

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In The Matter Of The Application Of)
PacifiCorp For Approval of Its Proposed)
Electric Rate Schedules and Electric)
Service Regulation)

Docket No. 06-035-21

DIRECT TESTIMONY OF RONALD J. BINZ

ON BEHALF OF AARP

CONCERNING RESIDENTIAL RATE DESIGN

Filed: September 27, 2006

DIRECT TESTIMONY OF RONALD J. BINZ

1 **Q What is your name and address?**

2 A My name is Ronald J. Binz. My business address is 333 Eudora Street, Denver,
3 Colorado 80220-5721.

4 **Q On whose behalf are you testifying in this case?**

5 A I am testifying on behalf of AARP, a nonprofit, nonpartisan membership
6 organization for people aged fifty and over. AARP provides information and resources;
7 advocates on legislative, consumer, and legal issues; assists members to serve their
8 communities; and offers a wide range of products and services to its members. Nationally,
9 AARP has over thirty-six million members, including 187,000 members in Utah.

10 **Q What is your occupation?**

11 A I am President of Public Policy Consulting, a firm specializing in energy and
12 telecommunications regulatory matters. I provide consulting services to a variety of
13 public-sector and private-sector clients in the energy and telecommunications industries,
14 primarily in the regulatory arena. My consulting practice dates to 1979, except for the
15 years 1984-1995 when I served as Colorado Consumer Counsel.

16 In my role as Consumer Counsel for the State of Colorado, I represented the
17 interests of residential, small business and agricultural consumers of telecommunications
18 and energy before the Colorado Public Utilities Commission, the Federal Communications
19 Commission (FCC), the Federal Energy Regulatory Commission (FERC), the courts and
20 legislative bodies.

1 While Consumer Counsel I served as the President of the National Association of
2 State Utility Consumer Advocates (NASUCA) for two years and chaired the organization's
3 Telecommunications Committee for three years. In those roles (and at CPI) I have testified
4 numerous times before Congressional committees on energy and telecommunications
5 matters.

6 Prior to my work with the Office of Consumer Counsel, I was a consulting utility
7 rate analyst. I have testified before regulatory commissions, courts and arbitration panels
8 in ten states on behalf of a variety of clients. These have included consumer organizations,
9 senior citizen groups, agricultural utility consumers, homebuilders, state agencies,
10 telecommunications resellers and local governments.

11 I am a frequent speaker and presenter at industry, regulatory and legislative
12 conferences and symposia. I am a member of the Harvard Electricity Policy Group and
13 recently served on two advisory commissions to the Federal Communications Commission.
14 My *curriculum vitae* is attached as Appendix A to this testimony.

15 **Q What is your educational background?**

16 A I received a B.A in Philosophy from St. Louis University in 1971. I received an
17 M.A in Mathematics from the University of Colorado in 1978. I entered the Masters
18 Program in Economics in 1980 and completed 27 hours of graduate work. I was
19 researching my Masters Thesis on Regulated Industries in 1983 when I was appointed to
20 the Public Utilities Commission by Colorado Governor Richard Lamm.

1 **Q What is the purpose of your testimony in this case?**

2 A I was asked by AARP to review the Company's proposals for cost allocation and
3 residential rate design and to make recommendations to the Commission. This testimony
4 responds to the testimony of PacifiCorp witness Griffith.

5 **Q How is your testimony organized?**

6 A First, I present an introduction to the testimony and a summary of my findings and
7 recommendations for the Commission. Second, I summarize the Company's cost
8 allocation and rate design proposal. Third, I describe several modifications to PacifiCorp's
9 filed case that the Commission should make. Fourth, I describe a "contingent" rate design
10 proposal on behalf of AARP. Finally, I summarize my findings and recommendations.

I. Introduction and Summary of Testimony

11 **Q Mr. Binz, why is this case important to AARP members in Utah?**

12 A From my discussions with AARP, I understand that AARP is the largest
13 membership organization representing the interests of Americans aged 50 and older and is
14 concerned about the health, safety and financial security of older Americans. AARP
15 advocates for affordable and accessible energy services on the federal and state levels.

16 AARP knows that electricity service is crucial to health and personal welfare,
17 especially for older Americans: the ability to have air conditioning during the summer and
18 heat during the winter at affordable rates is absolutely necessary. AARP understands that
19 the loss of affordable utility services would have devastating consequences.

1 The major parties to this case have reached a stipulated settlement of many of the
2 major issues in this case. These include the Company's overall revenue requirement, the
3 allocation of costs between the various customer classes, and rate design for all of the
4 customer rate groups except the residential customer group. Focusing on the residential
5 customer class, the stipulated increase will raise the revenue requirement for the residential
6 rate class by \$46.6 million, or about 10.31%.

7 While the stipulations filed in this case have considerably narrowed the remaining
8 issues, the unresolved issue of residential rate design is important because it determines
9 which residential customers bear what fraction of the increase. PacifiCorp is proposing a
10 significant change in the design of rates for residential customers, proposing to increase the
11 monthly customer charge from \$0.98 per month to \$3.40. This change has implications for
12 the seasonal commodity rate that will be charged to residential customers. This change
13 implicates several important topics, including cost causation, customer equity and the price
14 signals that customers derive from utility rates.

15 **Q Please summarize your conclusions and recommendations to the Commission.**

16 **A**After reviewing the Company's testimony and exhibits, I have developed the
17 following findings and recommendations for the Commission:

- 18 ▪ The Commission should set the residential customer charge at \$2.50 per
19 month. This represents a significant move toward the Company's
20 claimed customer-related costs of \$3.40 per month. The Commission
21 can evaluate the impact of this change in the next PacifiCorp case and
22 determine at that time whether to move to full claimed cost of service.
- 23 ▪ The Commission should set the monthly minimum charge at \$3.40.
- 24 ▪ The remaining costs allocated to the residential customer class should be
25 recovered in a charge per kilowatt-hour that is developed in my

1 testimony. In general, the proposal I develop results in a near-equal
2 percentage increase in commodity rates in each of the seasonal usage
3 blocks.

- 4 ▪ If, instead, the Commission decides to adopt the \$3.40 monthly customer
5 charge proposed by PacifiCorp, I recommend a specific set of
6 contingent commodity rates developed in my testimony. AARP believes
7 that the Company's proposal for rates in each of the usage blocks can be
8 made fairer.
- 9 ▪ In any event, the costs assigned to the customer charge should not
10 exceed the sum of those costs of metering and billing plus the customer
11 service, costs that can be directly related to the number of customers on
12 the PacifiCorp system.

II. The PacifiCorp Proposal

13 **Q What is PacifiCorp proposing in this case?**

14 **A**The Company originally sought to increase annual revenues by \$194.1 million, an
15 increase of about 17% over existing rates. After testimony was filed by all parties, the
16 major parties arrived at a settlement of the revenue requirement, increasing it by \$115
17 million, or 9.95%, to be implemented in two phases. The parties also resolved the issue of
18 cost allocation, apportioning PacifiCorp's total costs across the customer classes. Finally,
19 the parties were able to agree on a set of rate designs for all customer classes except the
20 residential class.

