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Missouri Public  
Service Commission

Exhibit No.:

6

Issues: Policy

Witness: John M. Quain

Sponsoring Party: Missouri Gas Energy

Case No.: GR-2004-0209

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

DIRECT TESTIMONY OF

JOHN M. QUAIN

Jefferson City, Missouri

November 2003

**DIRECT TESTIMONY OF**

**JOHN M. QUAIN**

**NOVEMBER 2003**

1   **I.    INTRODUCTION**

2

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

4   A.    My name is John M. Quain, and my business address is Klett Rooney Lieber &  
5           Schorling, P.C., 240 North Third Street, Suite 700, Harrisburg, Pennsylvania,  
6           17101.

7

8   **Q.    PLEASE STATE YOUR BACKGROUND AND QUALIFICATIONS.**

9   A.    I am currently a shareholder and chair of the Energy & Utility Law Practice  
10          Group with the law firm of Klett Rooney Lieber & Schorling in Harrisburg,  
11          Pennsylvania. Prior to my current position, I was the Chairman of the  
12          Pennsylvania Public Utility Commission (the "Pennsylvania Commission").  
13          Before I served on the Pennsylvania Commission, I practiced public utility law on  
14          the state and regional levels. As a result, I have extensive experience in  
15          considering the central role of public policy in public utility ratemaking.  
16          Additionally, while I was Chairman, I had primary responsibility for the creation  
17          and implementation of the Pennsylvania Electricity Generation Customer Choice  
18          and Competition Act and the Pennsylvania Natural Gas Competition Act. In this  
19          capacity I dealt directly with the statutory policy considerations underlying the

1 Pennsylvania Public Utility Code. Further detail regarding my background and  
2 qualifications is contained in my curriculum vitae, attached hereto as Schedule  
3 JMQ-1.

4  
5 **Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.**

6 A. I am presenting this testimony on behalf of Missouri Gas Energy ("MGE") with  
7 respect to the general public policy implications of MGE's pending rate case and  
8 the relevance of public policy considerations to the issue of MGE's rate of return.

9  
10 **II. DISCUSSION**

11  
12 **Q. PLEASE EXPLAIN WHY PUBLIC POLICY OBJECTIVES ARE**  
13 **INTEGRAL TO THE RATEMAKING PROCESS.**

14 A. A utility's rate of return should be established in the context of achieving broad  
15 public policy objectives. Utility rate cases do not merely establish new rates.  
16 They also affect perceptions in the investment community and thus investment in  
17 public utility infrastructure, which is an integral part of a state's economy. If  
18 investors perceive the "return of and return on" utility investment dollars to be  
19 inadequate, they will invest their money in a different business sector, possibly in  
20 another state. In setting a rate of return, regulators should be mindful of the  
21 impact their actions have on a utility's ability to attract adequate investment.  
22 Hence, one of the ratemaking process' principal goals should be establishing rates

1 at a sufficient level to attract the capital essential to secure a sound infrastructure  
2 and to maintain or enhance the utility's creditworthiness.

3  
4 **Q SHOULD THE RATEMAKING PROCESS ALLOW A FAIR**  
5 **OPPORTUNITY TO ACHIEVE A FAIR RATE OF RETURN?**

6 A. Yes.

7  
8 **Q DOES THAT CONCLUSION HAVE A LEGAL AS WELL AS A PUBLIC**  
9 **POLICY BASIS?**

10 A. Yes, it does. It should come as no surprise that in reaching my conclusion I have  
11 in mind the *Hope Natural Gas*<sup>1</sup> and *Bluefield Waterworks*<sup>2</sup> cases. In summary,  
12 these cases form the legal underpinning to accepted principles on the "fair return"  
13 standard. *Hope* and *Bluefield* stand for the proposition that, "... a public utility  
14 is entitled to such rates as will permit it to earn a return on the value of the  
15 property which it employs for the convenience of the public equal to that  
16 generally being made at the same time and in the same general part of the country  
17 on investments in other business undertakings which are attended by  
18 corresponding risks and uncertainties;"<sup>3</sup> and, the return should be reasonably  
19 sufficient to assure confidence in the financial soundness of the utility and should  
20 be adequate, under efficient and economical management, to maintain and support  
21 its credit and enable it to raise the money necessary for the proper discharge of its  
22 public duties.

