

QUALIFICATIONS OF RANDALL J. FALKENBERG, PRESIDENT

EDUCATIONAL BACKGROUND

I received my Bachelor of Science degree with Honors in Physics and a minor in mathematics from Indiana University. I received a Master of Science degree in Physics from the University of Minnesota. My thesis research was in nuclear theory. At Minnesota I also did graduate work in engineering economics and econometrics. I have completed advanced study in power system reliability analysis.

PROFESSIONAL EXPERIENCE

After graduating from the University of Minnesota in 1977, I was employed by Minnesota Power as a Rate Engineer. I designed and coordinated the Company's first load research program. I also performed load studies used in cost-of-service studies and assisted in rate design activities.

In 1978, I accepted the position of Research Analyst in the Marketing and Rates department of Puget Sound Power and Light Company. In that position, I prepared the two-year sales and revenue forecasts used in the Company's budgeting activities and developed methods to perform both near- and long-term load forecasting studies.

In 1979, I accepted the position of Consultant in the Utility Rate Department of Ebasco Service Inc. In 1980, I was promoted to Senior Consultant in the Energy Management Services Department. At Ebasco I performed and assisted in numerous studies in the areas of cost of service, load research, and utility planning. In particular, I was involved in studies concerning analysis of excess capacity, evaluation of the planning activities of a major utility on behalf of its public service commission, development of a methodology for computing avoided costs and cogeneration rates, long-term electricity price forecasts, and cost allocation studies.

At Ebasco, I specialized in the development of computer models used to simulate utility production costs, system reliability, and load patterns. I was the principal author of production costing software used by eighteen utility clients and public service commissions for evaluation of marginal costs, avoided costs and production costing analysis. I assisted over a dozen utilities in the performance of marginal and avoided cost studies related to the PURPA of 1978. In this capacity, I worked with utility planners and rate specialists in quantifying the rate and cost impact of generation expansion alternatives. This activity included estimating carrying costs, O&M expenses, and capital cost estimates for future generation.

In 1982 I accepted the position of Senior Consultant with Energy Management Associates, Inc. and was promoted to Lead Consultant in June 1983. At EMA I trained and consulted with planners and financial

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analysts at several utilities in applications of the PROMOD and PROSCREEN planning models. I assisted planners in applications of these models to the preparation of studies evaluating the revenue requirements and financial impact of generation expansion alternatives, alternate load growth patterns and alternate regulatory treatments of new baseload generation. I also assisted in EMA's educational seminars where utility personnel were trained in aspects of production cost modeling and other modern techniques of generation planning.

I became a Principal in Kennedy and Associates in 1984. Since then I have performed numerous economic studies and analyses of the expansion plans of several utilities. I have testified on several occasions regarding plant cancellation, power system reliability, phase-in of new generating plants, and the proper rate treatment of new generating capacity. In addition, I have been involved in many projects over the past several years concerning the modeling of market prices in various regional power markets.

In January 2000, I founded RFI Consulting, Inc. whose practice is comparable to that of my former firm, J. Kennedy and Associates, Inc.

The testimony that I present is based on widely accepted industry standard techniques and methodologies, and unless otherwise noted relies upon information obtained in discovery or other publicly available information sources of the type frequently cited and relied upon by electric utility industry experts. All of the analyses that I perform are consistent with my education, training and experience in the utility industry. Should the source of any information presented in my testimony be unclear to the reader, it will be provided it upon request by calling me at 770-379-0505.

PAPERS AND PRESENTATIONS

Mid-America Regulatory Commissioners Conference - June 1984: "Nuclear Plant Rate Shock - Is Phase-In the Answer"

Electric Consumers Resource Council - Annual Seminar, September 1986: "Rate Shock, Excess Capacity and Phase-in"

The Metallurgical Society - Annual Convention, February 1987: "The Impact of Electric Pricing Trends on the Aluminum Industry"

Public Utilities Fortnightly - "Future Electricity Supply Adequacy: The Sky Is Not Falling" What Others Think, January 5, 1989 Issue

Public Utilities Fortnightly - "PoolCo and Market Dominance", December 1995 Issue

