

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

FILED WITH  
Executive Secretary  
May 18, 2015  
IOWA UTILITIES BOARD

ARTI, LLC,

Complainant,

vs.

MIDAMERICAN ENERGY COMPANY,

Respondent.

DOCKET NO. FCU-2014-0016

Direct Testimony and Exhibits of

**Maurice Brubaker**

On behalf of

**Arti, LLC**

**PUBLIC VERSION**

May 18, 2015



Project 10066.1

**STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD**

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STATE OF MISSOURI     )  
                                  )  
COUNTY OF ST. LOUIS    )     **SS**

**Affidavit of Maurice Brubaker**

Maurice Brubaker, being first duly sworn, on his oath states:

1. My name is Maurice Brubaker. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by Arti, LLC in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes are my direct testimony and exhibits which were prepared in written form for introduction into evidence in the Iowa Utilities Board Docket No. FCU-2014-0016

3. I hereby swear and affirm that the testimony and exhibits are true and correct and that they show the matters and things that they purport to show.

/s/ Maurice Brubaker  
\_\_\_\_\_   
Maurice Brubaker

Subscribed and sworn to before me this 15<sup>th</sup> day of May, 2015.

/s/ Tammy S. Klossner  
\_\_\_\_\_   
Notary Public

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
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<p><b>ARTI, LLC,</b>  <b>Complainant,</b>  <b>vs.</b>  <b>MIDAMERICAN ENERGY COMPANY,</b>  <b>Respondent.</b></p>	<p><b>DOCKET NO. FCU-2014-0016</b></p>
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**Direct Testimony of Maurice Brubaker**

1    **Q     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A     Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,  
3     Chesterfield, MO 63017.

4    **Q     WHAT IS YOUR OCCUPATION?**

5    A     I am a consultant in the field of public utility regulation and President of Brubaker &  
6     Associates, Inc., energy, economic and regulatory consultants.

7    **Q     PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

8    A     This information is included in Appendix A to my testimony.

9    **Q     ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

10   A     I am appearing on behalf of Arti, LLC (“Arti”), a large customer of MidAmerican  
11   Energy Company (“MEC”).

1 Q WHO ELSE IS PRESENTING TESTIMONY IN THIS DOCKET ON BEHALF OF  
2 ARTI?

3 A Mr. Samuel Arons is appearing as a representative of Arti. He provides background  
4 on Arti and the nature and history of the Complaint which Arti has initiated before the  
5 Iowa Utilities Board ("Board").

6 Q DID YOU PARTICIPATE IN MEC'S RECENT ELECTRIC RATE CASE, IOWA  
7 UTILITIES BOARD DOCKET NO. RPU-2013-0004?

8 A Yes, I did. I was retained by a group of customers of MEC who intervened as the  
9 Iowa Industrial Consumers for Affordable Power, or IICAP. Some of the IICAP  
10 member companies were at the time eligible to take service under the [REDACTED]  
11 [REDACTED] while others were not.

12 Q ARE YOU FAMILIAR WITH HOW THE [REDACTED] RATES FOR THE ELIGIBLE  
13 CUSTOMERS WERE DEVELOPED BY MEC IN THE RATE CASE?

14 A Yes.

15 Q ARE YOU FAMILIAR WITH HOW THE PHASE-IN ADJUSTMENT – CLAUSE PI  
16 FACTORS WERE DEVELOPED FOR [REDACTED] CUSTOMERS?

17 A Yes.

18 Q ARE YOU FAMILIAR WITH HOW THE EQUALIZATION ADJUSTMENT –  
19 CLAUSE E FACTORS WERE DEVELOPED FOR [REDACTED] CUSTOMERS?

20 A Yes, I am.

1 Q ARE YOU FAMILIAR WITH THE INTENT AND IMPLEMENTATION OF THE  
2 MITIGATION PLAN ORDERED BY THE BOARD?

3 A Yes.

4 Q WHAT ARE THE PRINCIPAL ISSUES IN THIS CASE?

5 A There are two principal issues. They are:

- 6 1. Whether the PI and E factors that MEC is applying to Arti are appropriate.
- 7 2. Whether electricity delivered to the Arti [REDACTED] ("Arti Facility") through  
8 the Pony Creek Substation and the Southland Substation should be  
9 consolidated for billing purposes.