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<sup>1</sup> *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944)

<sup>2</sup> *Bluefield Waterworks & Improvement Co. v. Public Serv Comm'n*, 262 U.S. 679 (1923)

<sup>3</sup> *Id.* at 692

1  
2 Stated more succinctly, a utility needs both a fair rate of return and a fair  
3 opportunity to realize that rate of return as a matter of law as well as a matter of  
4 sound public policy.  
5

6 **Q. SHOULD A UTILITY'S RATE OF RETURN BE COMPARABLE TO**  
7 **THOSE OF SIMILARLY SITUATED COMPANIES?**

8 A. Yes. Regulators generally have a broad sense of what similarly-situated utilities  
9 are authorized to earn and whether they are achieving those rates of return. In the  
10 case of natural gas utilities, a recent study by Regulatory Research Associates,  
11 Inc., concluded that the average gas equity return authorization for the first two  
12 quarters of 2003 (based on nine major rate cases) was 11.37%, up from 11.03% in  
13 2002.<sup>4</sup> As a matter of public policy, one important regulatory goal is to ensure  
14 that utilities receive evenhanded treatment with respect to rate of return as well as  
15 their ability to realize that return. Absent extraordinary circumstances, there  
16 should not be a significant discrepancy among similarly-situated companies.  
17

18 **Q. HAVE YOU HAD AN OPPORTUNITY TO REVIEW ANY OF THE**  
19 **OTHER TESTIMONY PRE-FILED IN THIS CASE?**

20 A. Yes, I have reviewed the direct testimony of James Oglesby, the President and  
21 Chief Operating Officer of MGE, in addition to the direct testimony of MGE  
22 witness Michael R. Noack.

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<sup>4</sup> See "Major Rate Case Decisions: January-June 2003," Regulatory Research Associates, Inc. (July 7, 2003).

1  
2 **Q. WHAT CONCLUSION DO YOU DRAW FROM THE FACT, AS**  
3 **PRESENTED IN THE TESTIMONY OF MR. NOACK, THAT MGE'S**  
4 **RATES HAVE NOT PERMITTED MGE TO ACHIEVE ITS**  
5 **AUTHORIZED RATE OF RETURN?**

6 A. From both a rate-setting and policy perspective, this is a significant problem  
7 which strongly indicates that the regulatory process of setting rates as it has  
8 applied to MGE has not achieved one of its fundamental objectives. Because this  
9 problem, as shown in Mr. Noack's testimony, recurs year after year—even in  
10 fiscal years 1998, 1999 and 2002 during which, or immediately before, rate  
11 increases were approved—I do not believe it can reasonably be ignored as an  
12 unusual or isolated occurrence. Absent some material change in the way MGE's  
13 future rates are set, it is not reasonable to expect that MGE will have any higher  
14 likelihood of achieving its authorized rate of return in the future.

15  
16 **Q. IF A COMPANY CONSISTENTLY FAILS TO ACHIEVE ITS**  
17 **AUTHORIZED RATE OF RETURN, WOULD THAT BE A PROBLEM**  
18 **FROM A PUBLIC POLICY PERSPECTIVE?**

19 A. Yes, it would. Again, a broad public policy view takes into account both a fair  
20 rate of return and a fair chance to realize that rate of return. If the regulatory  
21 process of setting rates consistently produces earnings for a company that fall  
22 short of its authorized rate of return, regulation may inadvertently harm the  
23 consumers it is trying to protect. That inadvertent harm occurs because the

1 immediate, short-term effect of such a process is a shortfall in the company's  
2 earnings in comparison to the expected rate of return. The subsequent, longer-  
3 term effect is to make the company look unattractive to investors and to drive up  
4 the cost of capital (which will ultimately be factored into future rates).  
5 Establishing a fair rate of return and a reasonable opportunity to achieve that rate  
6 of return allows a utility to attract adequate capital in competitive financial  
7 markets, and that is a vital public policy objective.