21 The parties agreed to an increase for the residential class of \$46.6 million, an
22 increase of 10.31%. As shown in the following table, the Company is now proposing to
23 recover its settled base rate revenues in the residential class by increasing the customer
24 charge to \$3.40 per month from its existing level of \$0.98 and adjusting the per-kWh
25 charges in each of the rate blocks. The Company also proposes to lower the monthly
26 minimum bill to \$3.40 from \$3.67 per month.

Rate Design Proposed by PacifiCorp

Schedule 1 Rates		
	Present	PacifiCorp Proposed
Summer		
Basic Charge	\$ 0.98	\$ 3.40
kWh1 (0-400 kWh)	0.06936	0.07387
kWh2 (400-1000 kWh)	0.07872	0.08323
kWh3 (1000+ kWh)	0.09272	0.09723
Minimum	\$ 3.67	\$ 3.40
Winter		
Basic Charge	\$ 0.98	\$ 3.40
kWh (All kWh)	0.06936	0.07387
Minimum	\$ 3.67	\$ 3.40

1 **Q** What is the rate impact of the Company’s proposal for residential customers
 2 **at various usage levels?**

3 **A** Because of the proposed change to the customer charge and the Company’s
 4 selection of rates for each rate block, this rate design will affect customers differently
 5 depending on the level of usage. In general, smaller users will face larger percentage
 6 increases because of the increase in the monthly charge. The largest users will have the
 7 smallest percentage increases because the percentage increase in the summer “tail block”
 8 (more than 1000 kWh in a month) is lower than the percentage increase in the other rate
 9 blocks (0-400 kWh and 400-1000 kWh).

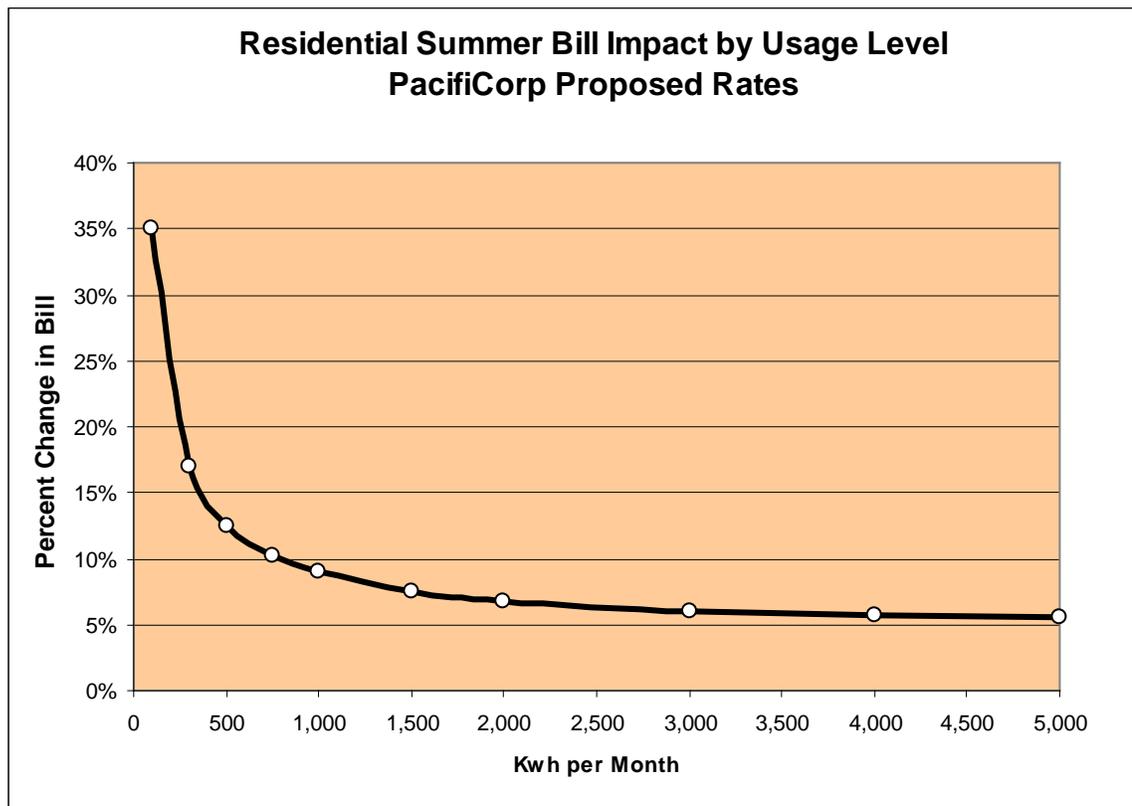
1 The following table shows the dollar increase and the percentage increase for
 2 customers at various usage levels in both summer and winter. The rates illustrated in these
 3 tables are those that are proposed to go into effect on December 11, 2006. In other words,
 4 the billings in this table reflect a 3.04% credit that will be eliminated on July 1, 2007 when
 5 the second phase of the increase goes into effect.

**Residential Bill Impact by Usage Level
 PacifiCorp Proposed Rates**

Summer				
Monthly Billing				
kWh	Present Rates	PacifiCorp Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$11.11	\$2.88	35.1%
300	\$22.52	\$26.33	\$3.81	16.9%
500	\$37.78	\$42.52	\$4.74	12.6%
753	\$58.30	\$64.22	\$5.92	10.2%
1,000	\$78.34	\$85.40	\$7.07	9.0%
1,500	\$126.10	\$135.50	\$9.39	7.4%
2,000	\$173.87	\$185.59	\$11.71	6.7%
3,000	\$269.41	\$285.77	\$16.36	6.1%
4,000	\$364.95	\$385.96	\$21.01	5.8%
5,000	\$460.49	\$486.15	\$25.66	5.6%

Winter				
Monthly Billing				
kWh	Present Rates	PacifiCorp Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$11.11	\$2.88	35.1%
300	\$22.52	\$26.33	\$3.81	16.9%
500	\$36.81	\$41.56	\$4.74	12.9%
753	\$54.90	\$60.82	\$5.92	10.8%
1,000	\$72.55	\$79.62	\$7.07	9.7%
1,500	\$108.28	\$117.67	\$9.39	8.7%
2,000	\$144.02	\$155.73	\$11.71	8.1%
3,000	\$215.49	\$231.85	\$16.36	7.6%
4,000	\$286.95	\$307.96	\$21.01	7.3%
5,000	\$358.42	\$384.08	\$25.66	7.2%

1 Examining the table, we see that the rate increase as a percentage declines with
2 usage for the reasons I discussed earlier. These same values can be analyzed more easily in
3 a graphical format. Examining the following graph, we can see that the percentage
4 increase in rates is significantly higher for lower-usage customers, compared to higher-
5 usage customers. The table and the graph are reproduced in Exhibit RJB-1.



6 **Q Please explain how PacifiCorp determined the customer charge, the minimum**
7 **monthly charge and the commodity rates in each block.**

8 A According to the testimony of PacifiCorp’s witness Griffith, the Company has set
9 the customer charge at a level that recovers the customer-related charges, defined as the
10 metering and billing costs that vary directly with the number of customers. He calculates

1 this cost to be \$3.40 per month, compared to the rate level of \$0.98 per month currently
2 being charged. PacifiCorp also sets the minimum monthly charge equal to this amount, a
3 slight reduction from the existing minimum bill of \$3.67.