10 Q PLEASE SUMMARIZE YOUR PRINCIPAL FINDINGS AND RECOMMENDATIONS.

11 A My principal findings may be summarized as follows:

- 12 1. Arti is a large, high load factor customer of MEC, and is a sister company  
13 of Pinnacle, LLC ("Pinnacle"). Arti was not a customer of MEC during the  
14 2012 test year in rate case Docket No. RPU-2013-0004, but began taking  
15 service from MEC in [REDACTED], and was served on [REDACTED] from [REDACTED]  
16 until July 31, 2014 when MEC's new rates, including the [REDACTED] rate, became  
17 available.
- 18 2. Arti and Pinnacle are very similar in terms of load size and load factor.
- 19 3. MEC is billing Arti using the same [REDACTED] tariff prices (customer, demand and  
20 energy) that it is using for Pinnacle.
- 21 4. Despite using the same [REDACTED] prices for both Pinnacle and Arti, MEC has  
22 not applied Pinnacle's E and PI factors to Arti. Instead, MEC has used E  
23 and PI factors that were developed for customers taking service under the  
24 [REDACTED] rate (under which Arti never has taken service, and never will take  
25 service) and who previously took service under a number of rate  
26 schedules. None of those other tariffs include the [REDACTED] tariff under which  
27 Arti was served until the effective date of [REDACTED] rates, July 31, 2014.
- 28 5. Arti-specific E and PI factors can be developed.
- 29 6. The Arti Facility will be served through two substations that are supplied  
30 power from two separate [REDACTED] kV sources. Both of these substations are  
31 owned by Arti.

1           7. As explained in more detail by Arti witness Samuel Arons, the Arti Facility  
2           is a single premise, and a unified operation.

3           My recommendations are as follows:

4           1. The E and PI factors that should be applied to Arti are the same E and PI  
5           factors that MEC applies to Pinnacle. If the Board does not accept use of  
6           the Pinnacle factors, the Arti-specific factors which I have developed  
7           should be used for that purpose.

8           2. The Arti Facility is a single premise, and is a unified operation. Therefore,  
9           power delivered through the Pony Creek Substation and through the  
10          Southland Substation should be consolidated for purposes of developing a  
11          single billing to Arti.

12          **Current Billing to Arti for Electric Service**

13          **Q     HOW IS ARTI CURRENTLY BEING BILLED BY MEC FOR ELECTRIC SERVICE?**

14          A     The base rates charged to Arti under the [REDACTED] rate are equal to the base rates  
15          charged to Pinnacle, which also owns and operates a [REDACTED] ("Pinnacle  
16          Facility"). Both facilities are located within the former [REDACTED] of MEC. A  
17          copy of the [REDACTED] tariff is attached as Confidential Exhibit MEB-1.

18          **Q     WHAT IS THE BASIS FOR MEC BILLING ARTI AT THE SAME [REDACTED] BASE RATES  
19          AS IT IS BILLING PINNACLE?**

20          A     Both facilities are [REDACTED], and, as Mr. Arons explains, they have very similar  
21          load characteristics. Both have [REDACTED]  
22          [REDACTED].

1    **Q     ARE OTHER CHARGES AND CREDITS APPLIED TO THE ELECTRIC SERVICE**  
2           **TAKEN BY ARTI?**

3    A     Yes. There are various charges for such things as fuel costs, transmission costs,  
4           energy efficiency cost recovery and other items. These are relatively similar across  
5           all rate schedules.

6           However, there also are charges and credits that are more specific to  
7           individual rate schedules or customers. Relevant here are the PI and E factors that  
8           are applied to ■■■ customers. A copy of Clause PI is attached as Exhibit MEB-2, and  
9           a copy of Clause E is attached as Exhibit MEB-3.

10   **Q     DOES MEC APPLY THE SAME PI AND E FACTORS TO ARTI AS IT APPLIES TO**  
11           **PINNACLE?**

12   A     No. The E and PI factors applied to Arti are substantially different from the factors  
13           applied to Pinnacle, despite the fact that the base ■■■ tariff charges are identical, and  
14           both customers previously were served on the ■■■ rate up until the day before MEC  
15           began charging them under the ■■■ rate.

