

## **General**

Mr. Ostrander is an independent regulatory consultant with a specialization in telecommunications issues. I am an independent regulatory consultant and have maintained an uninterrupted permit to practice as a Certified Public Accountant (“CPA”) in the State of Kansas since 1990.<sup>1</sup> I have over thirty-five years of regulatory and accounting experience. Mr. Ostrander’s firm, Ostrander Consulting, has been providing consulting services since 1990 and he has addressed more than 180 cases in numerous U.S. and international jurisdictions.

Previously, Mr. Ostrander served as the Chief of Telecommunications for the Kansas Corporation Commission (KCC – the regulatory agency for the state of Kansas) from 1986 to 1990, and served as Chief Auditor for the KCC on gas, electric, transportation, and telecom cases from 1983 to 1986. Mr. Ostrander also worked for two CPA firms, and directed audits of utility companies and other entities for the international accounting/auditing firm Deloitte, Haskins and Sells (now Deloitte).

Mr. Ostrander formed Ostrander Consulting in October 1990, after leaving employment as Chief of Telecommunications for the Kansas Corporation Commission. Ostrander Consulting has operated successfully and continuously for over 24 years through the present date.

Mr. Ostrander’s background experience started with the energy utility industry, when he performed annual audits, tax, and specialized services of Kansas Gas & Electric as a CPA employed by Deloitte, Haskins and Sells. Subsequently, Mr. Ostrander became Chief Auditor at the Kansas Corporation Commission and much of his work focused on rate cases of telecom, gas, and electric utilities. Mr. Ostrander was subsequently appointed as Chief of Telecommunication at the KCC, with a focus on telecom issues, although his expertise was periodically used in rate case audits of gas and electric utilities.

Mr. Ostrander has investigated matters related to all of the largest telecom carriers in the United States including, Verizon, AT&T, SBC/Southwestern Bell, U S WEST, Sprint, Embarq, BellSouth, MCI, numerous independent local exchange companies (“ILECs”), Relay Service Providers (provide telecom services to the speech and hearing impaired), and others. In addition, Mr. Ostrander has evaluated various other international telecom carriers, such as Cable & Wireless and others.

Mr. Ostrander has addressed a broad range of regulatory issues including (but not limited to the following):

- ✓ Traditional Rate Cases

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<sup>1</sup> Mr. Ostrander’s current permit to practice it pending renewal subject to meeting the continuing professional education hours requirement in Kansas. Mr. Ostrander does not provide any services that “require” a permit to practice, this is maintained primarily for credential purposes.

- ✓ Price Caps and Alternative Regulation Plans
- ✓ Specialized or Unique Accounting and Auditing Issues
- ✓ Audits of Universal Service Funds
- ✓ Virtually All Rate Case Expense Issues
- ✓ Virtually All Rate Base Issues
- ✓ Compensation Issues – Reasonableness of Base Salary, Incentives, and Perks
- ✓ Payroll Issues – Pro forma and normalized changes
- ✓ Outsourcing issues (WGL’s outsourcing to Accenture and issues with PacifiCorp)
- ✓ Affiliate Transactions
- ✓ Allocation of costs between regaled/nonregulated operations
- ✓ Depreciation Expense and Depreciation Rate Issues
- ✓ OPEB and Pension Expense Issues
- ✓ Dues and donations (EEI and AGA, etc.)
- ✓ Research and Development
- ✓ Promotions Expense
- ✓ Uncollectibles
- ✓ Rate Case Expense
- ✓ Charitable Contributions
- ✓ TIER issues
- ✓ REC Revenues
- ✓ Pipeline Assessment Costs
- ✓ Self-Insurance – Utility Company “insuring itself” for distribution/transmission losses
- ✓ Tree Trimming
- ✓ Legal costs and settlements
- ✓ Plant Held for Future Use
- ✓ Cash Working Capital (Lead/Lag Studies)
- ✓ Income Tax Issues
- ✓ Competition Issues
- ✓ Interconnection Issues
- ✓ Cost Accounting and Cost Allocation
- ✓ Access Deficit Issues in Caribbean Nations
- ✓ Universal Service Issues
- ✓ Local Loop Unbundling
- ✓ Licensing Issues
- ✓ Broadband/Internet Access and Infrastructure
- ✓ Tariff Policy and Design Issues
- ✓ Infrastructure Issues
- ✓ Facilities Sharing/Collocation Issues
- ✓ Service Quality Issues
- ✓ International Calling Prices and Competition
- ✓ Mobile/Cellular Calling Prices and Competition
- ✓ On-Net and Off-Net Pricing/Policy Issues in Caribbean Nations
- ✓ Issues Regarding Duopoly of Mobile Providers in Caribbean Nations
- ✓ Broadband Pricing and Competition Issues