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APPEARANCES

3/84	8924	KY	Airco Carbide	Louisville Gas & Electric	CWIP in rate base.
5/84	830470- EI	FL	Florida Industrial Power Users Group	Fla. Power Corp.	Phase-in of coal unit, fuel savings basis, cost allocation.
10/84	89-07-R	CT	Connecticut Ind. Energy Consumers	Connecticut Light & Power	Excess capacity.
11/84	R-842651	PA	Lehigh Valley	Pennsylvania Power Committee	Phase-in of nuclear unit. Power & Light Co.
2/85	I-840381	PA	Phila. Area Ind. Energy Users' Group	Electric Co.	Philadelphia Economics of nuclear generating units.
3/85	Case No. 9243	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co.	Economics of cancelling fossil generating units.
3/85	R-842632	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Economics of pumped storage generating units, optimal res. margin, excess capacity.
3/85	3498-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Nuclear unit cancellation, load and energy forecasting, generation economics.
5/85	84-768- E-42T	WV	West Virginia Multiple Intervenors	Monongahela Power Co.	Economics - pumped storage generating units, reserve margin, excess capacity.
7/85	E-7, SUB 391	NC	Carolina Industrial Group for Fair Utility Rates	Duke Power Co.	Nuclear economics, fuel cost projections.
7/85	9299	KY	Kentucky Industrial Utility Consumers	Union Light, Heat & Power Co.	Interruptible rate design.
8/85	84-249-U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Prudence review.
1/86	85-09-12	CT	Connecticut Ind. Energy Consumers	Connecticut Light & Power Co.	Excess capacity, financial impact of phase-in nuclear plant.
1/86	R-850152	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Phase-in and economics of nuclear plant.
2/86	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power	Optimal reserve margins, prudence, off-system sales guarantee plan.
5/86	86-081- E-GI	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Generation planning study, economics prudence of a pumped storage hydroelectric unit.
5/86	3554-U	GA	Attorney General & Georgia Public	Georgia Power Co.	Cancellation of nuclear plant.

**Expert Testimony Appearances
of
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Date	Case	Jurisdict.	Party	Utility	Subject
			Service Commission Staff		
9/86	29327/28	NY	Occidental Chemical Corp.	Niagara Mohawk Power Co.	Avoided cost, production cost models.
9/86	E7-Sub 408	NC	NC Industrial Energy Committee	Duke Power Co.	Incentive fuel adjustment clause.
12/86 613	9437/	KY	Attorney General of Kentucky	Big Rivers Elect. Corp.	Power system reliability analysis, rate treatment of excess capacity.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power	Economics and rate treatment of Bath County pumped storage County Pumped Storage Plant.
6/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend Nuclear Plant.
6/87	PUC-87-013-RD E002/E-015 -PA-86-722	MN	Eveleth Mines & USX Corp.	Minnesota Power/Northern States	Sale of generating unit and reliability Power requirements.
7/87	Docket 9885	KY	Attorney General of Kentucky	Big Rivers Elec. Corp.	Financial workout plan for Big Rivers.
8/87	3673-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Nuclear plant prudence audit, Vogtle buyback expenses.
10/87	R-850220	PA	WPP Industrial Intervenors	West Penn Power	Need for power and economics, County Pumped Storage Plant
10/87	870220-EI	FL	Occidental Chemical	Fla. Power Corp.	Cost allocation methods and interruptible rate design.
10/87	870220-EI	FL	Occidental Chemical	Fla. Power Corp.	Nuclear plant performance.
1/88	Case No. 9934	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co.	Review of the current status of Trimble County Unit 1.
3/88	870189-EI	FL	Occidental Chemical Corp.	Fla. Power Corp.	Methodology for evaluating interruptible load.
5/88	Case No. 10217	KY	National Southwire Aluminum Co., ALCAN Alum Co.	Big Rivers Elec. Corp.	Debt restructuring agreement.
7/88	Case No. 325224	LA Div. I 19th Judicial District	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend Nuclear Plant.
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Weather normalization gas sales and revenues.
10/88	3799-U	GA	Georgia Public Service Commission	United Cities Gas Co.	Weather normalization of gas sales and revenues.