16   **Q     HOW WERE THE E AND PI FACTORS DEVELOPED FOR PINNACLE, AND FOR**  
17           **THE OTHER CUSTOMERS WHO, IN THE RATE CASE, WERE DETERMINED TO**  
18           **BE ELIGIBLE FOR THE ■■■ RATE BASED ON THEIR THEN-CURRENT LOAD**  
19           **CHARACTERISTICS?**

20   A     For each ■■■ customer, MEC followed these steps:

- 21           1. MEC first calculated the revenues collected under interim rates applied to  
22           2012 test year usage. (For Pinnacle, its interim rate was Rate ■■■).  
23           Interim rates include the customer charge, demand charges, energy  
24           charges, transformer credits, and Rider AEP charges.

- 1           2. Next, MEC calculated the revenues collected under Rate [REDACTED] base rates  
2           applied to 2012 test year usage. [REDACTED] base rates include the customer  
3           charge, demand charges and energy charges.
- 4           3. To calculate the Phase-In factors, the revenue collected under interim  
5           rates in Step 1 was multiplied by (1 + 11.275%), which is the authorized  
6           rate increase approved by the Board in the rate case.
- 7           4. The revenue amount in Step 1 is then subtracted from the revenue  
8           amount in Step 3 and divided by 2012 test year usage. This results in the  
9           full Phase-In factor (\$/kWh).
- 10          5. The first year Phase-In factor equals 66% of the full factor, the second  
11          year Phase-In factor equals 33% of the full factor, and the third year  
12          Phase-In factor equals zero.
- 13          6. To calculate the Equalization factors, the amount in Step 1 above is first  
14          subtracted from the amount in Step 2 above. This revenue amount is  
15          multiplied by 90% in order to arrive at the first year Equalization amount.  
16          The first-year Equalization amount is then reduced by the following: the  
17          first year Phase-In amount, Clause EAC charge applied to test-year  
18          usage, and Clause TCA charge applied to test-year usage. This net  
19          amount, divided by test-year usage, and divided by 90%, equals the full  
20          Equalization factor (\$/kWh).
- 21          7. The first year Equalization factor equals 90% of the full factor. For each  
22          subsequent year's Equalization factor, the factor decrements by an  
23          additional 10%. The tenth year factor equals zero.

24   **Q     WHAT APPROACH DID MEC TAKE TO DEVELOP PI AND E FACTORS FOR**  
25   **ARTI?**

26   A     MEC has applied to Arti the PI and E factors applicable to customers formerly served  
27   under Rates [REDACTED] and who are now served  
28   under the [REDACTED] rate schedule.

29   **Q     IS IT REASONABLE TO APPLY TO ARTI THE SAME E AND PI FACTORS THAT**  
30   **ARE APPLIED TO THESE OTHER CUSTOMERS?**

31   A     No. Arti, like Pinnacle, was served under Rate [REDACTED] prior to the time that the [REDACTED]  
32   rates became available. Arti was served on Rate [REDACTED] only during [REDACTED]

1 [REDACTED], when it first took service from MEC. It was served on Rate [REDACTED] from [REDACTED]  
2 [REDACTED] until July 31, 2014 when the [REDACTED] rate became available. (Pinnacle was served  
3 under the [REDACTED] rate for a considerably longer period of time.) There is no logic to this  
4 approach because Arti never was served under the new [REDACTED] rate; or any of the  
5 predecessor rate schedules after [REDACTED].

6 **Q DO EITHER CLAUSE E OR CLAUSE PI LIST FACTORS APPLICABLE TO**  
7 **CUSTOMERS PREVIOUSLY SERVED ON THE LXS RATE?**

8 A No. This may be because all Rate [REDACTED] customers who took service during 2012 had  
9 met the eligibility criteria for Rate [REDACTED] at the time of the rate case. What has  
10 occurred, however, is that Arti, a former [REDACTED] customer, met the eligibility criteria for  
11 Rate [REDACTED] at a later date. Rather than develop factors based on Arti's rates and  
12 characteristics, MEC simply decided to use a set of E and PI factors that are based  
13 on rates and load characteristics that are materially different from Arti's  
14 circumstances.

15 **Q WHAT SHOULD MEC HAVE DONE?**

16 A There are two logical approaches that MEC could have taken. The first is to use the  
17 E and PI factors that are applicable to Pinnacle. This is logical because both Arti and  
18 Pinnacle previously were served under the [REDACTED] rate, have similar load  
19 characteristics, and because MEC has determined that Arti and Pinnacle should pay  
20 the same [REDACTED] base rates.