8  
9 **Q CAN AUTHORIZING AN INADEQUATE RATE OF RETURN, OR**  
10 **SETTING RATES WHICH CONSISTENTLY PRODUCE EARNINGS**  
11 **SHORT OF THE AUTHORIZED RATE OF RETURN, HAVE ANY**  
12 **OTHER NEGATIVE EFFECTS ON THE PUBLIC?**

13 **A.** Certainly, and at several levels. First, a utility needs to have a fair rate of return in  
14 order to invest capital into discretionary projects that can enhance service levels  
15 and bring greater efficiency to the enterprise, such as technological advances like  
16 the roughly \$25 million automated meter reading system MGE deployed in the  
17 1997-1998 time frame. Secondly, and related to the need for investment capital, it  
18 must be understood that investors have a choice as to where to put their money. If  
19 investors redirect funds to out-of-state utilities, in-state utilities' financial health  
20 will suffer. Likewise, if investment dollars flow to another state or region, then  
21 new businesses, jobs and tax revenues will soon follow. In addition, a state with  
22 an inadequately funded utility infrastructure may discourage businesses from  
23 either entering the state or expanding their existing in-state operations.

1  
2 **Q. IS CREDITWORTHINESS AFFECTED BY THE PERCEPTIONS OF THE**  
3 **INVESTMENT COMMUNITY?**

4 A. Of course. I think you need only look at the downgrades in the energy sector  
5 generally, to demonstrate this.  
6

7 **Q. WHY IS A UTILITY'S CREDITWORTHINESS AN IMPORTANT**  
8 **PUBLIC POLICY OBJECTIVE?**

9 A. Creditworthiness is the key to attracting investment capital, which in turn is  
10 essential to sound utility infrastructure. Utilities need a fair rate of return and a  
11 fair chance to realize that return if they are going to attract and invest capital into  
12 discretionary projects. Infrastructure is vital to every state and to every utility, as  
13 evidenced by the reliability mandates integral to state public utility codes. Indeed,  
14 the quality of utility infrastructure is a critical element of a community's overall  
15 financial health.  
16

17 **Q. SHOULD REGULATORS USE RATE OF RETURN DETERMINATIONS**  
18 **TO ASSURE A UTILITY'S FINANCIAL HEALTH?**

19 A. No, I am not suggesting that financial health be guaranteed. Once again, what I  
20 am advocating is an appropriate balance of interests. That balance is impacted by  
21 broader public policy concerns than just the interests of individual utilities and  
22 customers. As a general proposition, regulators must guard against keeping rates  
23 artificially low, even though that may seem a popular decision in the short term.



1 A broader perspective is important because how investors perceive a utility and its  
2 earning ability affects the cost of capital. Rate base/rate of return regulation is not  
3 about simply limiting rate increases. Sound rate making requires consideration of  
4 the full financial implications of regulatory decisions, including how those  
5 decisions affect the long-term economic vitality of the utility and the state in  
6 general. Rate setting should not take place solely with the short term in mind.  
7 Generally, regulators should balance an interest in reasonable customer rates with  
8 consideration of the financial health of utilities.

9  
10 **Q. CAN YOU ELABORATE ON YOUR POLICY GOAL OF**  
11 **ENCOURAGING "HEALTHY" UTILITIES?**

12 A. Yes. A financially healthy and robust utility is an asset not just to shareholders,  
13 but to a state's economy. Customers also benefit. Effective public policy  
14 requires that we view public utility service to customers on both a short-term and  
15 long-term basis. That is to say, if rates are not set artificially low, then a utility  
16 should be able to attract adequate capital at reasonable rates, preventing customers  
17 from being harmed over the long term. The lack of a fair rate of return or the lack  
18 of a fair chance to realize that rate of return would have negative long-term effects  
19 for the utility's customers and shareholders alike. By establishing an accurate rate  
20 base, a fair rate of return, and the opportunity to earn that rate of return, effective  
21 regulation achieves the proper balance between the short-term objective of  
22 reasonable rates and the long-term objective of financial health for the utility.

1 Q. AS CHAIRMAN OF THE PENNSYLVANIA PUBLIC UTILITY  
2 COMMISSION, DID YOU CONSIDER THE LONG TERM IMPACT  
3 THAT RATEMAKING DECISIONS HAD ON UTILITIES AND THE  
4 STATE?