4 The rates for the energy blocks are based on the existing rates before the increase.
5 Each of the current rates in each of the blocks is increased by the same absolute amount:
6 0.451 cents per kWh. This value is the required amount needed to collect the balance of
7 the stipulated revenue requirement after the revenues from the customer charge and
8 minimum bill are accounted for.

9 **Q Do you agree with Mr. Griffith's calculation of \$3.40 as the appropriate level**
10 **for the customer charge?**

11 A I reviewed the calculations in Mr. Griffith's Exhibit WGG-3, but I did not review
12 all of the source data available to him, nor did I review the interclass cost allocation.
13 However, his conclusion is in line with the customer-related costs I have seen in other
14 jurisdictions. Mr. Griffith limited the cost recovery to the costs of metering and billing,
15 plus the cost of the customer-specific service lateral. I think that these are, generally
16 speaking, the correct cost categories for the customer charge.

17 **Q Should the monthly customer charge now be set at a level that recovers the full**
18 **level of customer-related costs?**

19 A As this Commission knows well, there are many considerations that go into rate
20 making, only one of which is precise cost recovery on an element-by-element basis. Rate
21 making must serve many purposes, some of which can be in conflict. In general, though, I
22 agree that rates should be set to recover the underlying costs.

1 If we assume that Mr. Griffith’s calculations are correct, then the current monthly
2 customer charge of \$0.98 per month fails to recover fully that element of the Company’s
3 costs. This is not fatal, of course, since the Company does recover its total costs – through
4 other rate elements.

5 Regulators often use rate design to further other policy goals. I assume that setting
6 the customer charge at \$0.98 per month allows the Commission to set energy (commodity)
7 prices at a higher level than they would otherwise be. This approach communicates higher
8 price in the tail block, experienced mainly by those customers with high electric usage.

9 **Q Are there other considerations in setting the customer charge?**

10 A Yes. The debate over the appropriate level of the customer charge reaches back
11 over several decades. In the words of the eminent utility economist James C. Bonbright,
12 the customer charge is often used as a “dumping ground” for costs that are not easily
13 classifiable elsewhere.¹

14 For example, electric utilities sometimes argue that a portion of the distribution
15 system investment is demand-related and should be collected in the customer charge. This
16 approach relies on an analysis known as the “minimum system” or the “zero-intercept”
17 method. PacifiCorp has not proposed this in Utah in this case. I think the Company has
18 appropriately limited its derivation of the customer charge to those costs that vary directly
19 with the number of customers. This correct approach excludes the consideration of
20 demand-related costs.

1 Bonbright, James C., Principles of Public Utility Rates, Columbia University Press, 1961. 348-349.

1 In conclusion, I think that \$3.40 is the *highest* price the Commission should approve
2 for the customer charge. For reasons I will develop below, I think the Commission is
3 justified in approving a charge that is smaller than \$3.40.

III. AARP's Proposal

4 **Q Mr. Binz, what is your recommendation to the Commission with respect to the**
5 **residential customer charge and the energy charge in each block?**

6 A I recommend that the Commission increase the residential customer service charge
7 to \$2.50 from the existing level of \$0.98. I recommend that the minimum monthly charge
8 be set at \$3.40. Simultaneously, I recommend that the Commission increase the three
9 summer energy blocks by specific values described below. The combination of these
10 changes will recover the Company's residential revenue requirement in a fashion that, in
11 my opinion, is superior to the Company's proposal. The following table summarizes the
12 changes I recommend:

Rate Design Proposed by AARP

Schedule 1 Rates		
	Present	AARP Proposed
Summer		
Basic Charge	\$ 0.98	\$ 2.50
kWh1 (0-400 kWh)	0.06936	0.07433
kWh2 (400-1000 kWh)	0.07872	0.08632
kWh3 (1000+ kWh)	0.09272	0.10167
Minimum	\$ 3.67	\$ 3.40
Winter		
Basic Charge	\$ 0.98	\$ 2.50
kWh (All kWh)	0.06936	0.07348
Minimum	\$ 3.67	\$ 3.40

1 **Q Please describe the impact of AARP's proposal on the monthly bill of**
 2 **consumers at various usage levels.**

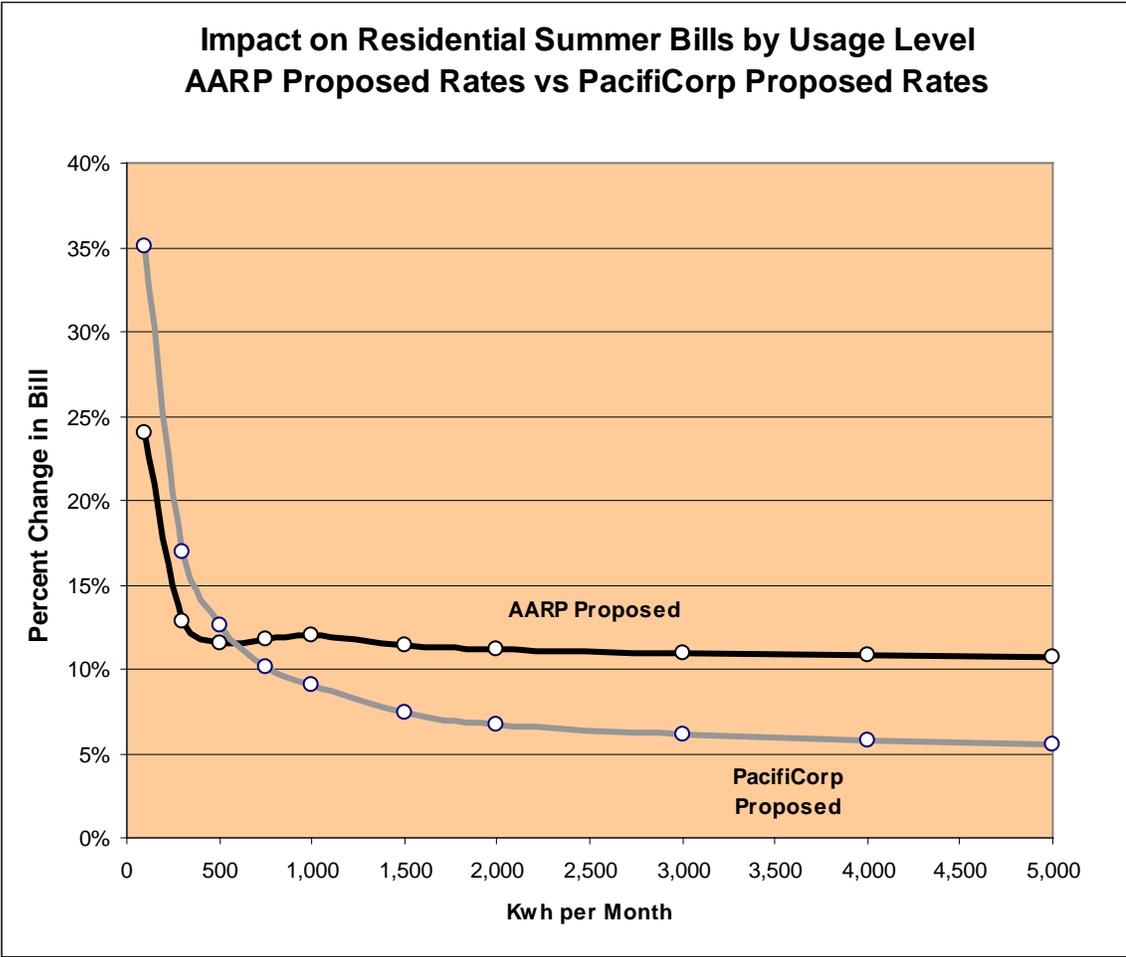
3 A The following table is comparable to the earlier table showing the increase
 4 proposed by PacifiCorp at various usage levels. Focusing on the summer monthly billings,
 5 one can see that the percentage increase in monthly bills is much more nearly uniform for
 6 customers at all usage levels, compared to the PacifiCorp proposal.