1 Q IF THAT APPROACH WERE NOT TAKEN, IS THERE AN ALTERNATIVE  
2 APPROACH THAT MEC LOGICALLY COULD HAVE TAKEN?

3 A Yes. MEC could have developed specific PI and E factors applicable to Arti, just like  
4 it did for the other [REDACTED] customers.

5 Q IS IT POSSIBLE TO DO SO GIVEN THAT FOR OTHER CUSTOMERS WHO WERE  
6 INITIALLY ELIGIBLE FOR THE [REDACTED] RATE, THE CALCULATION WAS BASED ON  
7 TRANSITIONING FROM RATES PAID AND USAGE IN 2012 TO THE END POINT  
8 OF THE CUSTOMER-SPECIFIC [REDACTED] RATES?

9 A Yes. There is nothing magical or sacrosanct about the 2012 test year as a starting  
10 point. That happened to be a reasonable point of reference for those customers who,  
11 based on test year usage, would be eligible for the [REDACTED] rate. Denying Arti, which later  
12 became eligible for the [REDACTED] rate, reasonable PI and E factors based on the [REDACTED] rate  
13 and its actual loads just prior to July 31, 2014, simply because it did not have  
14 consumption during 2012 does not make sense either from a cost of service or an  
15 equity perspective.

16 Q PLEASE ELABORATE.

17 A The fundamental flaw with MEC's approach is using PI and E factors designed for  
18 customers on a new rate ([REDACTED]) under which Arti never took service, and never will take  
19 service. Because the underlying rates that led to the development of these factors  
20 were higher than the [REDACTED] rate, the PI and E factors developed from these other tariffs  
21 start from a higher rate level than was actually experienced by Arti under Rate [REDACTED]  
22 and therefore understate the increase that Arti faces in going from Rate [REDACTED] to [REDACTED].

1 The result of MEC's inappropriate approach is to charge Arti rates that are  
2 unreasonably and unfairly high.

3 **Q WHAT ELSE SUPPORTS YOUR VIEW THAT MEC HAS NO BASIS FOR**  
4 **APPLYING THIS METHODOLOGY TO THE ARTI FACILITY?**

5 A In addition, it is inconsistent with the following statement made in the transmittal letter  
6 (a copy of which is attached as Confidential Exhibit MEB-4) that accompanied MEC's  
7 filing of additional information on [REDACTED]:

8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]

14 **Q HAS MEC TAKEN THE POSITION THAT IT NEEDED 2012 TEST YEAR USAGE**  
15 **DATA IN ORDER TO CALCULATE CUSTOMER-SPECIFIC EQUALIZATION AND**  
16 **PHASE-IN FACTORS?**

17 A Yes.

18 **Q DO YOU AGREE?**

19 A No. 2012 test year usage data should not be required for MEC to determine  
20 appropriate equalization and phase-in factors applicable to Arti. MEC has maintained  
21 that it needed Arti's 2012 test year usage data in order to calculate customer-specific  
22 equalization and phase-in factors, and argued that since Arti was not a customer  
23 during 2012, it cannot calculate specific PI and E factors. I am not aware of any such  
24 requirement applicable to Arti's situation under the Board's rules or the final decision  
25 issued by the Board on March 17, 2014, in Docket No. RPU-2013-0004.

1           Moreover, the imposition of such a requirement on Arti is not authorized by  
2 any of MEC's tariffs that became effective July 31, 2014, including Clause E and  
3 Clause PI. Specifically, in Clause E and Clause PI (at Original Sheet No. 446 and  
4 Substitute Original Sheet No. 456, respectively, as shown in Exhibits MEB-3 and  
5 MEB-2), there is no mention of any need for 2012 test year data as a criterion for  
6 determining which factors to apply. The only distinction made concerns whether a  
7 customer "establish[ed] service after the effective date of this tariff," which is not the  
8 case for Arti since it established service in [REDACTED], which was [REDACTED] before  
9 the July 31, 2014 effective date of the [REDACTED] tariff.

