

EXHIBIT NO. ___(RJA-2)
DOCKET NO. UE-06 ___/UG-06 ___
2006 PSE GENERAL RATE CASE
WITNESS: RONALD J. AMEN

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UE-06 ___
Docket No. UG-06 ___

FIRST EXHIBIT (PROFESSIONAL QUALIFICATIONS)
TO THE PREFILED DIRECT TESTIMONY OF
RONALD J. AMEN
ON BEHALF OF PUGET SOUND ENERGY, INC.

FEBRUARY 15, 2006

1 **PUGET SOUND ENERGY, INC.**

2 **FIRST EXHIBIT (PROFESSIONAL QUALIFICATIONS) TO THE**
3 **PREFILED DIRECT TESTIMONY OF RONALD J. AMEN**

4 **Q. Please state your name and business address.**

5 A. My name is Ronald J. Amen. My business address is 1201 Third Avenue, Suite
6 3320, Seattle, WA 98101.

7 **Q. By whom are you employed and in what capacity?**

8 A. I am employed by Navigant Consulting, Inc. as a Director in the Litigation,
9 Regulatory and Markets Practice Area of the firm.

10 **Q. What are your duties in that capacity?**

11 A. I provide consulting services to electric and gas utilities with respect to the
12 following: (i) cost allocation and pricing issues; (ii) regulatory planning and
13 policy development; (iii) resource strategy, planning and financial analysis; and
14 (iv) expert witness testimony.

15 **Q. Briefly describe your education.**

16 A. I hold a Bachelor of Science in Business Administration (Finance and Economics)
17 from the College of Business Administration at the University of Nebraska.

1 **Q. Briefly describe your other relevant employment experience.**

2 A. Prior to joining Navigant Consulting, I was employed by Puget Sound Energy,
3 Inc. (“PSE”) as Manager, Federal Regulatory Affairs and by Washington Natural
4 Gas Company as Director, Rates and Tariffs.

5 I have also served as a Regional Director and Director of Rates at Indiana Energy
6 (now Vectren), and Assistant District Manager and Data Processing Manager at
7 the Ohio Valley Gas Corporation.

8 **Q. Have you previously testified before regulatory commissions?**

9 A. Yes, I have served as an expert witness in proceedings before many regulatory
10 bodies, including the Washington Utilities and Transportation Commission. The
11 details of my participation in regulatory proceedings are provided in more detail
12 in Attachment A to this Exhibit No. ___(RJA-2).

13 [BA060430018]

Attachment A

Ronald J. Amen

Ronald J. Amen
Director

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Professional History

- Director, Navigant Consulting
- Manager, Federal Regulatory Affairs, Puget Sound Energy, Inc.
- Director, Rates and Tariffs, Washington Natural Gas Company
- Regional Director;
Director of Rates, Indiana Energy (now Vectren)
- Data Processing Manager,
Asst. District Manager, Ohio Valley Gas Corporation

Education

- B.S., Business Administration (Finance and Economics), College of Business Administration, University of Nebraska

Professional Associations

- Associate Member, American Gas Association
- Past Member, Marketing & Regulatory Committees of the Pacific Coast Gas Association
- Past Member, Rate Committee of the American Gas Association
- Past Member, Statistics and Load Forecasting Methods Committee of the American Gas Association
- Past Chairman, Rate Committee of the Indiana Gas Association

Mr. Amen is a Director with the Energy practice group of Navigant Consulting, Inc. He has over twenty-seven years of combined experience in utility management and consulting in the areas of regulatory affairs, resource planning, organizational development, distribution operations and customer service, marketing and sales, and systems administration. He has particular expertise in the following areas: cost allocation and pricing issues; regulatory strategy; resource strategy, planning and financial analysis; and expert witness testimony.

