151	MN	Large Power Intervenors	Minnesota Power	Return on equity, rate of return
04/10	2009-00459	KY	Kentucky Industrial Utility Consumers	Kentucky Power	Return on equity
04/10	2009-00548 2009-00549	KY	Kentucky Industrial Utility Consumers	Louisville Gas and Electric, Kentucky Utilities	Return on equity.
05/10	10-0261-E- GI	WV	West Virginia Energy Users Group	Appalachian Power Co./ Wheeling Power Co.	EE/DR Cost Recovery, Allocation, & Rate Design
05/10	R-2009- 2149262	PA	Columbia Industrial Intervenors	Columbia Gas of PA	Class cost of service & cost allocation
06/10	2010-00036	KY	Lexington-Fayette Urban County Government	Kentucky American Water Company	Return on equity, rate of return, revenue requirements
06/10	R-2010- 2161694	PA	PP&L Industrial Customer Alliance	PPL Electric Utilities	Rate design, cost allocation
07/10	R-2010- 2161575	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Return on equity
07/10	R-2010- 2161592	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Cost and revenue allocation
07/10	9230	MD	Maryland Energy Group	Baltimore Gas and Electric	Electric and gas cost and revenue allocation; return on equity
09/10	10-70	MA	University of Massachusetts-Amherst	Western Massachusetts Electric Co.	Cost allocation and rate design
10/10	R-2010- 2179522	PA	Duquesne Industrial Intervenors	Duquesne Light Company	Cost and revenue allocation, rate design
11/10	P-2010- 2158084	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Transmission rate design
11/10	10-0699- E-42T	WV	West Virginia Energy Users Group	Appalachian Power Co. & Wheeling Power Co.	Return on equity, rate of Return
11/10	10-0467	IL	The Commercial Group	Commonwealth Edison	Cost and revenue allocation and rate design
04/11	R-2010- 2214415	PA	Central Penn Gas Large Users Group	UGI Central Penn Gas, Inc.	Tariff issues, revenue allocation
07/11	R-2011- 2239263	PA	Philadelphia Area Energy Users Group	PECO Energy	Retainage rate

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08/11	R-2011-2232243	PA	AK Steel	Pennsylvania-American Water Company	Rate Design
08/11	11AL-151G	CO	Climax Molybdenum	PS of Colorado	Cost allocation
09/11	11-G-0280	NY	Multiple Intervenors	Corning Natural Gas Co.	Cost and revenue allocation
10/11	4220-UR-117	WI	Wisconsin Industrial Energy Group	Northern States Power	Cost and revenue allocation, rate design
02/12	11AL-947E	CO	Climax Molybdenum, CF&I Steel	Public Service Company of Colorado	Return on equity, weighted cost of capital
07/12	120015-EI	FL	South Florida Hospitals and Health Care Association	Florida Power and Light Co.	Return on equity, weighted cost of capital
07/12	12-0613-E-PC	WV	West Virginia Energy Users Group	American Electric Power/APCo	Special rate proposal for Century Aluminum
07/12	R-2012-2290597	PA	PP&L Industrial Customer Alliance	PPL Electric Utilities Corp.	Cost allocation
09/12	05-UR-106	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Co.	Class cost of service, cost and revenue allocation, rate design
09/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Consumers	Louisville Gas and Electric, Kentucky Utilities	Return on equity.
10/12	9299	MD	Maryland Energy Group	Baltimore Gas & Electric	Cost and revenue allocation, rate design Cost of equity, weighted cost of capital
10/12	4220-UR-118	WI	Wisconsin Industrial Energy Group	Northern States Power Company	Class cost of service, cost and revenue allocation, rate design
10/12	473-13-0199	TX	Steering Committee of Cities Served by Oncor	Cross Texas Transmission, LLC	Return on equity, capital structure
01/13	R-2012-2321748 et al.	PA	Columbia Industrial Intervenors	Columbia Gas of Pennsylvania	Cost and revenue allocation
02/13	12AL-1052E	CO	Cripple Creek & Victor Gold Mining, Holcim (US) Inc.	Black Hills/Colorado Electric Utility Company	Cost and revenue allocations
06/13	8009	VT	IBM Corporation	Vermont Gas Systems	Cost and revenue allocation, rate design
07/13	130040-EI	FL	WCF Hospital Utility Alliance	Tampa Electric Co.	Return on equity, rate of return
08/13	9326	MD	Maryland Energy Group	Baltimore Gas and Electric	Cost and revenue allocation, rate design, special rider