- ✓ Number Portability Issues
- ✓ Purchase and Acquisitions (Debt, Finance and Regulatory Issues)
- ✓ Affordable/Reasonable Local Rates – Universal Service and Lifeline Issues
- ✓ Evaluation of the intrastate access revenue requirements (per book amounts with rate-case type adjustments) of LECs for purposes of establishing intrastate access rates and recovery from long distance carriers
- ✓ Evaluation of intrastate access incremental cost studies (forward-looking LRIC cost study, not per book amounts) of LECs for purposes of establishing intrastate access rates
- ✓ Evaluating the dollar impact and amounts to be set aside in a Universal Access Fund (or Universal Service Fund) due to reductions of state access rates to parity with interstate access rates (where this measure has been required by state law or regulatory policy in various jurisdictions)
- ✓ LRIC and fully allocated cost studies, and other cost studies/models for purposes of determining amounts in state USFs, interconnection, and other wholesale and retail services/elements
- ✓ Affiliate-Relationship Issues
- ✓ Cross-Subsidization Issues
- ✓ Federal Communications Commission - Parts 32, 36, 64 and 69 Issues

## **Work History**

### **Ostrander Consulting:**

#### **Principal**

Ostrander Consulting principally addresses regulatory issues on behalf of governments and regulatory agencies, including Attorney Generals and U.S. and international regulatory agencies. Services include those related to revenue requirement issues, price caps or alternative regulation plans, competition assessment, costing/pricing, interconnection/local loop unbundling, universal service, management audits and other matters.

### **Kansas Corporation Commission:**

#### **Chief of Telecommunications**

Supervised staff and directed all telecommunications-related matters including assessment of rate cases of SWBT, United/Sprint and rural LECs. Also, directed actions regarding alternative regulation plans, establishing access charge policy, transition to intrastate competition, depreciation filings, establishment of the Kansas Relay Center, filings with the FCC, billing standards, quality of service, consumer complaints, staff training and over one hundred docketed regulatory matters per year. Mr. Ostrander was the lead witness on all major telecommunications matters.

### **Kansas Corporation Commission:**

#### **Chief Auditor**

Directed rate cases of gas, electric and telecom companies prior to promotion to Chief of Telecommunications.

**Mize, Houser, Mehlinger and Kimes (now Mize Houser & Company Professional Association):**

Auditor – CPA firm

Performed auditing, tax and special projects for various industries.

**Deloitte, Haskins and Sells (now Deloitte) – (International CPA/Audit Firm):**

Auditor – CPA firm

Performed auditing, tax and special projects in industries such as utilities, savings and loan, manufacturing, retail, construction, real estate, insurance, banking and not-for-profit.

**Education**

University of Kansas - B.S. Business Administration with a Major in Accounting, 1978.

**Recent Experience Summary:**

**2014 – FairPoint Communications - Before the State of Maine Public Utilities Commission – Case No. 2013-00340:** Mr. Ostrander, on behalf of the Office of the Maine Public Advocate, reviewed revenues, expenses, income taxes, and rate base components and proposed appropriate adjustments regarding FairPoint’s proposed increase in local rates and proposed initial annual draw of \$66.9 million from the Maine Universal Service Fund.

**2013/2014 - Bangor Gas Company LLC – Before the Maine Public Utilities Commission – Docket No. 2012-00598:** Mr. Ostrander, on behalf of the Office of the Maine Public Advocate, addressed revenue requirement issues related to Bangor’s request for an extension of its Alternative Regulation Plan (ARP) and to determine if an ARP or traditional regulation is appropriate. Mr. Ostrander addresses issues related to expenses, allocation of overheads from an affiliate entity, income tax expense, deferred taxes, the proper treatment of written down plant assets, rate base issues, treatment of the Loring pipeline and other policy issues. Mr. Ostrander proposed a revised ARP and performed a complete review of revenue requirements with appropriate adjustments.

**2013/2014 - Potomac Electric Power Company (Pepco) – Before the Public Service Commission of Maryland - Case 9336:** Mr. Ostrander was the only party to identify the significant increase in rate base proposed by Pepco via the NOLC deferred tax issue from the prior rate case, and those same issues were also addressed in this case. In addition, Mr. Ostrander also

reviewed and addressed adjustments related to operating expenses and other rate base revenue requirement issues. Mr. Ostrander pre-filed two sets of testimony and appeared as a witness for Montgomery County.