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Date	Case	Jurisdict.	Party	Utility	Subject
			Staff		
12/88	88-171-EL-AIR 88-170-EL-AIR	OH OH	Ohio Industrial Energy Consumers	Toledo Edison Co., Cleveland Electric Illuminating Co.	Power system reliability reserve margin.
1/89	I-880052	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Nuclear plant outage, replacement fuel cost recovery.
2/89	10300	KY	Green River Steel K	Kentucky Util.	Contract termination clause and interruptible rates.
3/89	P-870216 PA 283/284/286		Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power	Reserve margin, avoided costs.
5/89	3741-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Prudence of fuel procurement.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Need and economics coal & nuclear capacity, power system planning.
10/89	2087	NM	Attorney General of New Mexico	Public Service Co. of New Mexico	Power system planning, economic and reliability analysis, nuclear planning, prudence.
10/89	89-128-U	AR	Arkansas Electric Energy Consumers	Arkansas Power Light Co.	Economic impact of asset transfer and stipulation and settlement agreement.
11/89	R-891364	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Sale/leaseback nuclear plant, excess capacity, phase-in delay imprudence.
1/90	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Sale/leaseback nuclear power plant.
4/90	89-1001-EL-AIR	OH	Industrial Energy Consumers	Ohio Edison Co.	Power supply reliability, excess capacity adjustment.
4/90	N/A	N. O.	New Orleans Business Counsel	New Orleans Public Service Co.	Municipalization of investor-owned utility, generation planning & reliability
7/90	3723-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Weather normalization adjustment rider.
9/90	8278	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Revenue requirements gas & electric, CWIP in rate base.
9/90	90-158	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co.	Power system planning study.
12/90	U-9346	MI	Association of Businesses Advocating Tariff Equity (ABATE)	Consumers Power	DSM Policy Issues.

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Date	Case	Jurisdiction	Party	Utility	Subject
5/91	3979-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	DSM, load forecasting and IRP.
7/91	9945	TX	Office of Public Utility Counsel	El Paso Electric Co.	Power system planning, quantification of damages of imprudence, environmental cost of electricity
8/91	4007-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Integrated resource planning, regulatory risk assessment.
11/91	10200	TX	Office of Public Utility Counsel	Texas-New Mexico Utility Counsel	Imprudence disallowance. Power Co.
12/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Year-end sales and customer adjustment, jurisdictional allocation.
1/92	89-783-E-C	WA	West Virginia Energy Users Group	Monongahela Power Co.	Avoided cost, reserve margin, power plant economics.
3/92	91-370	KY	Newport Steel Co.	Union Light, Heat & Power Co.	Interruptible rates, design, cost allocation.
5/92	91890	FL	Occidental Chemical Corp.	Fla. Power Corp.	Incentive regulation, jurisdictional separation, interruptible rate design.
6/92	4131-U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co.	Integrated resource planning, DSM
9/92	920324	FL	Florida Industrial Power Users Group	Tampa Electric Co.	Cost allocation, interruptible rates decoupling and DSM
10/92	4132-U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co.	Residential conservation program certification.
10/92	11000	TX	Office of Public Utility Counsel	Houston Lighting and Power Co.	Certification of utility cogeneration project.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Entergy/Gulf States Utilities (Direct)	Production cost savings from merger.
11/92	8469	MD	Westvaco Corp.	Potomac Edison Co.	Cost allocation, revenue distribution.
11/92	920606	FL	Florida Industrial Power Users Group	Statewide Rulemaking	Decoupling, demand-side management, conservation, Performance incentives.
12/92	R-009 22378	PA	Armco Advanced Materials	West Penn Power	Energy allocation of production costs.
1/93	8179	MD	Eastalco Aluminum/Westvaco Corp.	Potomac Edison Co.	Economics of QF vs. combined cycle power plant.
2/93	92-E-0814 NY 88-E-081		Occidental Chemical Corp.	Niagara Mohawk Power Corp.	Special rates, wheeling.