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08/13	P-2012-2325034	PA	PP&L Industrial Customer Alliance	PPL Electric Utilities, Corp.	Distribution System Improvement Charge
09/13	4220-UR-119	WI	Wisconsin Industrial Energy Group	Northern States Power Co.	Class cost of service, cost and revenue allocation, rate design
11/13	13-1325-E-PC	WV	West Virginia Energy Users Group	American Electric Power/APCo	Special rate proposal, Felman Production
06/14	R-2014-2406274	PA	Columbia Industrial Intervenors	Columbia Gas of Pennsylvania	Cost and revenue allocation, rate design
08/14	05-UR-107	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Co.	Cost and revenue allocation, rate design
10/14	ER13-1508 et al.	FERC	Louisiana Public Service Comm.	Entergy Services, Inc.	Return on equity
11/14	14AL-0660E	CO	Climax Molybdenum Co. and CFI Steel, LP	Public Service Co. of Colorado	Return on equity, weighted cost of capital
11/14	R-2014-2428742	PA	AK Steel	West Penn Power Company	Cost and revenue allocation
12/14	42866	TX	West Travis Co. Public Utility Agency	Travis County Municipal Utility District No. 12	Response to complain of monopoly power
3/15	2014-00371 2014-00372	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric, Kentucky Utilities	Return on equity, cost of debt, weighted cost of capital
3/15	2014-00396	KY	Kentucky Industrial Utility Customers	Kentucky Power Co.	Return on equity, weighted cost of capital
6/15	15-0003-G-42T	WV	West Virginia Energy Users Gp.	Mountaineer Gas Co.	Cost and revenue allocation, Infrastructure Replacement Program
9/15	15-0676-W-42T	WV	West Virginia Energy Users Gp.	West Virginia-American Water Company	Appropriate test year, Historical vs. Future
9/15	15-1256-G-390P	WV	West Virginia Energy Users Gp.	Mountaineer Gas Co.	Rate design for Infrastructure Replacement and Expansion Program
10/15	4220-UR-121	WI	Wisconsin Industrial Energy Gp.	Northern States Power Co.	Class cost of service, cost and revenue allocation, rate design
12/15	15-1600-G-390P	WV	West Virginia Energy Users Gp.	Dominion Hope	Rate design and allocation for Pipeline Replacement & Expansion Prog.
12/15	45188	TX	Steering Committee of Cities Served by Oncor	Oncor Electric Delivery Co.	Ring-fence protections for cost of capital

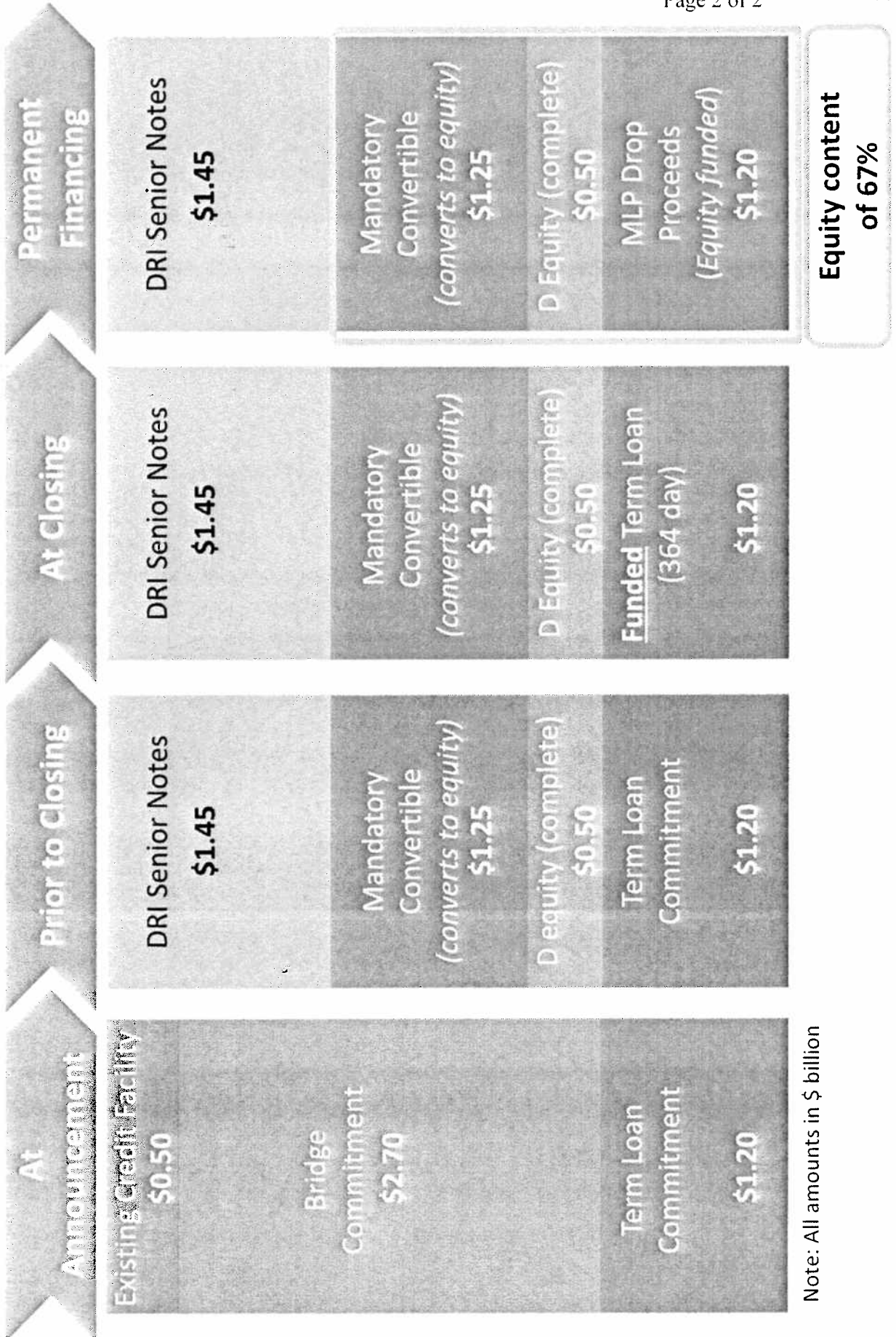
**Expert Testimony Appearances
of
Richard A. Baudino
As of July 2016**