Professional Experience

Resource Planning, Strategy and Financial Analysis

- » As part of a review of a *Pacific Northwest electric/gas utility's* gas procurement strategy and hedging analytics, provided gas LDC case studies for gas procurement and risk management practices, including identification of risk management best practices across the industry.
- » For a *Pacific Northwest electric/gas utility*, Mr. Amen provided resource planning strategy and analysis for the company's 2003 Least Cost Plan, including a review of the company's underlying 20-year electric and gas demand forecasts.
- » Engaged by a *Pacific Northwest electric/gas utility* as a member of an NCI team serving as the client's financial advisor for the acquisition of new electric power supply resources. Conducted a multi-track solicitation process for and evaluation of generation assets and purchase power agreements. Provided regulatory support for the acquisition in a subsequent power cost rate proceeding.
- » Provided an evaluation of the functions provided by a *Midwestern gas/electric utility's* underground storage facilities for the purpose of assigning cost responsibility to the various customer groups, which had been challenged by parties in the company's general rate proceeding.

- » Engaged by a *Midwestern municipal electric utility* as a member of three-consultant team that established a self-sustaining energy services business to replace its rebate-based, demand-side management programs. Area of focus included the finance and administrative functions as well as the employee evaluation and recruitment process.
- » For a *Southern gas/electric utility*, conducted an evaluation of two operating subsidiaries, their capital planning, asset management strategy, and customer growth practices. Formulated a strategy for improving the profitability of the entities, with regulatory strategies for its two jurisdictions that included a special cost recovery mechanism for accelerated infrastructure replacement programs.
- » For a *European electric utility*, provided strategy and analysis support, including a review of the natural gas value chain in the U.S., as part of an overall project scope focusing on the evaluation of retail multi-energy strategies for the client.

Cost Allocation, Pricing Issues and Rate Design

- » For a *Midwestern energy company*, assisted the client with the pursuit of alternative regulatory initiatives in conjunction with company's expansion of its energy efficiency and conservation programs. Supported the research, design, and selection of Revenue Decoupling and Weather Normalization Adjustment ("WNA") mechanisms for its two regulated gas utility subsidiaries. Regulatory filings are currently pending.
- » For a *Midwestern gas/electric utility*, assisted the Company with the preparation of a retail customer choice filing for one of its gas distribution jurisdictions. Provided support for the development ancillary service costs, the design of program cost recovery mechanisms, and tariff structure for service offerings.
- » Served as engagement manager for cost of service and rate design support for a *Canadian gas utility* client. Work included expert witness testimony, for the client's capital investment recovery proceeding for a major pipeline project, a cross-provincial transmission pipeline. The three-phase project included regulatory strategy support for executive management regarding the integration of the pipeline proposal with the utility's PBR and unbundling initiatives and an upcoming global rate design proceeding. Cost of service support included the licensing of a Navigant Consulting Cost of Service computer model.
- » Representing a *Pacific Northwest electric/gas utility*, he provided Cost of Service and Rate Design support, including expert witness testimony and conducted research on Electric Power Cost Adjustment Mechanisms and Gas Supply Pricing Options of utilities in North America.

- » For a *Northeastern gas utility*, served as engagement manager for cost of service and rate design support, including expert witness testimony, for the client's participation in a state-wide gas unbundling proceeding. Subsequent projects included analysis of the client's demand forecasting capability, implementation of an algorithm-based balancing service and a cost of service studies related to transportation related administrative costs, resources supporting system reliability and recovery of potentially stranded costs.
- » Engagement manager for cost of service and rate design support, including expert witness testimony, for client's asset separation and unbundling proceeding as well as a subsequent general rate case for a *Midwest gas transmission/distribution utility*. Integrated gas utility (wellhead to burner-tip) unbundled upstream services (production and gathering, storage, and intra-state transmission) from its distribution business.
- » Provided rate design support for reconfiguration of a *Pacific Northwest gas utility's* Commercial / Industrial sales and transportation service offerings. Included collaborative work with an industrial customer stakeholder group.
- » Engagement manager for Cost of Service and Rate Design support for two of a *Northeastern gas utility* client's general rate proceedings.
- » For a *South American gas utility*, affiliate of a major U.S. energy company, conducted a cost of service and rate design training for management personnel engaged in the planned restructuring of the rate-setting processes for three gas utilities in Brazil.
- » For a *Canadian energy marketer*, provided consulting support and position paper on cost allocation and pricing issues for Canadian gas marketer's participation in a restructuring collaborative sponsored by the intra-provincial pipeline and local distribution utility in Saskatchewan.
- » For a *Northwestern gas utility*, negotiated and obtained regulatory approval of a 20-year contract with the company's largest industrial customer, which avoided bypass of 14 primary plant facilities within the service territory, prevented loss of 48.5MM therms of annual throughput, and maintained contribution to system costs.
- » For a *Northwestern gas utility*, obtained regulatory approval of unbundled, cost-based transportation services to meet large commercial and industrial customer needs and re-designed rates of other classes to better align with new cost of service methodology. The project required the facilitation of a collaborative working group of key industrial customers, customer associations, commission staff, and consumer advocacy agencies.