5 A. Yes. When I served as Chairman of the Pennsylvania Commission, the  
6 Governor's economic development team frequently inquired as to the overall  
7 quality of public utility infrastructure. We knew that we were in competition with  
8 other states to attract businesses to Pennsylvania, so it was important to convey a  
9 correct perception that our utility infrastructure was not only adequate but was  
10 robust and could support the expansion of business in our state. Clearly,  
11 companies are interested in cost considerations, but cost considerations must also  
12 be balanced with infrastructure support and development.

13  
14 **III. SUMMARY OF TESTIMONY**

15  
16 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

17 A. Sound public policy in ratemaking requires a careful balancing of the interests of  
18 shareholders and utility customers in both the short and long terms. While it is  
19 tempting to approve low rates, rates must be set in a realistic fashion. Every  
20 utility should have an appropriate rate of return and the fair chance to realize that  
21 rate of return. This is a legal requirement as well as sound public policy.

1 The natural gas industry is capital intensive. The supply of capital is limited, and  
2 investors can choose where they will put their dollars. If one jurisdiction is  
3 consistently less attractive than another in terms of profitability, healthy utilities  
4 and sound infrastructure, investors will naturally place their capital with the more  
5 attractive option. A flight of capital can have negative long-term implications for  
6 the existing customer base and for the state's economy, including its ability to  
7 attract new businesses.

8  
9 An inadequate authorized rate of return, or rate levels that consistently produce  
10 earnings that fall short of authorized earnings levels, is not sound public policy.  
11 An inadequate rate of return raises the cost of capital. Conversely, an adequate  
12 rate of return attracts capital at reasonable rates.

13  
14 In sum, designing and setting rates at proper levels, and giving utilities a fair  
15 opportunity to realize their authorized rates of return, will benefit all concerned.  
16

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes, at this time.

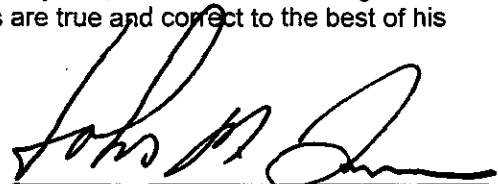
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's )  
Tariff Sheets Designed to Increase Rates )  
for Gas Service in the Company's Missouri )  
Service Area. )

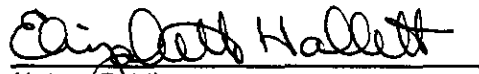
AFFIDAVIT OF JOHN M. QUAIN

STATE OF PENNSYLVANIA    )  
                                      )  
COUNTY OF DAUPHIN        )       ss.

John M. Quain, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
JOHN M. QUAIN

Subscribed and sworn to before me this 28<sup>th</sup> day of October 2003.

  
\_\_\_\_\_  
Notary Public  
**NOTARIAL SEAL**  
ELIZABETH HALLETT, Notary Public  
Harrisburg, Dauphin County  
My Commission Expires May 15, 2004

My Commission Expires: May 15, 2004

John M. Quain  
Klett Rooney Lieber & Schorling  
240 North Third Street  
Suite 700  
Harrisburg, PA 17101  
jqvain@klettrooney.com  
(717) 231-7700  
(717) 231-7712 (fax)

2001-Present Shareholder Klett Rooney Lieber & Schorling; Chairman of the firm's Energy and Utility Law Practice Group based in the Harrisburg, Pennsylvania office. The Energy and Utility Law Practice Group represents a wide array of electric, natural gas, water and telecommunications utilities, as well as utility-related service providers.

### Public Utility/Professional Regulatory Experience

1995-2001 Chairman, Pennsylvania Public Utility Commission

2001 Participated with Governor Tom Ridge and Pennsylvania Utilities on trade mission to Poland, Czech Republic and Slovak Republic in May to share regulatory insights with government and industry leaders.

2001 In conjunction with USEA and USAID, under the Energy Partnership Program, entered into a regulatory partnership on behalf of the Pennsylvania Public Utility Commission with Agência Nacional de Energia Elétrica (ANEEL), involving all aspects of regulation of the electric sector of Brazil.