Date	Case	Jurisdict.	Party	Utility	Subject
2/16	9406	MD	Maryland Energy Group	Baltimore Gas & Electric	Cost and revenue allocation, rate design, proposed Rider 5
3/16	39971	GA	GA Public Service Comm. Staff	Southern Company / AGL Resources	Credit quality and service quality issues
04/16	2015-00343	KY	Kentucky Office of the Attorney General	Atmos Energy	Cost of equity, cost of short-term debt, capital structure
05/16	16-G-0058 16-G-0059	NY	City of New York	Brooklyn Union Gas Co., KeySpan Gas East Corp.	Cost and revenue allocation, rate design, service quality issues
06/16	16-0073-E-C	WV	Constellium Rolled Products Ravenswood, LLC	Appalachian Power Co.	Complaint; security deposit
07/16	9418	MD	Healthcare Council of the National Capital Area	Potomac Electric Power Co.	Cost of equity, cost of service, Cost and revenue allocation
07/16	160021-EI	FL	South Florida Hospital and Health Care Association	Florida Power and Light Co.	Return on equity, cost of debt, capital structure
07/16	16-057-01	UT	Utah Office of Consumer Svcs.	Dominion Resources, Questar Gas Co.	Credit quality and service quality issues

HOW WILL DOMINION QUESTAR GAS BE “RING-FENCED”?

- ✓ DRI and affiliates will not be able to borrow funds from Dominion Questar Gas (“IRCA”)
- ✓ Maintain status as a standalone issuer of long-term debt
- ✓ Maintain current debt and equity capital ratios
- ✓ Maintain credit metrics that support strong investment-grade credit ratings
- ✓ Maintain issuer credit ratings from independent credit rating agencies
- ✓ Standalone audited financial statements (books and records maintained in SLC)
- ✓ Maintain as a separate and distinct legal entity
- ✓ Maintain Utah Commission oversight of Dominion Questar Gas dividends
- ✓ Appoint a member of Questar’s Board of Directors to Dominion’s Board of Directors

HOW WILL DOMINION FINANCE THE MERGER?