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Date	Case	Jurisdic.	Party	Utility	Subject
3/93	U- 19904	LA	Louisiana Public Service Commission Staff	Entergy/Gulf States Utilities (Surrebuttal)	Production cost savings from merger.
4/93	EC92 21000 ER92- 806- 000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy	GSU Merger production cost savings
6/93	930055- EU	FL	Florida Industrial Power Users' Group	Statewide Rulemaking	Stockholder incentives for off-system sales.
9/93	92- 490, 92- 490A, 90- 360- C	KY	Kentucky Industrial Utility Customers & Attorney General	Big Rivers Elec. Corp.	Prudence of fuel procurement decisions.
9/93	4152- U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co.	Cost allocation of pollution control equipment.
4/94	E- 015/ GR- 94- 001	MN	Large Power Intervenor	Minn. Power Co.	Analysis of revenue req. and cost allocation issues.
4/94	93- 465	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Review and critique proposed environmental surcharge.
4/94	4895- U	GA	Georgia Textile Manufacturers Assn.	Georgia Power Co	Purchased power agreement and fuel adjustment clause.
4/94	E- 015/ GR- 94- 001	MN	Large Power Intervenor	Minnesota Power Light Co.	Rev. requirements, incentive compensation.
7/94	94- 0035- E- 42T	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue annualization, ROE performance bonus, and cost allocation.
8/94	8652	MD	Westvaco Corp.	Potomac Edison Co.	Revenue requirements, ROE performance bonus, and revenue distribution.
1/95	94- 332	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Company	Environmental surcharge.
1/95	94- 996- EL- AIR	OH	Industrial Energy Users of Ohio	Ohio Power Company	Cost-of-service, rate design, demand allocation of power
3/95	E999- CI	MN	Large Power Intervenor	Minnesota Public Utilities Comm.	Environmental Costs Of electricity
4/95	95- 060	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Company	Six month review of CAAA surcharge.
11/95	I- 940032	PA	The Industrial Energy Consumers of Pennsylvania	Statewide - all utilities	Direct Access vs. Poolco, market power.
11/95	95- 455	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Clean Air Act Surcharge,
12/95	95- 455	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Company	Clean Air Act Compliance Surcharge.
6/96	960409- EI	FL	Florida Industrial Power Users Group	Tampa Electric Co.	Polk County Power Plant Rate Treatment Issues.
3/97	R- 973877	PA	PAIEUG.	PECO Energy	Stranded Costs & Market

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Date	Case	Jurisdict.	Party	Utility	Subject
					Prices.
3/97	970096-EQ	FL	FIPUG	Fla. Power Corp.	Buyout of QF Contract
6/97	R- 973593	PA	PAIEUG	PECO Energy	Market Prices, Stranded Cost
7/97	R- 973594	PA	PPLICA	PP&L	Market Prices, Stranded Cost
8/97	96- 360- U	AR	AEEC	Entergy Ark. Inc.	Market Prices and Stranded Costs, Cost Allocation, Rate Design
10/97	6739- U	GA	GPSC Staff	Georgia Power	Planning Prudence of Pumped Storage Power Plant
10/97	R- 974008 R- 974009	PA	MIEUG PICA	Metropolitan Ed. PENELEC	Market Prices, Stranded Costs
11/97	R- 973981	PA	WPII	West Penn Power	Market Prices, Stranded Costs
11/97	R- 974104	PA	DII	Duquesne Light Co.	Market Prices, Stranded Costs
2/98	APSC 97451 97452 97454	AR	AEEC	Generic Docket	Regulated vs. Market Rates, Rate Unbundling, Timetable for Competition.
7/98	APSC 87- 166	AR	AEEC	Entergy Ark. Inc.	Nuclear decommissioning cost estimates & rate treatment.
9/98	97- 035- 01	UT	DPS and CCS	PacifiCorp	Net Power Cost Stipulation, Production Cost Model Audit
12/98	19270	TX	OPC	HL&P	Reliability, Load Forecasting
4/99	19512	TX	OPC	SPS	Fuel Reconciliation
4/99	99- 02- 05	CT	CIEC	CL&P	Stranded Costs, Market Prices
4/99	99- 03- 04	CT	CIEC	UI	Stranded Costs, Market Prices
6/99	20290	TX	OPC	CP&L	Fuel Reconciliation
7/99	99- 03- 36	CT	CIEC	CL&P	Interim Nuclear Recovery
7/99	98- 0453	WV	WEUG	AEP & APS	Stranded Costs, Market Prices
12/99	21111	TX	OPC	EGSI	Fuel Reconciliation
2/00	99- 035- 01	UT	CCS	PacifiCorp	Net Power Costs, Production Cost Modeling Issues
5/00	99- 1658	OH	AK Steel	CG&E	Stranded Costs, Market Prices
6/00	UE- 111	OR	ICNU	PacifiCorp	Net Power Costs, Production Cost Modeling Issues
9/00	22355	TX	OPC	Reliant Energy	Stranded cost
10/00	22350	TX	OPC	TXU Electric	Stranded cost