**2014 – Beehive Telephone Company - Before the Public Service Commission of Utah – Dkt. No. 14-051-01:** Mr. Ostrander, on behalf of the Utah Office of Consumer Services, evaluated the impact of Beehive’s request for increased Utah Universal Service Fund revenues.

**2014 – Emery Telephone Company - Before the Public Service Commission of Utah – Dkt. No. 14-042-01:** Mr. Ostrander, on behalf of the Utah Office of Consumer Services, evaluated the impact of Emery’s request for increased Utah Universal Service Fund revenues.

**2014 – Hanksville Telecom, Inc. - Before the Public Service Commission of Utah – Dkt. No. 14-2303-01:** Mr. Ostrander, on behalf of the Utah Office of Consumer Services, evaluated the impact of Hanksville’s request for increased Utah Universal Service Fund revenues.

**2013 – Big Rivers Electric Corporation - Before the Public Service Commission of Kentucky – Case No. 2013-00199:** Mr. Ostrander, on behalf of the Kentucky Attorney General’s Office, reviewed revenues, expenses, income taxes, and rate base components and proposed appropriate adjustments.

**2013 – Atmos Energy Corporation – Before the Public Service Commission of Kentucky – Case No. 2013-00148:** Mr. Ostrander, on behalf of the Kentucky Attorney General’s Office, reviewed revenues, expenses, income taxes, and rate base components and proposed appropriate adjustments.

**2013 - Potomac Electric Power Company (Pepco) – Before the Public Service Commission of Maryland - Case 9311:** Mr. Ostrander was the only party to identify the significant \$66 million increase in rate base proposed by Pepco via the Net Operating Loss Carryforward (NOLC) deferred tax issue. In addition, Mr. Ostrander also reviewed and addressed adjustments related to operating expenses and other rate base revenue requirement issues. Mr. Ostrander pre-filed three sets of testimony and appeared as a witness for Montgomery County.

**2013 - Delmarva Power and Light Company (DPL) – Before the Public Service Commission of Maryland - Case 9317:** Mr. Ostrander recently completed a rate case evaluation of DPL which resulted in a stipulated agreement among the parties. Mr. Ostrander reviewed the same significant NOLC deferred tax issue as in the Pepco Case No. 9311 previously addressed, and various other operating expense and rate base revenue requirement issues. Mr. Ostrander pre-filed testimony for the Maryland Office of People’s Counsel.

**2013 – Manti Telephone Company - Before the Public Service Commission of Utah – Dkt. No. 13-046-01:** Mr. Ostrander, on behalf of the Utah Office of Consumer Services, reviewed the revenues, expenses, income taxes, and rate base components and proposed appropriate adjustments regarding Manti’s proposed increase in amounts to be drawn from the Utah Universal Service Fund.

**2013 - Big Rivers Electric Corporation General Rate Case (BREC) - Before the Kentucky Public Service Commission – Case No. 2012-00535:** Mr. Ostrander, as part of a team of consultants, and on behalf of the Kentucky Attorney General’s Office of Rate Intervention, addressed rate case issues related to problems and concerns with BREC’s use of a fully forecasted test period and its forecasting model and the proper TIER coverage to use for this Company. In addition, he addressed problems with significant “base salary” increases exceeding 50% that BREC officers awarded themselves in prior years instead of implementing necessary maintenance programs, and the Company has instead deferred these maintenance costs to the current rate case and seeks recovery. In addition, Mr. Ostrander addressed rate case expense and excessive outside legal and consulting fees.

**2012/2013 – Manti Telephone Company - Before the Public Service Commission of Utah – Dkt. No. 08-046-01:** Mr. Ostrander, on behalf of the Utah Office of Consumer Services, reviewed the revenues, expenses, income taxes, and rate base components and proposed appropriate adjustments regarding Manti’s proposed increase in amounts to be drawn from the Utah Universal Service Fund.

**2012 – Baltimore Gas and Electric Company (BGE)– Before the Public Service Commission of Maryland - Case 9299:** Mr. Ostrander is currently reviewing most rate base and operating expense revenue requirement issues, including significant projected plant additions related to reliability standards, payroll, merger costs and savings, incentive compensation, depreciation expense, benefits/OPEB, rate case expense, employee activity costs, taxes, injuries and damages, expenses incurred for complying with Commission’s service quality directive, tree trimming/vegetation management, and other expenses. Mr. Ostrander performed this work for the Maryland Office of People’s Counsel.