Note: All amounts in \$ billion

**SUMMARY OF ANNUAL SERVICE QUALITY PERFORMANCE
QUESTAR GAS COMPANY**

	2015	2014	2013	2012	2011	2010
	Annual Goal					
<u>Overall Impression of QGC</u>						
How satisfied are you with the product and services you receive?	5.9	6.3	6.2	6.3	6.2	6.2
Delivers Natural gas to my home/good value for price paid	4.9	5.8	5.7	5.5	5.6	5.6
Keeps me informed when/why natural gas rates change before it happens	5.0	5.4	5.4	5.5	5.4	5.4
Consistently delivers natural gas to my home without disruption	6.5	6.7	6.6	6.7	6.7	6.7
Is honest and open in its dealings	5.5	6.0	5.9	6.1	5.9	5.9
Safely delivers natural gas to my home	6.5	6.6	6.6	6.6	6.6	6.6
Demonstrates care and concern for people like me	5.0	5.8	5.7	5.8	5.7	5.7
<u>Customer Care</u>						
Pct. Of call answered within 60 seconds after customer chooses menu option	40%	91.6%	94.2%	96.0%	85.3%	88.5%
Pct. Of emergency calls answered within 60 seconds by agent	95%	99.3%	99.4%	99.6%	99.5%	99.6%
Average wait for customer after menu selection	less than 60 secs.	29	19	14	48	35
Callers that hang up after menu choice is made	less than 10%	1.0%	0.7%	2.5%	2.4%	2.0%
Amount of time talking with customer and completing request	less than 5 mins.	4.8	4.8	4.2	4.6	4.4
The phone staff was courteous	6.0	6.7	6.6	6.5	6.5	6.4
The phone staff was knowledgeable	6.0	6.5	6.4	6.4	6.5	6.4
My call was answered quickly	5.5	6.2	6.2	6.0	6.1	6.0
The person I spoke with was able to resolve my issue	6.0	6.4	6.3	6.3	6.4	6.3
The automated menu was easy to use	5.7	5.9	5.9	5.8	5.9	5.7
How satisfied are you with the actions taken by Questar Gas in response to your call	5.8	6.4	6.2	6.3	6.3	6.2
<u>Customer Affairs</u>						
Respond to customer regarding any PSC complaint within 6 business days	100%	100%	100%	100%	100%	100%
<u>Service Calls - Ask-A-Tech</u>						
The technician was courteous	6.2	6.8	6.7	6.8	6.7	6.7
The technician was knowledgeable	6.2	6.7	6.7	6.7	6.7	6.6
The technician was able to help me quickly	5.9	6.6	6.6	6.5	6.4	6.4
The technician was able to help me resolve my issue	5.9	6.6	6.6	6.6	6.6	6.6
The automated menu was easy to use	5.7	6.3	6.3	6.3	6.1	6.1
How satisfied are you with the technicians overall performance	6.0	6.8	6.6	6.6	6.6	6.6
<u>Service Calls</u>						
The service technician was courteous	6.4	6.8	6.9	6.9	6.8	6.8
The service technician was knowledgeable	6.4	6.7	6.8	6.8	6.7	6.8
The service technician was able to help me quickly	6.2	6.7	6.6	6.7	6.7	6.7
The service technician was able to help me resolve my issue	6.2	6.6	6.6	6.7	6.6	6.7
How satisfied are you with the service technician's overall performance	6.3	6.7	6.7	6.7	6.7	6.8
Emergency calls - company representative is onsite within 1 hour of call	90%	98%	98.50%	94.1%	94.4%	95.3%
Remove master seal within 1 business day requested by customer for activation	90%	100%	100%	100.0%	98.5%	99.8%
Activate or reactivate customers' gas service within 3 business days	90%	100%	100%	98.8%	100.0%	100.0%
Keeping customer appointments	90%	97.7%	98.3%	99.5%	97.9%	96.2%
Restore interrupted service caused by system failure w/in 1 business day	24 hours	100%	100%	100.0%	100.0%	100.0%
<u>Billing</u>						
Read each meter monthly	99%	97.3%	99%	99.7%	99.5%	99.9%
Percent of adjustments	5% Annual	2.45%	2.09%	1.99%	2.30%	3.51%
Send corrected statement to customer	7 bus. Days	2.33	2.33	1.28	1.70	0.23
Percentage of billing inquiries requiring investigation responded to w/in 7 bus. Days	90%	99.9%	99.7%	100%	99.5%	99.9%
Response time to investigate meter problems and notify customer w/in 16 business days	90%	100%	100%	100%	100%	100%

Service Quality

OCS 2.67 Please refer to the Direct Testimony of Diane Leopold, page 13, lines 330 - 331.

- a. Please explain in detail how Dominion "intends to maintain Dominion Questar Gas' customer service at or better than current levels and will strive for continued improvements thereto."
- b. Will Dominion follow certain customer service quality standards and measures with respect to maintaining and improving Questar's service quality? If so, please provide all such standards and the metrics or goals associated with each standard.
- c. Has Dominion identified any areas of Questar's customer service quality that could be improved? If so, please identify each area and explain how Dominion intends to improve service in that area.