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Date	Case	Jurisdict.	Party	Utility	Subject
10/00	99- 263- U	AR	Tyson Foods	SW Elec. Coop	Cost of Service
12/00	99- 250- U	AR	Tyson Foods	Ozarks Elec. Coop	Cost of Service
01/01	00- 099- U	AR	Tyson Foods	SWEPCO	Rate Unbundling
02/01	99- 255- U	AR	Tyson Foods	Ark. Valley Coop	Rate Unbundling
03/01	UE- 116	OR	ICNU	Pacifi Corp	Net Power Costs
6/01	01- 035- 01	UT	DPS and CCS	Pacifi Corp	Net Power Costs
7/01	A. 01- 03- 026	CA	Roseburg FP	Pacifi Corp	Net Power Costs
7/01	23550	TX	OPC	EGSI	Fuel Reconciliation
7/01	23950	TX	OPC	Reliant Energy	Price to beat fuel factor
8/01	24195	TX	OPC	CP&L	Price to beat fuel factor
8/01	24335	TX	OPC	WTU	Price to beat fuel factor
9/01	24449	TX	OPC	SWEPCO	Price to beat fuel factor
10/01	20000-EP 01- 167	WY	WIEC	Pacifi Corp	Power Cost Adjustment Excess Power Costs
2/02	UM- 995	OR	ICNU	Pacifi Corp	Cost of Hydro Deficit
2/02	00- 01- 37	UT Plant	CCS	Pacifi Corp	Certification of Peaking
4/02	00- 035- 23	UT	CCS	Pacifi Corp	Cost of Plant Outage, Excess Power Cost Stipulation.
4/02	01- 084/296	AR	AEEC	Entergy Arkansas	Recovery of Ice Storm Costs
5/02	25802	TX	OPC	TXU Energy	Escalation of Fuel Factor
5/02	25840	TX	OPC	Reliant Energy	Escalation of Fuel Factor
5/02	25873	TX	OPC	Mutual Energy CPL	Escalation of Fuel Factor
5/02	25874	TX	OPC	Mutual Energy WTU	Escalation of Fuel Factor
5/02	25885	TX	OPC	First Choice	Escalation of Fuel Factor
7/02	UE- 139	OR	ICNU	Portland General	Power Cost Modeling
8/02	UE- 137	OP	ICNU	Portland General	Power Cost Adjustment Clause
10/02	RPU- 02- 03	IA	Maytag, et al	Interstate P&L	Hourly Cost of Service Model
11/02	20000- Er 02- 184	WY	WIEC	Pacifi Corp	Net Power Costs, Deferred Excess Power Cost
12/02	26933	TX	OPC	Reliant Energy	Escalation of Fuel Factor
12/02	26195	TX	OPC	Centerpoint Energy	Fuel Reconciliation
1/03	27167	TX	OPC	First Choice	Escalation of Fuel Factor
1/03	UE- 134	OR	ICNU	Pacifi Corp	West Valley CT Lease payment
1/03	27167	TX	OPC	First Choice	Escalation of Fuel Factor

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Date	Case	Jurisdict.	Party	Utility	Subject
1/03	26186	TX	OPC	SPS	Fuel Reconciliation
2/03	UE-02417	WA	ICNU	Pacific Corp	Rate Plan Stipulation, Deferred Power Costs
2/03	27320	TX	OPC	Reliant Energy	Escalation of Fuel Factor
2/03	27281	TX	OPC	TXU Energy	Escalation of Fuel Factor
2/03	27376	TX	OPC	CPL Retail Energy	Escalation of Fuel Factor
2/03	27377	TX	OPC	WTU Retail Energy	Escalation of Fuel Factor
3/03	27390	TX	OPC	First Choice	Escalation of Fuel Factor
4/03	27511	TX	OPC	First Choice	Escalation of Fuel Factor
4/03	27035	TX	OPC	AEP Texas Central	Fuel Reconciliation
05/03	03-028-U	AR	AEEC	Entergy Ark., Inc.	Power Sales Transaction
7/03	UE-149	OR	ICNU	Portland General	Power Cost Modeling
8/03	28191	TX	OPC	TXU Energy	Escalation of Fuel Factor
11/03	20000-ER -03-198	WY	WIEC	Pacific Corp	Net Power Costs
2/04	03-035-29	UT	CCS	Pacific Corp	Certification of CCCT Power Plant, RFP and Bid Evaluation
6/04	29526	TX	OPC	Centerpoint	Stranded cost true-up.
6/04	UE-161	OR	ICNU	Portland General	Power Cost Modeling
7/04	UE-032065	WA	ICNU	Pacific Corp	Power Cost modeling, Jurisdictional Allocation
7/04	UM-1050	OR	ICNU	Pacific Corp	Jurisdictional Allocation
10/04	15392-U 15392-U	GA	Calpine	Georgia Power/ SEPCO	Fair Market Value of Combined Cycle Power Plant