

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-14 \_\_\_\_\_

DOCKET NO. UG-14 \_\_\_\_\_

EXHIBIT NO. \_\_\_\_ (AMM-2)

ADRIEN M. MCKENZIE

REPRESENTING AVISTA CORPORATION

**QUALIFICATIONS OF ADRIEN M. MCKENZIE**

1           **Q.    What is the purpose of this exhibit?**

2           A.    This exhibit describes my background and experience and contains the  
3 details of my qualifications.

4           **Q.    Please describe your qualifications and experience.**

5           A.    I received B.A. and M.B.A. degrees with a major in finance from The  
6 University of Texas at Austin, and hold the Chartered Financial Analyst (CFA®)  
7 designation. In 1984, I joined FINCAP, Inc. as an Associate. Since that time, I have  
8 participated in consulting assignments involving a broad range of economic and  
9 financial issues, including cost of capital, cost of service, rate design, economic  
10 damages, and business valuation. I have extensive experience in economic and  
11 financial analysis for regulated industries, and in preparing and supporting expert  
12 witness testimony before courts, regulatory agencies, and legislative committees  
13 throughout the U.S. and Canada.

14           I have previously prepared prefiled testimony in over 250 regulatory  
15 proceedings before FERC, the Canadian Radio-Television and Telecommunications  
16 Commission, and regulatory agencies in over 30 states that was ultimately  
17 sponsored by Dr. William E. Avera. I have broad experience in the application of

1 analytical methods to estimate the cost of equity, including the discounted cash flow  
2 model, Capital Asset Pricing Model and related approaches, as well as risk premium  
3 and other methods. In connection with past assignments, I have prepared rebuttal  
4 testimony and analyses responsive to other witnesses, responded to data requests,  
5 and assisted legal counsel in the preparation of briefs and other filings. In addition,  
6 I have represented clients in settlement hearings and negotiations involving cost of  
7 capital. A resume containing the details of my experience and qualifications is  
8 attached.

**ADRIEN M. McKENZIE**

Vice President  
FINCAP, INC.  
Financial Concepts and Applications  
*Economic and Financial Counsel*

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**Summary of Qualifications**

Adrien McKenzie has an MBA in finance from the University of Texas at Austin and holds the Chartered Financial Analyst (CFA) designation. He has over 25 years of experience in economic and financial analysis for regulated industries, and in preparing and supporting expert witness testimony before courts, regulatory agencies, and legislative committees throughout the U.S. and Canada. Assignments have included a broad range of economic and financial issues, including cost of capital, cost of service, rate design, economic damages, and business valuation.

**Employment**

*Consultant,*  
FINCAP, Inc.  
(June 1984 to June 1987)  
(April 1988 to present)

Economic consulting firm specializing in regulated industries and valuation of closely-held businesses. Assignments have involved electric, gas, telecommunication, and water/sewer utilities, with clients including utilities, consumer groups, municipalities, regulatory agencies, and cogenerators. Areas of participation have included rate of return, revenue requirements, rate design, tariff analysis, avoided cost, forecasting, and negotiations. Develop cost of capital analyses using alternative market models for electric, gas, and telephone utilities. Prepare pre-filed direct and rebuttal testimony, participate in settlement negotiations, respond to interrogatories, evaluate opposition testimony, and assist in the areas of cross-examination and the preparations of legal briefs. Other assignments have involved preparation of technical reports, valuations, estimation of damages, industry studies, and various economic analyses in support of litigation.

*Manager,*  
McKenzie Energy Company  
(Jan. 1981 to May. 1984)

Responsible for operations and accounting for firm engaged in the management of working interests in oil and gas properties.

**Education**

*M.B.A., Finance,*  
University of Texas at Austin  
(Sep. 1982 to May. 1984)

Program included coursework in corporate finance, accounting, financial modeling, and statistics. Received Dean's Award for Academic Excellence and Good Neighbor Scholarship.

Professional Report: *The Impact of Construction Expenditures on Investor-Owned Electric Utilities*

*B.B.A., Finance,*  
University of Texas at Austin  
(Jan. 1981 to May 1982)

Electives included capital market theory, portfolio management, and international economics and finance. Elected to Beta Gamma Sigma business honor society. Dean's List 1981-1982.

Simon Fraser University,  
Vancouver, Canada and University  
of Hawaii at Manoa, Honolulu,  
Hawaii  
(Jan. 1979 to Dec 1980)

Coursework in accounting, finance, economics, and liberal arts.

**Professional Associations**

Received Chartered Financial Analyst (CFA) designation in 1990.

*Member* – CFA Institute.

**Bibliography**

“A Profile of State Regulatory Commissions,” A Special Report by the Electricity Consumers Resource Council (ELCON), Summer 1991.

“The Impact of Regulatory Climate on Utility Capital Costs: An Alternative Test,” with Bruce H. Fairchild, *Public Utilities Fortnightly* (May 25, 1989).

**Presentations**

*Cost of Capital Working Group eforum*, Edison Electric Institute (April 24, 2012)

“Cost-of-Service Studies and Rate Design,” General Management of Electric Utilities (A Training Program for Electric Utility Managers from Developing Countries), Austin, Texas (October 1989 and November 1990 and 1991).

**Representative Assignments**

Mr. McKenzie has prepared and supported prefiled testimony submitted in over 250 regulatory proceedings. In addition to filings before regulators in 33 states, Mr. McKenzie has considerable expertise in preparing expert analyses and testimony before the Federal Energy Regulatory Commission (“FERC”) on the issue of ROE. Many of these proceedings have been influential in addressing key aspects of FERC’s policies with respect to ROE determinations. Other representative assignments have included the application of econometric models to analyze the impact of anti-competitive behavior and estimate lost profits in the commercial explosives and chemical industries; development of explanatory models in connection with prudency issues surrounding nuclear generating facilities; and the analysis of avoided cost pricing for cogenerated power. Mr. McKenzie has represented clients at settlement hearings and conferences,