**Residential Bill Impact by Usage Level
AARP Proposed Rates**

Summer				
Monthly Billing				
kWh	Present Rates	AARP Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$10.20	\$1.98	24.0%
300	\$22.52	\$25.41	\$2.89	12.8%
500	\$37.78	\$42.13	\$4.35	11.5%
753	\$58.30	\$65.19	\$6.89	11.8%
1,000	\$78.34	\$87.71	\$9.37	12.0%
1,500	\$126.10	\$140.49	\$14.39	11.4%
2,000	\$173.87	\$193.28	\$19.41	11.2%
3,000	\$269.41	\$298.86	\$29.44	10.9%
4,000	\$364.95	\$404.43	\$39.48	10.8%
5,000	\$460.49	\$510.01	\$49.52	10.8%

Winter				
Monthly Billing				
kWh	Present Rates	AARP Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$10.20	\$1.98	24.0%
300	\$22.52	\$25.41	\$2.89	12.8%
500	\$36.81	\$40.62	\$3.81	10.3%
753	\$54.90	\$59.86	\$4.96	9.0%
1,000	\$72.55	\$78.64	\$6.09	8.4%
1,500	\$108.28	\$116.67	\$8.38	7.7%
2,000	\$144.02	\$154.69	\$10.67	7.4%
3,000	\$215.49	\$230.73	\$15.24	7.1%
4,000	\$286.95	\$306.77	\$19.82	6.9%
5,000	\$358.42	\$382.82	\$24.39	6.8%

- 1 These relationships among these data are more easily summarized in graphical
- 2 representation. The following graph shows the percentage increase in summer monthly
- 3 bills under each rate proposal.



1 The table and chart are attached to this testimony as Exhibit RJB-2.

2 **Q How did you develop the elements of the rate design you are recommending?**

3 A PacifiCorp has proposed increasing the monthly customer service charge from
 4 \$0.98 to \$3.40, a level that it claims to be its cost. While movement toward cost of service
 5 may be desirable, there is no compelling policy reason why the Commission must move to
 6 that level in a single step. In fact, a well-regarded (and partially conflicting) principle in
 7 regulation is that of gradualism. I explained previously that, in obvious fashion, increasing
 8 the customer charge affects the Commission’s policy goals concerning the price signal sent

1 to customers through the commodity charge. If the Commission moves the customer
2 charge to \$2.50 as I recommend, the impact of that change on commodity rates will be
3 made more gradual. The Commission can determine in a future case whether to move the
4 charge to the full claimed cost of service.

5 In view of the Company's cost study, I recommend that the minimum monthly
6 charge be set at \$3.40 so that customers with very little or no usage in a month cover the
7 costs of metering and billing.

8 **Q How did you develop the rates for the energy commodity in each rate block?**

9 A As a preliminary matter, I am not recommending changes to the existing block
10 structure. My proposal retains the summer seasonal blocks:

11 Block 1: 0-400 kWh; Block 2:400-1000 kWh; Block 3: 1000+ kWh

12 The commodity rate in the winter is the same for all kWh consumed, and is set to be equal
13 to the rate for summer Block 1. This is the relationship existing in current rates.

14 The commodity rates in Block 2 and Block 3 are set equal to the rates originally
15 filed by the Company in this case. The rate for Block 1 (and the winter commodity rate) is
16 then calculated as a residual.

17 **Q What is the logic of setting rates in Blocks 2 and 3 equal to the Company's**
18 **original filing in this case?**

19 A As I explained previously, the Company's proposal increases the energy rate by the
20 same amount in each block. This produces the result that the percentage increase falls as
21 usage increases. I selected the rates for Block 2 and 3 in such a way to reduce this effect.

1 Anticipating that the Company might argue that the increase of Blocks 2 and 3 is too large,
2 I set the rates in those blocks equal to rates that the Company has already included in its
3 customer notice. I do not think the increases in those blocks are inordinate, and apparently
4 neither does PacifiCorp, since it previously proposed those rates.

IV. AARP's Contingent Proposal

5 **Q If the Commission approves PacifiCorp's request to increase the customer**
6 **service charge to \$3.40 per month, what commodity prices do you recommend?**

7 A In this testimony, I recommend a customer charge of \$2.50 and I developed specific
8 commodity rates to recover the Company's full cost of service. As explained earlier, my
9 recommended elements of rate design produce rates that mean that most all residential
10 electric customers receive a near-equal percentage increase in the summer months,
11 regardless of the level of usage.

12 Even if the Commission decides to increase the customer charge to \$3.40 as
13 proposed by PacifiCorp, I recommend that the Commission not adopt the associated
14 commodity charges proposed by PacifiCorp. Instead, the Commission should adopt a set
15 of commodity charges that more nearly equalize the percentage increase. Here are those
16 rates:

Contingent Rate Design Proposed by AARP

Schedule 1 Rates		
	Present	AARP Contingent
Summer		
Basic Charge	\$ 0.98	\$ 3.40
kWh1 (0-400 kWh)	0.06936	0.07217
kWh2 (400-1000 kWh)	0.07872	0.08846
kWh3 (1000+ kWh)	0.09272	0.10246
Minimum	\$ 3.67	\$ 3.40
Winter		
Basic Charge	\$ 0.98	\$ 3.40
kWh (All kWh)	0.06936	0.07217
Minimum	\$ 3.67	\$ 3.40

V. Summary of Testimony

1 **Q Mr. Binz, please summarize your recommendations.**

2 **A Here are my recommendations:**

- 3 ▪ The Commission should set the residential customer charge at \$2.50 per
4 month. This represents a significant move toward the Company's
5 claimed customer-related costs of \$3.40 per month. The Commission
6 can evaluate the impact of this change in the next PacifiCorp case and
7 determine at that time whether to move to full claimed cost of service.
- 8 ▪ The Commission should set the monthly minimum charge at \$3.40.
- 9 ▪ The remaining costs allocated to the residential customer class should be
10 recovered in a charge per kilowatt-hour that is developed in my
11 testimony. In general, the proposal I develop results in a near-equal
12 percentage increase in commodity rates in each of the seasonal usage

1 blocks.

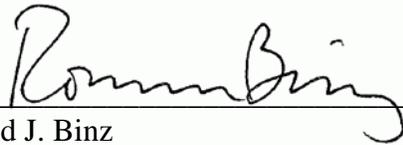
- 2 ▪ If, instead, the Commission decides to adopt the \$3.40 monthly customer
3 charge proposed by PacifiCorp, I recommend a specific set of
4 commodity rates developed in my testimony. AARP believes that the
5 Company's proposal for rates in each of the usage blocks can be made
6 fairer.
- 7 ▪ In any event, the costs assigned to the customer charge should not
8 exceed the sum of those costs of metering and billing plus the customer
9 service, costs that can be directly related to the number of customers on
10 the PacifiCorp system.

