

## **Lee Smith**

*Senior Economist, Managing Consultant*

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Ms. Lee Smith is a Managing Consultant and Senior Economist at La Capra Associates. Ms. Smith has twenty-six years experience in utility economics and regulation. Her work has encompassed all aspects of utility pricing, cost analysis, forecasting, and both demand-side and supply planning in electric, gas, and water utility cases. Ms. Smith has analyzed issues of electric and gas rate design, including rate unbundling and appropriateness of utility costs in 18 different states for a multitude of utilities and other entities. She participated in development of the New England ISO, and has advised a number of clients on various aspects of electric restructuring. As a consultant, her clients have included gas and electric utilities, regulatory commissions and other public bodies. Prior to joining La Capra Associates, Ms. Smith was employed as the Director of Rates and Research at the Department of Public Utilities.

### **RELEVANT EXPERIENCE**

- Testified on behalf of the Wisconsin Citizens Utility Board in a number of cases on cost allocation, power costs, and ratemaking methodology.
- Testified on behalf of the Massachusetts Attorney General regarding Performance Based Ratemaking for gas utilities.
- Testified on behalf of the Georgia Public Service Commission staff on allocation of distribution and generation costs by the Savannah Electric Company.
- Advised the Pennsylvania Office of the Public Advocate staff and the Maryland Office of the People's Counsel on FERC SMD issues.
- Advised Pennsylvania Office of the Public Advocate staff in restructuring proceedings; presented testimony on cost functionalization and rate unbundling in eight cases; testified against GPU's attempt to change Restructuring Settlement.
- Represented the Massachusetts Department of Energy Resources at NEPOOL committees engaged in developing the New England Independent System Operator, and an Open Access Transmission Tariff for New England.

## EMPLOYMENT HISTORY

<b>La Capra Associates</b> <i>Managing Consultant</i>	Boston, MA 1984 - present
<b>Department of Public Utilities</b> <i>Director of Rates and Research</i>	Boston, Ma 1982 - 1984

## EDUCATION

<b>Tufts University</b> <i>Ph.D. in Economics, all but dissertation</i> Economics Department Fellowship	Medford, MA 1966 - 1969
<b>Boston College</b> <i>Study of Statistics</i>	Boston, MA 1966
<b>Brown University</b> <i>B.A. with Honors, International Relations and Economics</i> Prize in International Relations	Providence, RI 1965

## PROFESSIONAL

<b>Bunting Institute Fellowship</b>	1970 - 1971
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## PUBLICATIONS

*Non-price Issues in Gas Supply Planning*, NATIONAL REGULATORY RESEARCH INSTITUTE, Biennial Regulatory Research Conference, 1994

*The Economic Impact of Hurricane Agnes on the Chesapeake Bay in Maryland*, JOHN HOPKINS PRESS

"*Development and Implementation of Restructuring in New England*", Institute of Public Utilities at Michigan State University Williamsburg Conference, December 1995

"*Planning for Gas and Electric Reliability*", NARUC Biennial Regulatory Information Conference, Vol. II, 1994

## DESCRIPTION OF SELECTED PROJECTS

**Massachusetts Office of the Attorney General** 2008

Reviewed proposal by Bay State Gas to increase its rates to reflect a claimed decrease in Average Use per Customer. Testified that Bay State had not demonstrated that the decrease was as large or permanent as it claimed, and that the proposal was inconsistent with Bay State's existing Performance-Based Ratemaking Plan.

**Kentucky Governor's Office of Energy Policy** 2007

Researched and authored a report for the Governor's Office of Energy Policy on whether and how changes in rate designs and ratemaking methodology could contribute to encouraging more efficient use of electric energy. This addressed the potential for seasonal rates, increasing block rates, decoupling, and other possible rate treatment of energy efficiency.

**Belmont Municipal Light Department** 2007

Managed preparation of an allocated cost of service study and development of new rates for this Massachusetts municipal utility which was faced with large rate increase because of expiration and replacement of old below market power contract. Introduced rate elements, including summer rates, higher demand charges, and increasing block rates, to encourage load response from ratepayers.

**Oklahoma Office of the Attorney General** 2007

Assisted the Attorney General in a case in which two utilities requested approval of construction of a large coal plant and special rate treatment to recover costs during construction. Testified that utilities had overstated total capital needs and that the proposed rate rider would shift risk from stockholders to customers.

**Groton Municipal Utilities** 2007

Prepared updated allocated cost of service study, developed unbundled electric rates, and introduced new rates and seasonal element to all rates for large municipal utility. Also, prepared standby and net metering rates.

**Wisconsin Citizens Utility Board** 2007

Testified on behalf of the CUB in a rate case regarding Wisconsin Electric Power's (WEPCO) requested increase in power costs. Testimony demonstrated that WEPCO's new MISO-wide dispatch modeling overstated its costs, and that there was not justification to set aside much of the proceeds of the sale of the Point Beach unit.