- Answer:
- a. The main factors that drive customer service levels are resources, procedures and training. Dominion has indicated that it plans to operate Dominion Questar Gas in the same manner as it is currently operated, and that includes maintaining the Operator Qualified staffing and other resources needed to deliver the same or better level of customer service. Dominion is also committed to ensuring that employees continue to receive the training needed to be proficient in the customer service tasks they perform. In addition, Dominion has stated that it will also identify and share best practices among its operating companies. That exchange will contribute to continuous improvement in processes and procedures, some of which may improve Dominion Questar Gas customer service levels once evaluated and deployed.
 - b. Dominion plans to continue to monitor and evaluate the customer service standards and metrics currently approved by the Utah Public Service Commission. For a more detailed discussion of these metrics please see OCS 2.68.
 - c. Dominion and Questar have not engaged in analysis and best practice sharing to the level of detail needed to identify specific areas of Questar's customer service quality that can be improved.

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BENEFITS TO CUSTOMERS FROM THE TRANSACTION

I. CUSTOMER SERVICE

A. Network Performance

1. System Availability. On the five-year anniversary of the completion of the transaction,¹ the underlying System Average Interruption Duration Index (SAIDI) for PacifiCorp customers in the State of Utah will have been reduced by 10%.

2. System Reliability. On the five-year anniversary of the completion of the transaction, the underlying System Average Interruption Frequency Index (SAIFI) for PacifiCorp customers in the State of Utah will have been reduced by 10%.

3. Momentary Interruptions. On the five-year anniversary of the completion of the transaction, the Momentary Average Interruption Frequency Index (MAIFI) for PacifiCorp customers in the State of Utah will have been reduced by 5%.

4. Worst Performing Circuits. The 5 worst performing circuits in the State of Utah will be selected annually on the basis of the Circuit Performance Indicator (CPI),² as calculated over a three-year average excluding extreme events. Corrective measures will be taken within 2 years of implementation of the performance targets to reduce the CPI by 20%.

5. Supply Restoration. For power outages because of a fault or damage on PacifiCorp's system, PacifiCorp will restore supplies on average to 80% of customers within 3 hours.

6. Penalties. For each of the standards not achieved in the State of Utah at the end of the five-year period, ScottishPower will pay a financial penalty equal to \$1.00 for every customer served by PacifiCorp in Utah.

¹ Reference to "completion of the transaction" throughout this document means the closing of the transaction pursuant to the Amended Merger Agreement.

² The CPI is a weighted, composite index based on the following four factors: (1) MAIFI, (2) SAIDI, (3) SAIFI, and (4) number of lockouts.

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7. Implementation. Specific terms and conditions relating to the implementation of the Network Performance Standards are set forth in Appendix A.³

B. Customer Service Performance

1. Telephone Service Levels. Within 120 days after completion of the transaction, 80% of calls to PacifiCorp's Business Centers will be answered within 30 seconds. This target will be increased to 80% in 20 seconds by January 1, 2001 and 80% in 10 seconds by January 1, 2002.

2. Complaint Resolution.

a. Non-Disconnect Complaints. Within 90 days after completion of the transaction, PacifiCorp will investigate and provide a response to all complaints referred by the Commission within 3 business days.⁴

b. Disconnect Complaints. Within 90 days after completion of the transaction, complaints related to service disconnection will be responded to within 4 business hours.⁵

c. Commission Complaints. Within 90 days after completion of the transaction, ninety percent of complaints referred to PacifiCorp by the Commission will be resolved within 30 days. This percentage will be increased to 95 percent by 2001.

3. Implementation. Specific terms and conditions relating to the implementation of the Customer Service Performance Standards are set forth in Appendix A.

³ Initial benchmarks for SAIDI, SAIFI and MAIFI will be established based upon PacifiCorp's historical performance, adjusted as necessary where the change in measurement and monitoring accuracy results in a change in the reported (but not actual) reliability indices, as discussed in Mr. Moir's testimony at page 7.

⁴ Business days are defined as Monday through Friday excluding company holidays.

⁵ Business hours are defined as 8:00 a.m. to 5:00 p.m.

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C. Customer Service Guarantees

1. Restoring the Customer's Supply.

a. Guarantee. If the customer loses electricity supply because of a fault in PacifiCorp's system, PacifiCorp will restore the customer's supply as soon as possible.

b. Penalty. If power is not restored in 24 hours, customers can claim \$50 for residential customers and \$100 for commercial and industrial customers. For each extra period of 12 hours the customer's supply has not been activated, the customer can claim \$25.

2. Appointments.

a. Guarantee. PacifiCorp will keep all mutually agreed appointments with the customer, whether over the phone or in writing. Beginning in the year 2001, PacifiCorp will offer the customer a morning appointment, between 8 AM and 1 PM, or an afternoon appointment, between 12 Noon and 5 PM.

b. Penalty. If PacifiCorp fails to meet its guarantee, PacifiCorp will automatically pay the customer \$50.