11 **Q Does this conclude your testimony?**

12 **A Yes.**

The foregoing *Direct Testimony of Ronald J. Binz on Behalf of AARP* was prepared by Ronald J. Binz and is respectfully submitted to the Utah Public Service Commission on this 27th day of September, 2006.

(signed)

A handwritten signature in cursive script, appearing to read "Ronald J. Binz", is written over a horizontal line. The signature is written in black ink on a white background.

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Denver, Colorado 80220-5721
303-393-1556

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Employment History

1995-present President, Public Policy Consulting

Consultant, specializing in energy and telecommunications regulatory policy issues. Assignments include strategic counsel to clients and research and testimony before regulatory and legislative bodies. Since 1995, a wide range of clients has included: consumer advocate offices, rural electric utilities, senior citizen advocacy groups, industrial electric users, homebuilders, telecommunications resellers, an incumbent local exchange company, low-income advocacy organizations, and municipal utilities.

1996-present President and Policy Director, Competition Policy Institute

Competition Policy Institute is an independent non-profit organization that advocates state and federal policies to bring competition to energy and telecommunications markets in ways that benefit consumers. Duties include: determining the organization's policy position on a wide range of telecommunications and energy issues; conducting research, producing policy papers, presenting testimony in regulatory and legislative forums, hosting educational symposia for state regulators and state legislators.

.1984-1995 Director, Colorado Office of Consumer Counsel

Director of Colorado's first state-funded utility consumer advocate office. By statute, the OCC represents residential, small business and agricultural utility consumers before state and federal regulatory agencies. The office has been a party to more than two hundred legal cases before the Colorado Public Utilities Commission, the Federal Communications Commission, the Federal Energy Regulatory Commission and the courts. Annual office budget is \$1 million.

Managed a staff of eleven, including attorneys, economists, and rate analysts who conduct economic, financial and engineering research in public utility matters.

Testified as an expert witness on subjects of utility rates and regulation. Negotiated rate settlement agreements with utility companies. Regularly testified before the Colorado general assembly and spoke to professional business and consumer organizations on utility rate matters. Consulted with advisory board of consumer leaders from around the state.

Leadership role in National Association of State Utility Consumer Advocates. Member of high-level advisory boards to Federal Communications Commission (Network Reliability Council) and

Environmental Protection Agency (Acid Rain Advisory Council). Frequent witness before congressional committees and invited speaker before national industry and regulatory forums.

1977-1984 Consulting Utility Rate Analyst

Represented clients in public utility rate cases and testified as an expert witness in more than twenty utility cases before regulatory commissions in Utah, Wyoming, Colorado and South Dakota. Clients included state and local governments, low income advocacy groups, irrigation farmers and consumer groups. Testimony spanned topics of telephone rate design, electric cost-of-service studies, avoided cost valuation of nuclear generation, electric rate design for irrigation customers and municipal water rate design.

1975-1984 Instructor in Mathematics

Taught mathematics at the University of Colorado, Denver and Boulder campuses. Nominated three times for outstanding part-time faculty member.

1971-1974 Manager, Blue Cross and Blue Shield

Managed major medical claims processing department. Responsibilities included budgets, hiring, training, managing supervisors, and coordinating with medical peer review committee.

Other Business Interests

1994-present Managing Partner, Trail Ridge Winery

Partner and Secretary/Treasurer of Trail Ridge Winery. Trail Ridge is a Colorado winery located in Loveland, Colorado, producing a variety of wines from Colorado-grown grapes. Duties include service on board of directors; duties of corporate secretary/treasurer; development of business plans; legislative, regulatory and other external affairs; assistance in winery operations and tasting room; assistance in public relations and marketing.

Education

M.A. (Mathematics) 1977. University of Colorado. Course requirements met for Ph.D.

Graduate courses toward M.A. in Economics 1981-1984. University of Colorado. Twenty-seven hours including Economics of Regulated Industries, Natural Resource Economics, Econometrics.

Advanced Course in Utility Regulation 1986. National Association of Regulatory Utility Commissioners.

B.A. with Honors (Philosophy) 1971. St. Louis University.

Diploma 1967. Catholic High School, Little Rock, Arkansas.

Professional Associations and Activities

Colorado Legislative Task Force on Information Policy, Gubernatorial Appointee 2000-2001

National Association of State Utility Consumer Advocates
President 1991-1992, Vice-President 1990, Treasurer 1987-1989
Chair, Telecommunications Committee 1992-1995

Network Reliability Council to the Federal Communications Commission

North American Numbering Council to Federal Communications Commission, Co-Chair

Harvard Electric Policy Group, John F. Kennedy School, Harvard University

Denver Mayor's Council on Telecommunications Policy

Exchange Carriers Standards Association Network Reliability Steering Committee

Colorado Telecommunications Working Group, Gubernatorial Appointee

Colorado Energy Assistance Foundation, Board Member, Past Chairman

Legislative Commission on Low-Income Energy Assistance, Past President

Colorado Public Interest Research Foundation, Board Member

Colorado Common Cause, Board Member, Treasurer, Board Chairman

Acid Rain Advisory Council to the Environmental Protection Agency

Outreach Committee, Western States Coordinating Council Regional Planning Committee

Total Compensation Advisory Council to the State of Colorado Department of Personnel

New Mexico State University Public Utilities Program, Faculty and Advisory Council

Aspen Institute for Humanistic Studies, Telecommunications Policy Meetings 1986-1997

Who's Who in Denver Business

Council on Economic Regulation, Past Fellow

Colorado Wine Industry Development Board, Chairman

American Vintners Association, Executive Committee, Membership Chair

Recent Regulatory Testimony and Presentations

Since 1977, Mr. Binz has participated in more than 150 regulatory proceedings before the Federal Energy Regulatory Commission, the Federal Communications Commission, State and Federal District Courts, the 8th Circuit, 10th Circuit and D.C. Circuit Courts of Appeal, the U.S. Supreme Court and state regulatory commissions in California, Colorado, Georgia, Idaho, Maine, Michigan, Minnesota, New Mexico, New York, North Dakota, Oregon, South Dakota, Texas, Utah, and Wyoming.

He has filed testimony in more than sixty proceedings before these bodies. His testimony and comments have addressed a wide variety of technical and policy issues in telecommunications, electricity, natural gas and water regulation. Following is a sample of recent testimony and presentations before regulatory commissions.