**Oklahoma Office of the Attorney General** 2007

Testified on behalf of the AG on proposals by Oklahoma Gas and Electric and Public Service of Oklahoma to build a 900 MW coal plant. Ms. Smith testified that charging customers for this plant during construction through a rate rider would inappropriately shift risk to customers.

- Wisconsin Citizens Utility Board** 2007  
Testified on behalf of the CUB in a case addressing Midwest Independent System Operator (“MISO”) charges and impact on costs of all Wisconsin investor-owned utilities. The testimony found that many of the charges imposed by MISO were not actually incremental to how the utilities had previously estimated their costs based on own-load dispatch models.
- Pennsylvania Office of the Public Advocate** 2006  
Testified on cost allocation, rate design and PJM costs in the Penelec and Met Ed rate cases  
Testimony also addressed the collection of stranded costs.
- Wisconsin Citizens Utility Board** 2006  
Testified on behalf of the CUB in a fuel rule case regarding Wisconsin Power and Light Company, regarding WPL’s projection of fuel costs.
- Green Mountain Power Company** 2006  
Assisted the Company in considering various alternative ratemaking mechanisms. This has included drafting the first electric Fuel and Purchased Power Adjustment proposals in Vermont, and also an Earnings Sharing Mechanism.
- Wisconsin Citizens Utility Board** 2005  
Testified on behalf of the CUB in a fuel rule case regarding Wisconsin Electric, regarding WEPCO’s projection of fuel costs. Identified a number of modeling errors, particularly in treatment of coal generation.
- Massachusetts Office of the Attorney General** 2006  
Testified on interpretation of automatic distribution rate adjustment agreement and appropriate normalization of regional index of utility distribution rates.
- Wisconsin Citizens Utility Board** 2005  
Testified on behalf of the CUB in a rate case regarding Wisconsin Electric regarding a number of issues, including cost allocation, rate design, a proposed Earnings Sharing Mechanism, proper treatment of synergy savings resulting from merger, and the Company’s projected power costs in 2005. Ms. Smith testified that the Company’s modeling of its coal units resulted in an overstatement of fuel costs.
- Georgia Public Utility Commission Staff** 2005  
Testified on allocation of distribution and generation costs and rate design in Savannah Electric Power Company rate case.
- Pennsylvania Office of the Public Advocate** 2005  
Testified on cost allocation and rate design in the Pike County Gas rate case. We addressed the need to weight most customer allocators. We testified that the utility was using borrowed load data that did not reflect the utility’s service territory, and that it is inappropriate to treat part of the gas distribution mains as customer related.
- Testified against allocation based on a single issue, and on the need for a cost allocation study before realigning class revenues in Valley Energy (gas) rate cases. Also assisted in analysis of synergies in Exelon/PSEG merger and appropriate allocation of synergy savings. Assisted OPA in settlement of FERC gas pipeline case.

- Washington Electric Cooperative** 2005  
Estimated load data, assisted in development of allocated costs.
- Wisconsin Citizens Utility Board** 2005  
Testified on allocation of power supply costs and energy efficiency program costs in WEPCO Fuel rule case.
- New Hampshire Office of the Consumer Advocate** 2004  
Testified on cost allocation and rate design in Public Service Company of New Hampshire rate case.
- Arizona Corporation Commission Staff** 2004  
Assisted Staff with major rate case in which APS proposed to rate base generating plants which had been built by its competitive affiliate; testified on accounting for stranded costs.
- Massachusetts Office of the Attorney General** 2003  
Testified on Performance Based Ratemaking Plan proposed by Boston Gas.
- Connecticut Office of the Consumer Counsel** 2003  
Testified jointly in CL&P rate case on distribution revenue requirements with Waine Whittier
- Arkansas Public Service Commission Staff** 2003  
Advised the Arkansas Staff and presented testimony on EAI's proposal to sell baseload generating capacity to other Entergy companies.
- Business Energy Alliance and Resources** 2003  
Testified in two gas cases in front of the Illinois Commerce Commission on gas cost allocation, rate design, and transportation rates.
- Pennsylvania Office of the Consumer Advocate** 2003  
Advised OCA on and testified at FERC in FERC Docket EL-02-111-000, regarding proposals to eliminate Regional Through or Out Rates for MISO and PJM, and possibly to introduce a Seams Elimination Charge Adjustment.
- Groton Municipal Utilities** 2003  
Prepared allocated cost of service study, developed unbundled electric rates for two electric utilities. Also prepared standby and delivery backup service rates.
- New York State Energy Research Development Authority** 2003  
Managed development of model to determine impact on electric bills of installing On-Site Generation, and advised NYSERDA on net metering law and rules.
- Arkansas Public Service Commission Staff** 2002  
Advised the Arkansas Staff on EAI's two proposals to sell capacity freed up by the loss of the North Little Rock load, first to Arkansas retail load, and then to Entergy's Louisiana utilities.