3. Switching On the Customer's Power.

a. Guarantee. Upon customer request, PacifiCorp will activate the power supply within 24 hours provided no construction is required and all government requirements are met.

b. Penalty. If PacifiCorp fails to meet its guarantee, it will automatically pay the customer \$50. In addition, for each extra period of 12 hours the customer's power supply has not been activated, PacifiCorp will automatically pay-out \$25 to the customer.

4. Estimates for Providing a New Supply.

a. Guarantee. Upon request by a customer for new power supply, PacifiCorp will call the customer back within 2 business days of the customer's initial call and schedule a mutually agreed appointment with an estimator. If PacifiCorp needs to change its network, it will provide a written estimate to the customer within

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15 business days of the customer's initial meeting with the estimator. If PacifiCorp does not need to change its network, it will provide an estimate to the customer within 5 business days of the customer's initial meeting with the estimator.

b. Penalty. If PacifiCorp fails to meet its guarantee, PacifiCorp will automatically pay the customer \$50 for each failure.

5. Response to Bill Inquiry.

a. Guarantee. PacifiCorp will investigate and respond within 15 business days of a customer's inquiry about its electric bill.

b. Penalty. If PacifiCorp fails to meet its guarantee, PacifiCorp will automatically pay the customer \$50 for each failure.

6. Problems with the Customer's Meter.

a. Guarantee. PacifiCorp will investigate and report back to the customer within 15 business days if the customer suspects a problem with its meter.

b. Penalty. If PacifiCorp fails to meet its guarantee, PacifiCorp will automatically pay the customer \$50 for each failure.

7. Planned Interruptions.

a. Guarantee. PacifiCorp will give the customer at least 2 days notice if it is necessary to turn the customer's power supply off for planned maintenance work or testing.

b. Penalty. If PacifiCorp fails to meet its guarantee, customers can claim \$50 for residential customers and \$100 for commercial and industrial customers.

8. Power Quality Complaints.

a. Guarantee. Upon notification from a customer about a problem with the quality of electric supply, PacifiCorp will either initiate an investigation within 7 days or explain the problem in writing within 5 business days.

b. Penalty. If PacifiCorp fails to meet its guarantee, it will automatically pay the customer \$50.

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9. Implementation. Specific terms and conditions relating to the implementation of the Customer Service Guarantees are set forth in Appendix B. Data calculations to measure performance will be audited by the company and an outside auditor.

10. Reporting.

a. To Customers. PacifiCorp will issue a report to the customer by June 30 of each year regarding its record in improving Performance Standards and how well it has performed against its Customer Guarantees. Each report will contain an overview of standards, targets and guarantees and describe the performance results for that year. The report will also discuss any new targets PacifiCorp will be applying in the coming year.

b. To Commission. PacifiCorp will provide an annual report to the Commission by May 31 of each year that will discuss implementation of ScottishPower's programs and procedures for providing improved performance. The report will provide a general summary of how PacifiCorp performed according to the standards, targets and guarantees. The report will: (i) provide performance results for each standard, target or guarantee; (ii) identify excluded exceptions; (iii) explain any historical and anticipated trends and events that affected or will affect the measure in the future; (iv) describe any technological advancements in data collection that will significantly change any performance indicator; (v) discuss any "phase in" of new standards, targets or guarantees; and (vi) include the name and telephone numbers of contacts at PacifiCorp to whom inquiries should be addressed. If the company is not meeting a standard, target or guarantee, the report will: (i) provide an analysis of relevant patterns and trends; (ii) describe the cause or causes of the unacceptable performance; (iii) describe the corrective measures undertaken by the company; (iv) set a target date for completion of the corrective measures; and (v) provide details of any penalty payments due.

II. REGULATORY OVERSIGHT

A. Access to Books and Records

1. PacifiCorp will maintain its own accounting system, separate from ScottishPower's accounting system. All PacifiCorp financial books and records will be kept in Portland, Oregon, and will continue to be available to the Commission upon request at PacifiCorp's offices in Portland, Salt Lake City, Utah, and elsewhere in

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accordance with current practice.

B. Cost Allocation, Affiliated Interest Transactions

1. By the end of the third year following the completion of the transaction, ScottishPower will have achieved a net reduction of \$10 million annually in PacifiCorp's corporate costs (\$15 million of annual cost savings in corporate costs which, when offset by \$5 million of cost increases, will produce a net reduction of \$10 million annually in corporate costs). ScottishPower will commit to reflecting this reduction in PacifiCorp's results of operations filed with the Commission.