Testimony

Before the West Virginia Public Service Commission. In The Matter Of the Petition of Verizon West Virginia, Inc. To Cease Rate Regulation of Certain Workably Competitive Telecommunications Services. Case No. 06-0481-T-PacifiCorp (June 2006)

Before the Utah Public Service Commission. In The Matter Of The Division's Annual Review and Evaluation of Electric Lifeline Program, HELP Rate Design Testimony. Docket No. 04-035-21 (September 2005)

Before the Colorado Public Utilities Commission. Testimony on behalf of YMCA of the Rockies. In re: YMCA of the Rockies, Complainant v. Xcel Energy (d/b/a Public Service Company of Colorado, Respondent. Rebuttal Testimony. Docket No. 05F-167G. (September 2005)

Before the Colorado Public Utilities Commission. Testimony on behalf of YMCA of the Rockies. In re: YMCA of the Rockies, Complainant v. Xcel Energy (d/b/a Public Service Company of Colorado, Respondent. Direct Testimony. Docket No. 05F-167G. (June 2005)

Before the Michigan Public Service Commission. Testimony on behalf of the Michigan Attorney General. In The Matter Of SBC Michigan's Request For Classification Of Business Local Exchange Service As Competitive Pursuant To Section 208 Of The Michigan Telecommunications Act. Case No. U-14323. (March 2005)

Before the Colorado Public Utilities Commission. Testimony on behalf of the Colorado Office of Consumer Counsel. In the Matter of the Combined Application of Qwest Corporation for Reclassification and Deregulation of Certain Part 2 Products and Services and Deregulation of Certain Part 3 Products and Services. Docket No. 04A-411T. (February 2005)

Before the Utah Public Service Commission. In The Matter Of the Application of PacifiCorp for

Approval of Its Proposed Electric Rate Schedules and Electric Service Regulation. Rate Design Testimony. Docket No. 04-035-42. (January 2005)

Before the Utah Public Service Commission. In The Matter Of the Application of PacifiCorp for Approval of Its Proposed Electric Rate Schedules and Electric Service Regulation. Revenue Requirements Testimony. Docket No. 04-035-42. (December 2004)

Before the Colorado Public Utilities Commission. Testimony on behalf of the Building Owners and Managers Association of Metropolitan Denver (BOMA) in the Matter of The Investigation And Suspension Of Tariff Sheets Filed By Public Service Company Of Colorado With Advice Letter No. 1411—Electric Docket No. 04S-164E (October 2004)

Before the Colorado Public Utilities Commission. Testimony on behalf of Colorado Energy Consumers in the Matter of The Application of Public Service Company of Colorado for Approval of its 2003 Least-Cost Resource Plan. Docket No. 04A-214E (filed: September 2004)

Before the Colorado Public Utilities Commission. Testimony on behalf of Colorado Energy Consumers in the Matter of the Application of Public Service Company of Colorado For An Order Authorizing It To Implement A Purchased Capacity Cost Adjustment Rider In Its PUC No. 7 – Electric Tariff. Docket No. 03A-436E. (filed: March 2004)

Before the Wyoming Public Service Commission. Testimony on behalf of Wyoming Industrial Energy Consumers (WIEC) and AARP In the Matter of the Application of PacifiCorp for Approval of a Power Cost Adjustment Mechanism. Docket No. 20000- ET-03-205 (filed: January 2004).

Before the Colorado Public Utilities Commission. Testimony on behalf of the Colorado Office of Consumer Counsel Regarding The Unbundling Obligations Of Incumbent Local Exchange Carriers Pursuant To The Triennial Review Order – Initial Commission Review. Docket No. 03I-478T. (January 2004)

Before the Wyoming Public Service Commission. Testimony on behalf of AARP in the matter of The Application Of PacifiCorp For A Retail Electric Utility Rate Increase Of \$41.8 Million Per Year Docket No. 20000-ER-03-198 (January 2004).

Before the Wyoming Public Service Commission. Public hearings testimony on behalf of AARP in the matter of an application by Kinder Morgan to modify the provider selection process in its Choice Gas Program. (December 2003).

Before the North Dakota Public Service Commission. Testimony on behalf of AARP in the matter of In the Matter of the Notice of Montana-Dakota Utilities Co. for an Electric Rate Change. Case No. PU-399-03-296. (October 2003)

Before the Colorado Public Utilities Commission. Testimony in the matter of Public Service Company of Colorado's Advice Letter No. 598 – Natural Gas Extension Policy. Docket No. 02S-574G. (March 2003)

Before the Colorado Public Utilities Commission. Testimony in the remand hearings in the formal complaint case of the Homebuilders Association of Metropolitan Denver against Public Service Company. Docket 01F-071G. (January 2003)

Before the Wyoming Public Service Commission. Testimony on behalf of AARP in the matter of an application by PacifiCorp to increase rates, recover excess net power costs, and recover purchase power costs related to the Hunter Unit 1 outage. Docket No. 20000-ER-02-184. Testimony Concerning A Proposed General Rate Increase And Surcharge For Previous Power Costs. (November 2002).

Before the Wyoming Public Service Commission. Testimony on behalf of AARP in the matter of an application by PacifiCorp to increase rates, recover excess net power costs, and recover purchase power costs related to the Hunter Unit 1 outage. Docket No. 20000-ER-02-184. Testimony Concerning Hunter Unit 1 Issues. (November 2002).

Before the Colorado Public Utilities Commission.. Comments on behalf of the Colorado Energy Assistance Foundation. Docket No. 02R-196G. In the Matter of the Proposed Repeal and Reenactment of the Rules Regulating Gas Utilities. (November 2002)

Before the Colorado Public Utilities Commission.. Testimony on behalf of Colorado Energy Assistance Foundation and Catholic Charities of the Archdiocese of Denver. Docket No. 02A-158E. In the Matter of the Application of Public Service Company of Colorado for an Order to Revise its Incentive Cost Adjustment. (April 2002)

Before the Idaho Public Utilities Commission. Testimony on behalf of Astaris, in the matter of Case No. IPC-E-01-43 concerning the buy back rates under an electric load reduction program. (January 2002)

Before the Colorado Public Utilities Commission. Testimony in matter of the investigation of Advice Letters 579 and 581 of Xcel Energy on behalf of Homebuilders Association of Denver. Dockets 01S-365G and 01S-404G. (January 2002)

Before the Colorado Public Utilities Commission. Testimony in the formal complaint case of the Homebuilders Association of Metropolitan Denver against Public Service Company. Docket 01F-071G. (August 2001)

Before the Colorado Public Utilities Commission. Testimony in the matter of the investigation and suspension of Advice Letter No. 566 of Xcel Energy on behalf of the Homebuilders Association of Metropolitan Denver. Docket No. 00S-422G. (November 2000)

Before the American Arbitration Association. In the Matter of Univance Telecommunications, Inc. v. Venture Group Enterprises, Inc. Arbitration No. 77 Y 147 00099 00 (November 2000)

Testimony of Ronald Binz at FCC Public Forum on SBC/Ameritech merger (May 1999)

Docket No. 97-106-TC -- Testimony of Ronald Binz before New Mexico State Corporation

Commission on Investigation Concerning US West's Compliance with Section 271(c) of the Telecommunications Act (July 1998)

Before the Colorado Public Utilities Commission. Testimony Concerning the Investigation of Telephone Numbering Policies. (March 1998)

Docket No. 6717-U □ Testimony before the Georgia Public Service Commission Concerning the Service Provider Selection Plan of Atlanta Gas Company. (January 1997)

Case 96-C-0603 and Case 96-C-0599--Testimony of Ronald J. Binz on behalf of CPI before the New York State Public Service Commission concerning the Bell Atlantic/NYNEX Merger (November 1996)

Docket No. 96-388 - Direct Testimony of Ronald J. Binz, CPI, On Behalf of the Office of the Public Advocate (October 1996) State of Maine, Public Utilities Commission Joint Petition of New England Telephone and Telegraph Company and NYNEX Corporation for Approval of the Proposed Merger of a Wholly-Owned Subsidiary of Bell Atlantic Corporation into NYNEX Corporation.