- Arizona Corporation Commission Staff** 2002  
Testified against Citizens' request for increase in PPFAC to recover \$87 million in power costs, as Citizens' management of its power costs had not been prudent.
- New Hampshire Public Utility Commission** 2002  
Testified on Unutil proposal to raise delivery service rates and consolidate two utilities.
- Massachusetts Water Resources Authority** 2002  
Testified against BECo request to raise delivery service rates in spite of rate freeze.
- Illinois Citizens Utilities Board** 2001  
Testified on appropriate distribution cost allocation and rate design.
- Arkansas Public Service Commission Staff** 2001  
Analysis of generation prices under competition and under deregulation, supported by testimony.
- Pennsylvania Office of the Consumer Advocate** 2001  
Testified on GPU restructuring settlement and merger proposal and against GPU's request to increase its Provider of Last Resort Rates.
- Texas Retailers Association** 2000  
Testified as to the appropriate cost of service for three major Texas utilities, focusing on transition costs, transmission plant increases, and support services costs allocated to regulated affiliates.
- Burlington Electric Department** 2000  
Testimony on Transportation Rate proposed by Vermont Gas Systems.
- Arkansas Public Utilities Commission** 2000  
Estimated retail class rates under continued regulated and retail access.
- Hawaii Division of Consumer Advocacy** 2000  
Prepared allocated cost of service study and rate design for the Hawaii Electric Company.
- Arizona Corporation Commission** 2000  
Helped develop Codes of Conduct for Electric Affiliates; testified in stranded cost case for Arizona Electric Cooperative.
- Arkansas Public Utilities Commission** 1999  
Assisted in market power docket, standard offer and default service policy development, rate unbundling.
- Ohio Consumer's Counsel** 1999  
Advised OCC on stranded generation costs and retail market generation costs.

**Arizona Corporation Commission** 1998  
Assisted ACC in cases that developed unbundled rates for all regulated Arizona utilities; testified on stranded cost and retail access for AEPCO, APS, and TEP.

**Maryland Office of the People's Counsel** 1998  
Advised on stranded cost, prepared analysis and testimony on rate unbundling for PEPCO and Delmarva.

**Burlington Electric Department** 1998  
Prepared testimony on interruptible gas transportation rate for an electric generator.

**Pennsylvania Office of the Consumer Advocate** 1997  
Analyzed and prepared testimony on rate unbundling in eight major utility cases; advised OCA on stranded cost; assisted in testimony on stranded cost and market price; assisted in settlement discussions.

**Maine Office of the Public Advocate** 1997  
Prepared testimony on Bangor Hydro Electric emergency rate and normal rate proceeding; issues included Maine Yankee, replacement power costs, depreciation rates, and cost mitigation.

**Maryland/Pennsylvania Public Advocates** 1997  
Advised staff of both public advocates on PJM restructuring, including analysis of FERC filings and ongoing development of market structures and ISO.

**Massachusetts Division of Energy Resources** 1997  
Assisted DOER in drafting restructuring legislation, negotiating additional restructuring settlements with utilities, consideration of ratemaking methodologies, and with development of New England ISO.

**New Hampshire Public Utilities Commission** 1996  
Assisted Commission staff in writing Draft Order on Restructuring; prepared discovery for utilities; prepared discovery questions for hearings on various issues, including corporate unbundling, market structure, transmission, stranded cost theory, measurement, and mitigation.

**Massachusetts Division of Energy Resources** 1996  
Represented the DOER at NEPOOL committees engaged in developing an Independent System Operator, a revised NEPOOL Agreement, and an Open Access Transmission Tariff for New England. Assisted the DOER in other matters including development of model for Boston Edison pilot program based on proxy for competitive market real-time pricing.

**CMEEC** 1996  
Developed methodological basis for rate unbundling for the five Connecticut municipal utilities that are members of CMEEC.

**Black Hills Power and Light Company, South Dakota** 1995  
Advised Company on development of ancillary services and open access transmission rates.