10 **Q     DO ANY OF THE EXPLANATIONS PROVIDED BY MEC IN ITS RATE CASE**  
11 **TESTIMONY ALSO SUPPORT YOUR POSITION CONCERNING THE**  
12 **DEVELOPMENT OF CUSTOMIZED FACTORS?**

13 A     Yes. See, for example, the direct testimony of MEC witness Charles Rea in Docket  
14 No. RPU-2013-0004 at page 35 where he states: "In addition, all customers would  
15 pay an equalization adjustment amount that is customized to the rate they are  
16 currently taking service under."

17           A copy of the portion of Mr. Rea's direct testimony addressing this matter  
18 (pages 1, 34 and 35) is attached as Exhibit MEB-5.

19 **Q     HAVE YOU DEVELOPED PI AND E FACTORS FOR ARTI WHICH RECOGNIZE**  
20 **THAT ARTI PREVIOUSLY WAS TAKING SERVICE UNDER RATE [REDACTED], AND**  
21 **WHICH ALSO APPROPRIATELY INCORPORATE THE RATE INCREASE**  
22 **PHASE-IN AND EQUALIZATION CONCEPTS?**

23 A     Yes.

1    **Q     PLEASE EXPLAIN THE DEVELOPMENT OF THESE FACTORS.**

2    A     The first step was to replicate the development of the PI and E factors applicable to  
3       Pinnacle. Because we were able to match the PI and E factors for Pinnacle, we are  
4       confident that our approach is valid.

5             The next step then was to develop appropriate factors that recognize Arti as  
6       an ■■■ customer prior to the time that the ■■■ rate became available.

7    **Q     IN DOING THESE CALCULATIONS WHAT LOAD DID YOU USE FOR ARTI?**

8    A     In order to have a representative load and load profile, we annualized Arti's July 2014  
9       usage. This is the most recent complete month prior to the July 31, 2014 effective  
10       date of the new rates in the ■■■ tariff. Using these demand and energy values, and  
11       distributing the energy to time-of-use periods each month based on Pinnacle's load  
12       profile, we developed a set of PI and E factors to properly transition Arti from service  
13       under the ■■■ rate to service under ■■■.

14   **Q     IN THE RATE CASE, MEC DEVELOPED THE PI AND E FACTORS FOR**  
15       **CUSTOMERS THAT QUALIFIED FOR THE ■■■ RATE IN THE TEST YEAR USING**  
16       **CONSUMPTION FROM 2012. DOES THE FACT THAT ARTI WAS NOT A**  
17       **CUSTOMER IN 2012 PRECLUDE THE DEVELOPMENT OF CUSTOMIZED PI AND**  
18       **E FACTORS FOR ARTI?**

19   A     No, not at all. The specific time period for defining the load to be used in developing  
20       the factors is not material so long as the load was present prior to the time that the  
21       new rates went into effect, July 31, 2014.

1 **Q WHEN DID ARTI FIRST TAKE SERVICE UNDER RATE [REDACTED]?**

2 A Arti first took service under Rate [REDACTED] in [REDACTED], and remained on [REDACTED] until  
3 July 31, 2014, at which time it was placed on the [REDACTED] rate, and charged the same  
4 [REDACTED] rate components as Pinnacle.

5 **Q CLAUSE E CONTAINS THE FOLLOWING LANGUAGE:**

6 "Equalization adjustment factors are billed on a dollar per kWh  
7 basis at the rates shown below. Rates are applicable for energy  
8 usage billed for periods shown and are applied based on former  
9 price schedules."

10 **CLAUSE PI CONTAINS A SIMILAR PROVISION.**

11 **WHY HAS MEC APPLIED E AND PI FACTORS FROM THESE TARIFF  
12 SHEETS TO ARTI?**

13 A MEC did not create separate PI and E factors for customers moving from the [REDACTED]  
14 rate to [REDACTED]. The reason it did not do so is not clear, but it may be because all [REDACTED]  
15 customers who were taking service at the time that the rates were designed in the  
16 rate case met the criteria for service under the [REDACTED] tariff, and MEC developed specific  
17 PI and E factors only for application to each of those customers.

18 **Q IS THIS APPROPRIATE?**

19 A No. Instead of applying generic PI and E factors that are not at all applicable to Arti's  
20 circumstances, the Pinnacle factors should be applied. Alternatively, an Arti-specific  
21 calculation should be made to develop the appropriate transition from Rate [REDACTED] to  
22 the full [REDACTED] rate values.