Regulatory Policy, Strategy and Analysis

- » Provided management of an *Eastern electric/gas utility* with an evaluation of its line extension practices for both its gas and electric services and an earnings impact assessment using NCI's proprietary evaluation model. Conducted a workshop for management on the results of the evaluation and recommendations for consideration in the areas of revenue enhancements, modification of internal policies and procedures and construction cost control areas.
- » Provided management of an *Eastern gas utility* with an evaluation of the policies, procedures and tools presently used in its new customer addition process, an assessment of the impact of new customer growth on NOI, and regulatory solutions to accelerate recovery of new customer costs that best meet the regulatory requirements of its three state jurisdictions.
- » Provided expert witness testimony for an *Eastern gas utility* on the subject of new area expansion programs in the U.S. for the client's general rate case proceeding. As part of a negotiated settlement of the case, the client was permitted to establish a new area expansion pilot program.
- » For a *Pacific Northwest electric/gas utility*, redesigned gas line extension policy based on financial investment criteria, standardized construction costs, and revenue contributions derived from the client's residential end-use data (building type/size/vintage, appliance type, etc.). Introduced a new customer rate option for customers whose facilities extensions did not meet the target rate of return requirement, which significantly reduced earnings attrition caused by rapid customer growth. In a later general rate proceeding, testimony support was provided regarding the modifications and revisions to the facilities extension program.
- » Assisted a *Pacific Northwest gas utility* in the restructuring of its commercial / industrial service offerings, including collaborative work with an industrial customer group.
- » Provided case strategy and cost of service support for the biennial cost allocation proceedings of *two utility subsidiaries of a Western U.S. energy company*.
- » Represented a *Western Canadian gas utility* in the client's capital investment recovery proceeding for a major pipeline project, a cross-provincial transmission pipeline. The project included regulatory strategy support for executive management regarding the integration of the pipeline proposal with the utility's PBR and unbundling initiatives and a global rate design proceeding.

Utility Distribution System Operations

- » Provided research and consulting support for a *Midwestern gas/electric utility* to establish performance metrics and benchmarks from peer group companies for the client's performance management system.

- » For a *Midwestern energy company*, Mr. Amen was responsible for marketing, customer service, distribution system construction, operation and maintenance, for one of six operating service territories of the company's gas utility. Mr. Amen managed a field sales force responsible for sales plan development, including market analysis, program design, regulatory considerations, and cost-effectiveness evaluations for the following customer segments and/or trade alley groups: residential home builders and commercial developers; HVAC contractors; large commercial and industrial key accounts; public institutions; and governmental facilities.

Expert Witness Testimony Presentation

- » Arkansas Public Service Commission
- » British Columbia Utility Commission (Canada)
- » Connecticut Department of Public Utility Control
- » Delaware Public Service Commission
- » Illinois Commerce Commission (pending)
- » Indiana Utility Regulatory Commission
- » Oklahoma Corporation Commission
- » Washington Utilities and Transportation Commission
- » Federal Energy Regulatory Commission

Recent Industry Presentations

"Enhancing the Profitability of Growth," American Gas Association, Rate and Regulatory Issues Seminar, April 4-7, 2004

"Regulatory Treatment of New Generation Resource Acquisition: Key Aspects of Resource Policy, Procurement and New Resource Acquisition," Law Seminars International, Managing the Modern Utility Rate Case, February 17-18, 2005

"Managing Regulatory Risk – The Risk Associated with Uncertain Regulatory Outcomes," Western Energy Institute, Spring Energy Management Meeting, May 18-20, 2005

"Capital Asset Optimization – An Integrated Approach to Optimizing Utilization and Return on Utility Assets," Southern Gas Association, July 18-20, 2005