- Pennsylvania Office of the Consumer Advocate** 1995  
Assisted with preparation of comments on restructuring issues.
- Maine Office of the Public Advocate** 1995  
Prepared alternative marginal cost study on Maine Public Service Company. Presented testimony advocating allocation of excess costs on the basis of generation allocators rather than EPMC.
- Massachusetts Division of Energy Resources** 1995  
Assisted DOER in all aspects of electric industry restructuring, from rate unbundling to planning and developing revised market structure for the New England Power Pool.
- Littleton Water and Light Department, N.H.** 1995  
Developed retail wheeling rate; advised on retail wheeling issues.
- Boston Edison Company** 1995  
Presented rate design workshop for Company personnel to assist in preparing for restructuring.
- Kansas Citizens Ratepayers Utility Board** 1995  
Testimony on proposed class rate increases, which were not based on allocated costs, and on rate design.
- World Bank** 1995  
Developing conditions under which State of Orissa, which is privatizing its electric distribution system, should consider revaluation; assisting with other restructuring issues.
- Division of Energy Resources** 1994  
Advised DOER on position on changes in Integrated Resource Management, including proposal to open Transmission and Distribution access to meet resource needs.
- Black Hills Power and Light Company, South Dakota** 1994  
Advised Company on rate treatment and phase-in of major new generating unit, development of wholesale transmission rate, and response to retail wheeling.
- New Hampshire Office of the Consumer Advocate** 1994  
Advised Office on retail wheeling concerns; prepared testimony on cost of service, cost allocation and marginal cost presented by an electric utility.
- Town of Fort Fairfield** 1994  
Prepared response of town to CMP's threat to shut down a renewable energy facility following state-financed buyout of a high-priced unit contract, resulting in settlement.
- Constellation Energy** 1994  
Projected market price of power, advised developer on potential market.



- Stow Electric Energy Study Committee** 1994  
Advised committee on setting up new municipal utility, based upon results of response to RFP for provision of power and operations services, negotiated with bidders.
- Massachusetts Department of Energy Resources** 1993  
Assisted with analysis of economic impact of retiring older generating plants to meet Clear Air Act Targets.
- Eastern Energy Associates** 1993  
Directed analysis and computation of avoided costs of a major electric utility.
- Maine Public Utility Commission Staff** 1993  
Directed Staff's case in opposition to Central Maine Power Comp.'s request that it be allow to market power at below marginal cost rates; presented testimony on impact of CMP's proposal.
- Office of the People's Counsel, Washington D.C.** 1993  
Advised Office, presented testimony on appropriate recovery of deferred and present costs of ongoing Least Cost Planning program.
- Plattsburgh Municipal Lighting Department** 1993  
Advised utility on selection of least-cost power contracts.
- Nantucket Electric Company** 1993  
Directed development of long-run end-use load forecast for tourism-based economy.
- Massachusetts Municipal Wholesale Electric Company** 1992  
Analysis of and testimony on economic inefficiencies created by Bay State pricing of interruptible gas to Stony Brook generating unit.
- Woodsville Water and Light Department** 1992  
Advised Department on least-cost power supply and led negotiations with potential suppliers, resulting in significant long-run savings.
- Stow Electric Energy Study Committee** 1992  
Advised Committee on advisability of separating from municipal electric system currently serving the town; analyzed costs and benefits of different sources of supply.
- Boston Edison Electric Company** 1992  
Assisted in analysis of customer's demand for experimental color-corrected streetlighting, resulting in settlement of long-standing dispute.
- Plattsburgh Municipal Light Department** 1992  
Prepared rate case, including revenue needs, allocation of costs, and rate design; directed Company in reorganization of billing data.
- Altresco** 1992  
Advised on siting, fuel costs, and bidding of potential new intermediate power project.
- Middleton Electric Light Department** 1992

Renegotiation of contract for transmission of all power to the utility.

**Nantucket Electric Company** 1992  
Directed revision of load research sampling (determining appropriate sample size and selection).

**Nantucket Electric Company** 1991  
Applied load research data to develop detailed (daily) demand and revenue projections.

**Nantucket Electric Company** 1991  
Assisted in rate case, including allocating costs between customer classes, developing marginal costs, designing rates.

**Nantucket Electric Company** 1991  
Presented testimony on externalities created by emissions from electric generation on Nantucket Island, and potential impact of inclusion of externalities on ratepayers.

**Illinois Office of Public Counsel** 1990  
Provided expert advice to consumer advocate group on developing state least-cost planning guidelines for gas utilities.

**Plattsburgh Municipal Light Department** 1990  
Developed new rate for large, 46 KV service customers, directed development of value of plant serving the proposed class.

**Middleton Electric Light Department** 1989  
Developed innovative cost-based rate for very large interruptible customer and negotiated with both NEPOOL and customer.

**Littleton Water and Light Department** 1989  
Updated Company's revenue allocation and rates to reflect new marginal-cost based wholesale power tariff.

**Boston Edison Company** 1989  
Assisted Company in analysis of jurisdictional cost allocations in major court dispute; developed company response to FERC order on allocation of distribution/transmission plant.

**Reading Municipal Light Department** 1988  
Analyzed power supply options, determined least-cost options.

**Wellesley Municipal Light Plant** 1987  
Redesigned rates for municipal utility, including allocating costs, estimating marginal costs, and designing rates, including a time-of-use rate for largest customers.