1 Q HAVE YOU PREPARED AN EXHIBIT TO SHOW THE VARIOUS PI AND E  
2 FACTORS?

3 A Yes. Page 1 of Confidential Exhibit MEB-6 shows, in the second column, the E and  
4 PI factors applied to Pinnacle. The third column shows the E and PI factors that MEC  
5 has applied to Arti. Column 4 shows the E and PI factors applicable to Arti based on  
6 the July 2014 load level.

7 Q WHAT IS THE SIGNIFICANCE OF THIS COMPARISON?

8 A The first thing to notice is that the factors that MEC has developed (Column 3 on  
9 page 1) are significantly different from the Pinnacle factors, and also from the  
10 Arti-specific factors that I have developed. This is not altogether surprising given the  
11 fact that MEC developed its factors based on a transition from rates under which Arti  
12 was not served, and which were designed for customers transitioning to a rate under  
13 which Arti never took service, and will never take service.

14 The financial impact of this difference is set forth on pages 2 and 3 of  
15 Confidential Exhibit MEB-6. Page 2 compares MEC's proposed factors to the  
16 alternative Arti factors that I have developed and shows the difference in each of the  
17 E and PI factors as well as the annual dollar impact and cumulative total dollar  
18 impact. The amount at issue here between MEC's proposal and my proposal is  
19 approximately [REDACTED].

20 Page 3 of Confidential Exhibit MEB-6 shows a comparison between MEC's  
21 proposed factors and the factors that MEC has calculated for Pinnacle. Again, the  
22 comparison shows the annual difference in the factors, the annual dollar difference  
23 and the cumulative total dollar difference. Here, the total dollar difference is slightly  
24 higher at approximately [REDACTED].

1 **Q WHAT IS YOUR SPECIFIC RECOMMENDATION?**

2 A My recommendation is that the Board reject the E and PI factors that MEC proposes  
3 to apply to Arti. Instead, it is my recommendation that the Board adopt the Pinnacle  
4 factors for application to Arti. If the Board does not accept use of the Pinnacle  
5 factors, it should adopt the Arti-specific factors shown in Column 4 on page 1 of my  
6 Confidential Exhibit MEB-6. The alternative factors are developed specifically for the  
7 Arti load, based on the same method that MEC used to develop the E and PI factors  
8 applied to Pinnacle and to the other customers who were eligible for the [REDACTED] rate at  
9 the time of Docket No. RPU-2013-0004.

10 **Substations Used to Supply Arti**

11 **Q HOW DOES ARTI CURRENTLY RECEIVE ELECTRIC SERVICE FROM MEC?**

12 A It is my understanding that MEC presently provides electric service to the Arti Facility  
13 through a single substation identified as the Pony Creek Substation. As discussed by  
14 Mr. Arons in his testimony, MEC will provide electric service to the Arti Facility  
15 through a second substation identified as the Southland Substation when that  
16 substation is completed in [REDACTED]. The two substations will be interconnected, and  
17 as a result, power can flow between them so that they can function as a single unit to  
18 supply power to the Arti Facility.

19 **Q DOES MEC INTEND TO CHARGE ARTI SEPARATELY FOR ELECTRIC SERVICE**  
20 **PROVIDED BY THE TWO SUBSTATIONS?**

21 A Yes, that it is my understanding. The new billing arrangement would take effect when  
22 the Southland Substation comes online in [REDACTED].

1    **Q     IS SEPARATELY CHARGING ARTI FOR ELECTRIC SERVICE PROVIDED BY**  
2           **THE TWO SUBSTATIONS REASONABLE?**

3    A     No, it is not.  As discussed in Mr. Arons' testimony, the Arti Facility is a unified  
4           operation, and it should be charged for electric service as such.  MEC's proposed  
5           separate billing treatment for electric service provided from the two substations would  
6           require Arti to pay separate demand charges based on the disaggregated peak  
7           demands measured at each substation rather than on the combined peak demand of  
8           the unified Arti Facility.  MEC's proposal would also require Arti to pay two separate  
9           customer charges for the electric service provided to the unified Arti Facility.