**2012 – Potomac Electric Power Company (Pepco) – Before the Public Service Commission of Maryland - Case 9286:** Mr. Ostrander reviewed most operating expense revenue requirement issues, including payroll, benefits/OPEB, deferred compensation, uncollectibles, rate case expense, taxes, injuries and damages, expenses incurred for complying with Commission’s service quality directive, tree trimming/vegetation management, and other expenses. Mr. Ostrander pre-filed testimony and appeared as a witness for the Maryland Office of People’s Counsel.

**2012 – Delmarva Power and Light Company (DPL) – Before the Public Service Commission of Maryland - Case 9285:** Mr. Ostrander reviewed most operating expense revenue requirement

issues, including payroll, benefits/OPEB, deferred compensation, uncollectibles, rate case expense, taxes, injuries and damages, expenses incurred for complying with Commission's service quality directive, tree trimming/vegetation management, and other expenses. Mr. Ostrander pre-filed testimony and appeared as a witness for the Maryland Office of People's Counsel.

**2011 - Washington Gas Light – Before the Public Service Commission of Maryland - Case 9267:** Mr. Ostrander reviewed all revenue requirement issues including a detailed review of the complicated outsourcing arrangement with Accenture, long-term incentives, other payroll issues, research & development, pipeline assessment costs, various rate base additions, and other issues. Mr. Ostrander pre-filed three sets of testimony and appeared as a witness for the Maryland Office of People's Counsel.

**2012/2011 - PacifiCorp – Before the Washington Utilities and Transportation Commission - Docket UE-111190:** Mr. Ostrander pre-filed testimony for certain revenue requirement issues including various accounting adjustments, payroll issues, "self-insurance" for transmission & distribution assets, management fees charged from Corporate to the regulated utility, and other matters for the Washington State Attorney General's Office – Public Counsel Section. This matter was resolved via negotiation.

**2011 – Review of the Revenue Requirements of Washington Electric Cooperative, Inc. (WEC) - Docket No. 7691 before the Vermont Public Service Board:** Mr. Ostrander performed this work for the Vermont Department of Public Service, reviewing the revenue requirements, adjustments, TIER, affiliate transactions issues, and other related issues of WEC. This matter was resolved via negotiation.

**2012 - Docket No. 12-GIMT-170-GIT - Before the Kansas Corporation Commission** – Mr. Ostrander represented the Citizens' Utility Ratepayer Board of Kansas (CURB) in this proceeding to address the impacts that the FCC's Omnibus Order (issued November 2011) regarding Federal Universal Service, Connect American Fund (broadband USF and mobility fund), intercarrier compensation, lifeline, separations reform, cost models, and other related issues could have on the Kansas USF (KUSF). In addition, the KUSF is being reviewed for policy changes that could impact the fund and related annual assessments.

**2008 – 2010 - Docket No. 08-GIMT-1023-GIT (Docket 1023) – Before the Kansas Corporation Commission** – This docket was initiated May 2008 and essentially completed June 2010 and addressed policies related to mirroring interstate access charges at the intrastate level.

**2010 - Docket No. 10-GIMT-188-GIT – (Docket 188) - Before the Kansas Corporation Commission** – This docket was addressed by Mr. Ostrander from June to October 2010. Mr. Ostrander reviewed Staff's testimony and calculations and no problems were identified. Hearings were not held in this proceeding because no problems or issues were identified. Kansas statute requires rural LEC access rates to update their intrastate access rates to interstate levels every 2 years, with the difference between intrastate and interstate rates included in the KUSF. Mr.

Ostrander has reviewed calculations and participated in these proceedings for the past 14 years during the existence of the KUSF.

**1999 to 2010 – Kansas Universal Service Fund (KUSF) Calculations and Competitive Impact**

**– Kansas:** On behalf of the Citizens’ Utility Ratepayer Board of Kansas, Mr. Ostrander has addressed the calculation of KUSF assessments for each of the 14 years of the fund, including the evaluation of the projected gross revenue base, safe harbor percentages for wireless and VoIP providers, the treatment of VoIP revenues, withdrawals from the fund, statutory compliance, internal control procedures, and evaluation of competitive data and analysis submitted by carriers to ensure that assessments to consumers are reasonable and within the proper guidelines.