2. ScottishPower will provide an analysis of its proposed allocation of corporate costs within ninety days after completion of the transaction.

3. To determine the reasonableness of allocation factors used by ScottishPower to assign costs to PacifiCorp and amounts subject to allocation or direct charges, the Commission or its agents may audit the records of ScottishPower which are the bases for charges to PacifiCorp. ScottishPower will cooperate fully with such Commission audits.

4. ScottishPower and PacifiCorp will provide the Commission access to all books of account, as well as all documents, data and records of their affiliated interest, which pertain to any transactions between PacifiCorp and its affiliated interests.

5. ScottishPower and PacifiCorp agree to comply with all existing Commission statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports.

6. ScottishPower will not subsidize its activities by allocating to or directly charging PacifiCorp expenses not authorized by the Commission to be so allocated or directly charged.

7. Neither ScottishPower nor PacifiCorp will assert in any future Commission proceeding that the provisions of the Public Utility Holding Company Act of 1935 preempt the Commission's jurisdiction over affiliated interest transactions.

C. Transaction Costs

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1. ScottishPower and PacifiCorp will exclude all costs of the transaction from PacifiCorp's utility accounts.

D. Financial Issues

1. ScottishPower intends to achieve an actual capital structure equivalent to that of comparable, A-rated electric utilities in the U.S., with a common equity ratio for PacifiCorp of not less than 47%.

2. PacifiCorp will maintain separate debt and, if outstanding, preferred stock ratings.

3. ScottishPower and PacifiCorp will provide the Commission with unrestricted access to all written information provided to common stock, bond, or bond rating analysts, which directly or indirectly pertains to PacifiCorp.

III.COMMITMENT TO THE ENVIRONMENT

A. Renewable Resources

1. PacifiCorp will develop an additional 50 MW of renewable resources (wind, solar and/or geothermal) at an anticipated cost of approximately \$60 million within five years after completion of the transaction.

2. Within 60 days after completion of the transaction, PacifiCorp will file applications in each state for a "green resource" tariff.

3. PacifiCorp will contribute \$100,000 to the Bonneville Environmental Foundation for use in the development of new renewable resources and fish mitigation projects.

B. Environmental Management

1. PacifiCorp will have environmental management systems in place that are self-certified to ISO 14001 standards at all PacifiCorp operated thermal generation by the end of 2000.

2. ScottishPower will include PacifiCorp operations in ScottishPower's comprehensive annual environmental report with appropriate specific goals.

3. ScottishPower will include a PacifiCorp officer on the Environmental

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Policy Advisory Committee.

4. ScottishPower will develop a process to gather outside input on environmental matters, such as the establishment of an Environmental Forum.

IV.COMMITMENT TO COMMUNITIES

A. Financial Contribution

1. ScottishPower will contribute \$5 million to the PacifiCorp Foundation upon completion of the transaction.

2. ScottishPower will maintain the existing level of PacifiCorp's other community-related contributions, both in terms of monetary and in-kind contributions.

B. Programs

1. ScottishPower will develop, in consultation with the appropriate Utah state educational authorities and the local business community, a "School to Work" initiative. Skill development opportunities will be made available through the Open Learning Centers, work experience mentoring, and work shadowing.

2. ScottishPower will maintain the existing Regional Advisory Boards.

C. Low-Income Customers

1. ScottishPower will commit \$1.5 million per year (in addition to PacifiCorp's existing commitment of \$1.5 million annually) to programs that encourage the economic well-being of communities, including the following:

a. ScottishPower will double the number of customers assisted by the heat assistance funding program for those customers who qualify under the Federal Low Income Energy Assistance Program and will reintroduce the matching concept with PacifiCorp matching customer donations to heat assistance programs annually.

b. ScottishPower will establish a debt counseling service for those customers who have difficulty in paying their monthly electric bills.

c. ScottishPower will expand the commitment to educate customers regarding energy efficiency in order to help customers with payment difficulties, and

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to promote electricity safety for all customers.

V.COMMITMENT TO EMPLOYEES

A. Existing Labor Agreements

1. ScottishPower will honor existing labor contracts with all levels of staff.

B. New Programs

1. ScottishPower will introduce the following programs in the PacifiCorp service territory, upon completion of the transaction, at a start-up cost of approximately \$3 million and estimated annual expenditures of approximately \$1 million:

- a. ScottishPower will develop one "best-in-class" training center in each of Oregon and Utah. These centers will provide employees with opportunities to improve their work-related skills.

- b. ScottishPower will phase in the introduction of the ScottishPower Open Learning centers. At these Open Learning centers, employees will be able to supplement their work-related skills with other skills designed to enhance their overall knowledge.