10   **Q     WHAT IS YOUR RECOMMENDATION?**

11   A     I recommend that MEC be required to charge Arti for electric service based on the  
12           combined peak demand of the unified Arti Facility and also bill Arti a single customer  
13           charge.

14   **Q     DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

15   A     Yes, it does.

1 **Qualifications of Maurice Brubaker**

2 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A Maurice Brubaker. My business address is 16690 Swingley Ridge Road, Suite 140,  
4 Chesterfield, MO 63017.

5 **Q PLEASE STATE YOUR OCCUPATION.**

6 A I am a consultant in the field of public utility regulation and President of the firm of  
7 Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

8 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**  
9 **EXPERIENCE.**

10 A I was graduated from the University of Missouri in 1965, with a Bachelor's Degree in  
11 Electrical Engineering. Subsequent to graduation I was employed by the Utilities  
12 Section of the Engineering and Technology Division of Esso Research and  
13 Engineering Corporation of Morristown, New Jersey, a subsidiary of Standard Oil of  
14 New Jersey.

15 In the Fall of 1965, I enrolled in the Graduate School of Business at  
16 Washington University in St. Louis, Missouri. I was graduated in June of 1967 with  
17 the Degree of Master of Business Administration. My major field was finance.

18 From March of 1966 until March of 1970, I was employed by Emerson Electric  
19 Company in St. Louis. During this time I pursued the Degree of Master of Science in  
20 Engineering at Washington University, which I received in June, 1970.

21 In March of 1970, I joined the firm of Drazen Associates, Inc., of St. Louis,  
22 Missouri. Since that time I have been engaged in the preparation of numerous  
23 studies relating to electric, gas, and water utilities. These studies have included

1 analyses of the cost to serve various types of customers, the design of rates for utility  
2 services, cost forecasts, cogeneration rates and determinations of rate base and  
3 operating income. I have also addressed utility resource planning principles and  
4 plans, reviewed capacity additions to determine whether or not they were used and  
5 useful, addressed demand-side management issues independently and as part of  
6 least cost planning, and have reviewed utility determinations of the need for capacity  
7 additions and/or purchased power to determine the consistency of such plans with  
8 least cost planning principles. I have also testified about the prudence of the actions  
9 undertaken by utilities to meet the needs of their customers in the wholesale power  
10 markets and have recommended disallowances of costs where such actions were  
11 deemed imprudent.

12 I have testified before the Federal Energy Regulatory Commission ("FERC"),  
13 various courts and legislatures, and the state regulatory commissions of Alabama,  
14 Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia,  
15 Guam, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Missouri,  
16 Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania,  
17 Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia,  
18 Wisconsin and Wyoming.

19 The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and  
20 assumed the utility rate and economic consulting activities of Drazen Associates, Inc.,  
21 founded in 1937. In April, 1995 the firm of Brubaker & Associates, Inc. was formed. It  
22 includes most of the former DBA principals and staff. Our staff includes consultants  
23 with backgrounds in accounting, engineering, economics, mathematics, computer  
24 science and business.

1           Brubaker & Associates, Inc. and its predecessor firm has participated in over  
2           700 major utility rate and other cases and statewide generic investigations before  
3           utility regulatory commissions in 40 states, involving electric, gas, water, and steam  
4           rates and other issues. Cases in which the firm has been involved have included  
5           more than 80 of the 100 largest electric utilities and over 30 gas distribution  
6           companies and pipelines.

7           An increasing portion of the firm's activities is concentrated in the areas of  
8           competitive procurement. While the firm has always assisted its clients in negotiating  
9           contracts for utility services in the regulated environment, increasingly there are  
10          opportunities for certain customers to acquire power on a competitive basis from a  
11          supplier other than its traditional electric utility. The firm assists clients in identifying  
12          and evaluating purchased power options, conducts RFPs and negotiates with  
13          suppliers for the acquisition and delivery of supplies. We have prepared option  
14          studies and/or conducted RFPs for competitive acquisition of power supply for  
15          industrial and other end-use customers throughout the United States and in Canada,  
16          involving total needs in excess of 3,000 megawatts. The firm is also an associate  
17          member of the Electric Reliability Council of Texas and a licensed electricity  
18          aggregator in the State of Texas.

19          In addition to our main office in St. Louis, the firm has branch offices in  
20          Phoenix, Arizona and Corpus Christi, Texas.

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