Before the Public Utilities Commission of the State of California Direct Testimony of Ronald J. Binz, CPI, On Behalf of Intervener, Utility Consumers Action Network. In the Matter of the Joint Application of Pacific Telesis Group (Telesis) and SBC Communications (SBC) for SBC to Control Pacific Bell (U 1001 C), Which Will Occur Indirectly as a Result of Telesis' Merger With a Wholly Owned Subsidiary of SBC, SBC Communications (NV) Inc. Application No. 96-04-038 (September 1996)

Presentation to Federal-State Joint Board on Universal Service (April 12, 1996)

Testimony before the Texas Public Utility Commission on the Integrated Resource Planning Rule (March, 1996)

Presentations

“Trends in Telecommunications Where are we going? Are we there yet?” The 2005 Regional Communications Law Forum 21st Century Telecommunications. Minneapolis. (May 2005)

“The Impact Of The Renewable Energy Standard In Amendment 37 On Electric Rates In Colorado.” Utah Wind Working Group. Salt Lake City. (April 2005)

“VoIP – Recent Developments” Presentation to CLE International, Telecommunications Law. Denver. (December 2004)

“The Impact Of The Renewable Energy Standard In Amendment 37 On Electric Rates In Colorado.” Colorado Renewable Energy Society. Denver. (September 2004)

"Looking Back on the 1996 Telecom Act." Presentation to CLE International, Telecommunications Law. Denver. (December 2003)

"How to Pay for Gas Line Extensions." Presentation to CLE International, Energy Regulatory Law. Denver. (October 2003)

"Are Telecommunications Customers Expecting Too Much Customer Service?" Presentation to the National Association of Regulatory Utility Commissioners (July 2003)

"Will We Need Regulatory Attorneys in Ten Years?" Presentation to CLE International. Denver, Colorado. December 2002.

"Section 271: Is it a '10' for Consumers?" Presentation to the National Association of State Utility Consumer Advocates. Chicago, Illinois. November 2002

"CLEC Market Share--What do the Numbers Say?" Presentation to the Regional Oversight Committee of Qwest state regulators. Santa Fe, New Mexico. April 2002

"Public Utility Regulation and Low Income Issues," Presentation of Ron Binz before the Colorado Public Utilities Commission on behalf of the Colorado Energy Assistance Foundation, December 5, 2001.

"Some Natural Gas Issues," Presentation by Ron Binz for the Western Conference of Public Service Commissioners, June 14, 2000.

"Consumer Issues in Natural Gas Unbundling" -- Presentation of Ron Binz before the National Association of Regulatory Utility Commissioners (November 9, 1999)

Ron Binz Presentation to the 25th Annual Rate Symposium on Competition for small customers in natural gas markets (April 27, 1999)

"Best Practices in Telecommunications Regulation"; Presentation before NARUC Communications Committee and National Regulatory Research Institute at NARUC Winter Meeting (February 1999)

Congressional Testimony

United States House of Representatives Judiciary Committee, November 1999. Testimony concerning H.R. 2533, The Fairness in Telecommunications License Transfer Act of 1999.

United States Senate Judiciary Committee; Antitrust, Business Rights and Competition Subcommittee, April 1999. Testimony concerning S.467, The Antitrust Merger Review Act.

United States Senate Commerce Committee, Telecommunications Subcommittee, May 1998. Testimony in oversight hearings concerning the performance of the Common Carrier Bureau of the Federal Communications Commission.

United States Senate Judiciary Committee, Washington, D.C., September 1996. Presented testimony on behalf of the Competition Policy Institute on the competitive impact of proposed mergers of Regional Bell Operating Companies.

United States House of Representatives Subcommittee on Telecommunications and Finance of the Committee on Commerce, May 1995. Testimony presenting NASUCA's position on H.R. 1555 by Representative Fields.

United States Senate Subcommittee on Antitrust, Washington, D.C., September 1994. Testimony presenting NASUCA's position on S. 1822 by Senator Hollings.

United States House of Representatives Subcommittee on Telecommunications and Finance of the House Energy and Commerce Committee, Washington, D.C., February 1994. Presented testimony on H.R. 3636.

United States House of Representatives Subcommittee on Economics and Commercial Law, Washington, D.C., October 1992. Supplemental testimony presenting NASUCA's position on legislation concerning the Modified Final Judgment introduced by Representative Brooks.

United States House of Representatives Subcommittee on Telecommunications and Finance, Washington, D.C., October 1991. Testimony on RBOC entry into telecommunications manufacturing and information services.

United States House of Representatives Subcommittee on Economics and Commercial Law, Washington, D.C., August 1991. Testimony presenting NASUCA's position on possible federal legislation concerning the Modified Final Judgment.

United States Senate Subcommittee on Energy Regulation and Conservation, Denver, Colorado, April 1991. Testimony presenting NASUCA's position on federal legislation concerning regulation of the natural gas industry, introduced by Senator Wirth.

United States Senate Communications Subcommittee, Washington, D.C., February 1991. Testimony on behalf of NASUCA concerning S.173, telecommunications legislation introduced by Senator Ernest Hollings.

United States Senate Communications Subcommittee, Washington, D.C., July 1990. Testimony on behalf of NASUCA concerning S.2800, telecommunications legislation introduced by Senator Conrad Burns.

United States House of Representatives Subcommittee on Telecommunications and Finance, July 1988. Testimony on the FCC Price Cap proposal.

New Mexico State Legislature, Joint Oversight Committee on Regulation. November 2003. Testimony concerning the appropriate regulatory treatment of mid-sized telecommunications carriers.

Wyoming State Legislature, Senate Committee on Corporations, Elections & Political Subdivisions. February 2003. Testimony on legislation to create a division of utility consumer advocate within the Wyoming Public Services Commission.

Colorado General Assembly. March 2004. Testimony on the impact on retail utility rates of a renewable energy portfolio standard.

Colorado State Senate and Colorado House of Representatives 1984-1995. Frequent witness on variety of energy and telecommunications issues.

Georgia State Legislature Interim Committee on Natural Gas Competition. Fall 1996. Testimony on the consumer impacts of restructuring the natural gas industry in Georgia.

Iowa General Assembly, Des Moines, Iowa, November 1992. Testimony on legislation concerning incentive regulation.

American Legislative Exchange Council, November 1999. "The Changing Role of Public Utilities Commissions"

American Legislative Exchange Council concerning Rights-of-Way and Competition in Telecommunications, July 1998.

American Legislative Exchange Council Committee on Rights of Way. Testimony on rights of way policies, taxation and telecommunications development. May 1998.

Publications

Mr. Binz has published two reports, funded by the Energy Foundation, of the impact of a renewable energy standard in Colorado:

The Impact of the Renewable Energy Standard in Amendment 37 on Electric Rates in Colorado. (September 2004)

The Impact a Renewable Energy Portfolio Standard On Retail Electric Rates In Colorado. (February 2004)

Mr. Binz is the co-author of two major reports on electric industry restructuring:

Navigating a Course to Competition: A Consumer Perspective on Electric Restructuring.

Addressing Market Power: The Next Step in Electric Restructuring.