**2002 to 2009 – Evaluation of the Intrastate IntraLATA/InterLATA Embedded Cost of Service of Various Alaska Rural LECs for Purposes of Establishing Annual Access Charge Rates**

**– Alaska:** Mr. Ostrander has evaluated the embedded costs of the intrastate intraLATA/interLATA jurisdiction (intrastate intraLATA/interLATA revenue requirement) of rural LECs in Alaska (using a traditional rate case approach) for purposes of establishing intrastate access charge rates in Alaska each year. Each regulated-opting company files every two years on a rotating basis, so five to ten RLECs will be evaluated each year by Mr. Ostrander. This process includes issuing discovery, filing of testimony with proposed adjustments, evaluation of company testimony, negotiations, and hearings as necessary. In almost all years, a stipulation has been reached except for some specific adjustments. This process came to an end for 2010 and going forward because most RLECs have now opted for deregulation and the Commission has adopted new rules that would eliminate CCL/bulk bill charges to IXCs, transferring recovery to a higher NAF and a new state USF.

**2010 – Evaluate Rural LEC Request for Increased Universal Service Fund Disbursements:**

On behalf of the Citizens’ Utility Ratepayer Board, Mr. Ostrander determined that a rural LEC did not properly meet the filing requirements for expedited withdrawals from the Kansas Universal Service Fund (KUSF), and the company will re-file a traditional rate case in future months. Mr. Ostrander may participate in that future proceeding when it is filed.

**2009 to 2010 – ECTEL – Evaluate Competition and Implement Price Caps Plan:**

On behalf of the Eastern Caribbean Telecommunications Authority (the centralized regulatory agency representing the Caribbean nations of St. Lucia, St. Vincent, Grenada, St. Kitts/Nevis, and Dominica), Mr. Ostrander completed an evaluation of competition, assessment of duopoly market, access deficit issues raised by the incumbent carrier, pricing/costing issues, imputation, impact of the initial price cap plan, retail prices for international, mobile, internet and local service, wholesale interconnection prices, financial operations of the incumbent, and infrastructure issues. Interviews were conducted with the various stakeholders and a detailed consultation process was used for gathering and assessing information from various stakeholders. All of these issues were considered in recommending the implementation of a new price cap plan for the ECTEL member nations.

**2009 - 2010 – Evaluate Access Costs, Rebalance to Kansas Universal Service Fund, and Related Policy for Major Carriers - Kansas:** On behalf of the Citizens’ Utility Ratepayer Board of Kansas, Mr. Ostrander recently completed assessment of policies and evaluating costs/pricing for intrastate interconnection/access between the largest carriers in Kansas and other competitive carriers. Also, the calculation of proper amounts to be rebalanced and included in the Kansas Universal Service Fund were addressed. Mr. Ostrander also addressed universal service and the impacts of rate rebalancing proposals by Embarq, Sprint and AT&T.

**2010 – Evaluate Access Charges for Rural Telephone Companies - Kansas:** On behalf of Citizens’ Utility Ratepayer Board of Kansas, Mr. Ostrander will address costing, legal, and policy issues related to interconnection/access charges for rural telephone companies in Kansas (after previously addressing this same issue for the largest carriers in Kansas). The interconnection aspects relates to the cost of the local service carrier providing access to its public switched network and facilities so that other carriers can provide competitive long distance/other services.

**February 2009 to June 2009, USAID Capacity Assessment and Development for the Department of Public Services Regulatory Commission of Armenia:** Mr. Ostrander assisted with this project to conduct a telecom sector strategic analysis, legal and regulatory assessment, and human and institutional capacity assessment for the PSRC in Armenia, under the auspices of USAID and the Academy for Educational Development. The team consisted of three experts from the US, and local experts in Armenia. The team delivered a comprehensive Final Report to AED and USAID on May 31, 2009, which addressed government’s plan for IT sector development, market structure and technological potential, the current telecommunications law and regulatory environment, current regulatory performance and priorities, overlapping responsibilities, performance gaps, and human and institutional capacity assessment regarding areas including independence, accountability, transparency, institutional characteristics, organizational structure, and financing and budget.

**2008 to 2010 – Evaluate Competition/Price Caps/Tariffs - Maryland:** On behalf of the Maryland Office of Public Counsel (regulatory agency), Mr. Ostrander addressed competition, costing/pricing issues, tariff policy, universal service, preservation of reasonable prices for low income citizens, infrastructure issues related to fiber/DSL and other financial matters that impacted the recommendation of a new price cap plan applicable to Verizon Maryland (the dominant incumbent carrier).

**1999 to 2012 – Universal Service Fund Calculations and Competitive Impact – Kansas:** On behalf of the Citizens’ Utility Ratepayer Board (CURB) of Kansas, Mr. Ostrander has addressed the calculation of Kansas Universal Service Fund (KUSF) assessments for each of the related years of the operation of KUSF, including the evaluation of competitive data and analysis submitted by carriers and ensuring that assessments to consumers are reasonable and within the proper guidelines.