- c. ScottishPower will establish partnerships with local colleges and universities to develop management training programs.

C. Occupational Health

1. ScottishPower will examine the appropriateness of introducing for PacifiCorp employees its successful programs already adopted in the U.K. to encourage a healthy lifestyle for employees.

UTAH STIPULATION
DOCKET NO. 98-2035-04
ATTACHMENT NO. 2

ScottishPower/PacifiCorp
Proposed Treatment of Merger Related Costs

Cost Item	\$	Above the line	Below the line	Ref.	Comment
Goodwill	1,800m (£1124.7m)		X	SP Listing Particulars page 107	Goodwill represents the difference between the purchase price and fair value of the net assets of PacifiCorp. Goodwill is sometimes referred to as the acquisition adjustment for accounting purposes. The calculation of goodwill varies with fluctuations in ScottishPower share price.
Acquisition Costs			X	SP Listing Particulars pages 107 & 145	This is an estimate only. However, all such costs incurred directly in completing the acquisition will be charged below the line.
1) Share Issue Costs	104m (£65m)		X		
2) Preferred Stock Redemption	26m (£15m)		X		
3) Investment, legal, accounting etc	109m		X		
Total Acquisition Cost	239m		X		
Preferred Stockholder Merger Approval Payments	2.5m (maximum)		X	PC Proxy Statement page 138	Special payments made to preferred Stockholders of 1% to obtain merger approval.
Payments to Directors	0.4m		X	SP Listing Particulars page 166	\$50,000 payment made to non-executive directors.
Change in Control					
1) Enhanced Executive Severance	8.3m (maximum)		X	SP Listing Particulars page 163-165	Only enhanced payments resulting from the application of change in control conditions are included. To the extent that a net benefit in costs going forward can be demonstrated then such costs will be treated above the line. Final change in control costs can only be determined 24 months after closure. Numbers quoted are upper limit amounts if all eligible employees receive maximum amounts due. They include payments due to two executives who have already retired.
2) PacifiCorp Stock Plans	minimal cost		X		
3) Supplemental Executive Retirement Plan (SERP)	2.6m		X		There is no material cost associated with PacifiCorp employees stock option provisions. Payments to retain key employees during period prior to merger completion.
Retention Incentive Payments	7m (maximum)		X	SP Listing Particulars page 166, WIEC 3.5	To the extent that any such payments are made in connection with "extraordinary efforts" to accomplish the successful completion of the merger only. No quantification of this portion can be determined at this time.
Bonus Pool - Merger related portion	Not known		X	SP Listing Particulars page 166	

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-APPENDIX: COMPILATION OF COMMITMENTS-

**MEHC Acquisition of PacifiCorp
Utah Docket No. 05-035-54**

Consolidated List of Amended and Additional Commitments from Most-Favored States Process

Extension of Existing Commitments – (reference Gale’s Exhibit UP&L (BEG-1))

- 1) MEHC and PacifiCorp affirm the continuation (through March 31, 2008) of the existing customer service guarantees and performance standards in each jurisdiction. MEHC and PacifiCorp will not propose modifications to the guarantees and standards prior to March 31, 2008. Refer to Commitment 45 for the extension of this commitment through 2011.
- 2) Penalties for noncompliance with performance standards and customer guarantees shall be paid as designated by the Commission and shall be excluded from results of operations. PacifiCorp will abide by the Commission’s decision regarding payments.
- 3) PacifiCorp will maintain its own accounting system, separate from MEHC’s accounting system. All PacifiCorp financial books and records will be kept in Portland, Oregon. PacifiCorp’s financial books and records and state and federal utility regulatory filings and documents will continue to be available to the Commission, upon request, at PacifiCorp’s offices in Portland, Oregon, Salt Lake City, Utah, and elsewhere in accordance with current practice.
- 4) MEHC and PacifiCorp will provide the Commission access to all books of account, as well as all documents, data, and records of their affiliated interests, which pertain to transactions between PacifiCorp and its affiliated interests or which are otherwise relevant to the business of PacifiCorp. This commitment is also applicable to the books and records of Berkshire Hathaway, which shall retain its books and records relevant to the business of PacifiCorp - consistent with the manner and time periods of the Federal Energy Regulatory Commission’s record retention requirements that are applicable to PacifiCorp’s books and records.
- 5) MEHC, PacifiCorp and all affiliates will make their employees, officers, directors, and agents available to testify before the Commission to provide information relevant to matters within the jurisdiction of the Commission.
- 6) The Commission or its agents may audit the accounting records of MEHC and its subsidiaries