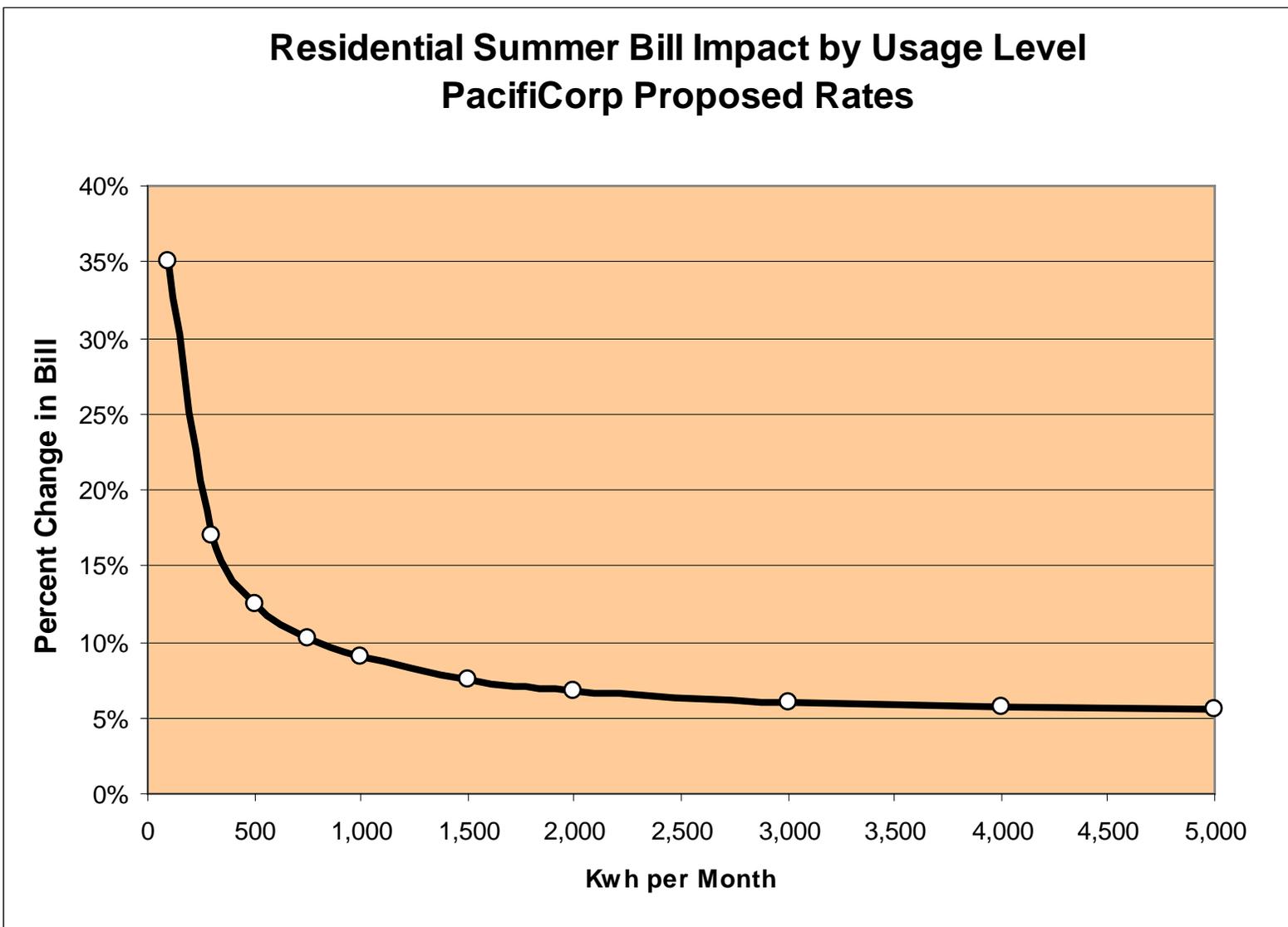
In the telecommunications area, Mr. Binz published a major discussion paper entitled *Qwest, Consumers and Long Distance Entry: A Discussion Paper.*

These publications (along with copies of other testimony and reports) are available at the Public Policy Consulting website: www.rbinz.com.

**Residential Bill Impact by Usage Level
PacifiCorp Proposed Rates**

Summer				
Monthly Billing				
kWh	Present Rates	PacifiCorp Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$11.11	\$2.88	35.1%
300	\$22.52	\$26.33	\$3.81	16.9%
500	\$37.78	\$42.52	\$4.74	12.6%
753	\$58.30	\$64.22	\$5.92	10.2%
1,000	\$78.34	\$85.40	\$7.07	9.0%
1,500	\$126.10	\$135.50	\$9.39	7.4%
2,000	\$173.87	\$185.59	\$11.71	6.7%
3,000	\$269.41	\$285.77	\$16.36	6.1%
4,000	\$364.95	\$385.96	\$21.01	5.8%
5,000	\$460.49	\$486.15	\$25.66	5.6%

Winter				
Monthly Billing				
kWh	Present Rates	PacifiCorp Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$11.11	\$2.88	35.1%
300	\$22.52	\$26.33	\$3.81	16.9%
500	\$36.81	\$41.56	\$4.74	12.9%
753	\$54.90	\$60.82	\$5.92	10.8%
1,000	\$72.55	\$79.62	\$7.07	9.7%
1,500	\$108.28	\$117.67	\$9.39	8.7%
2,000	\$144.02	\$155.73	\$11.71	8.1%
3,000	\$215.49	\$231.85	\$16.36	7.6%
4,000	\$286.95	\$307.96	\$21.01	7.3%
5,000	\$358.42	\$384.08	\$25.66	7.2%



**Residential Bill Impact by Usage Level
AARP Proposed Rates**

Summer				
Monthly Billing				
kWh	Present Rates	AARP Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$10.20	\$1.98	24.0%
300	\$22.52	\$25.41	\$2.89	12.8%
500	\$37.78	\$42.13	\$4.35	11.5%
753	\$58.30	\$65.19	\$6.89	11.8%
1,000	\$78.34	\$87.71	\$9.37	12.0%
1,500	\$126.10	\$140.49	\$14.39	11.4%
2,000	\$173.87	\$193.28	\$19.41	11.2%
3,000	\$269.41	\$298.86	\$29.44	10.9%
4,000	\$364.95	\$404.43	\$39.48	10.8%
5,000	\$460.49	\$510.01	\$49.52	10.8%

Winter				
Monthly Billing				
kWh	Present Rates	AARP Proposed	Change	Percent
0	\$3.77	\$3.50	(\$0.27)	
100	\$8.23	\$10.20	\$1.98	24.0%
300	\$22.52	\$25.41	\$2.89	12.8%
500	\$36.81	\$40.62	\$3.81	10.3%
753	\$54.90	\$59.86	\$4.96	9.0%
1,000	\$72.55	\$78.64	\$6.09	8.4%
1,500	\$108.28	\$116.67	\$8.38	7.7%
2,000	\$144.02	\$154.69	\$10.67	7.4%
3,000	\$215.49	\$230.73	\$15.24	7.1%
4,000	\$286.95	\$306.77	\$19.82	6.9%
5,000	\$358.42	\$382.82	\$24.39	6.8%

Residential Summer Bill Impact by Usage Level AARP Proposed Rates vs PacifiCorp Proposed Rates