2000 Accompanied Governor Tom Ridge and Pennsylvania firms on trade mission to Argentina, Brazil, and Chile in November-December to share regulation insights with government and industry leaders.

2000 With Pennsylvania Lieutenant Governor Mark Schweiker, led the Pennsylvania Trade Mission to India and Singapore in March to open partnership opportunities with regulatory boards in those countries.

1999 Successfully led state-wide and regional efforts to meet the Y2K computer Millennium changeover for public utilities; organized and led 10 state regional Y2K summits.

1999 Led the effort to open local telephone markets in Pennsylvania to competition through stakeholder collaboratives and issuance of the "Global" Telecommunications Order

1998 At the request of Governor Ridge, led the stakeholder collaborative which ultimately resulted in the passage of the "Natural Gas Choice and Competition Act," P.L. 122, 1999 (codified at 66 PA. CONS. STAT. ANN. §§ 2201-2212.)

1996 At the request of Governor Ridge, facilitated stakeholder collaborative process that led to the development and passage of consensus retail choice legislation in the electric industry, Pennsylvania's landmark "Electricity Generation Customer Choice and Competition Act," P.L. 802, 1996 (codified at 66 PA. CONS. STAT. ANN. §§ 2801-2812.)

1995 Named as Chairman of the Pennsylvania Public Utility Commission by Governor Tom Ridge

1993-1995 Commissioner, Pennsylvania Public Utility Commission, nominated by Governor Robert P. Casey

1990-1993 **Managing partner** of the law firm, Tucker Arensberg, Harrisburg, PA; led the Administrative Law/Governmental Relations practice group

1988-1993 **Partner** in the law firm of Tucker Arensberg, Harrisburg, Pennsylvania

## Education

1999 John F. Kennedy School of Government, Program for Senior Executives in State and Local Government, Harvard University

1980 Temple University School of Law, Juris Doctor

Admitted to practice: Pennsylvania Bar, United States District Court for the Eastern and Middle Districts of Pennsylvania, United States Supreme Court

Moot Court Team, National Moot Court Team (Competitor on Securities Regulation)

1977 East Stroudsburg University, post-graduate work, Political Science

1976 East Stroudsburg University, Bachelor of Science, Secondary Education, History and Government (concentration)

Pennsylvania Statewide Planning Commission to Develop Master Plan for Higher Education, appointed by Governor Milton Shapp

## Publications and Presentations

2003

``Policy Considerations and Advantages of Implementing a Distribution System Improvement Charge (DSIC), '' Presentation to the Chairman, Commissioners and Staff of the Kentucky Public Service Commission, Frankfort, KY, August 8, 2003

``Recent Trends in Pennsylvania Public Utility Regulation, '' Address to the Annual Meeting of the Pennsylvania Rural Electric Association(PREA), Seven Springs, PA, July 11, 2002

``Weatherproof Bill Programs, '' Presentation to the Mid-Atlantic Conference of Regulatory Utility Commissioners (MACRUC), Hot Springs, VA, July 2, 2002

``Regulatory Treatment of Fixed Bill programs, '' Presentation as part of the Fixed Bill program Roundtable, Missouri Public Utility Commission, Jefferson City, MO, January 24, 2003

2002

``Energy Infrastructure Safety Response by the Energy Industry and Its Regulators, '' Presentation to the American Bar Association, Section of Environment, Energy, and Resources, Philadelphia, PA, February 1, 2002

2001

``Rate Case Filing '' Testimony for New England Division - Southern Union Company, Providence, RI, November 1, 2001

``Negotiations and Collaboratives, '' Presentation to Pennsylvania Bar Institute, Continuing Legal Education Program, 6<sup>th</sup> Annual Administrative Law Synopsis, Mechanicsburg, PA, October 16,

``Pennsylvania: Leading the Nation, '' Presentation to Equitable Resources Inc., Annual Directors ' Meeting, Pittsburgh, PA, July 24, 2001

``Policy Initiatives in Restructuring Energy Markets, '' Presentation to the National Governor ' s Association, Center for Best Practices Entrepreneurship Academy, New Orleans, LA, July 17, 2001

"Breaking the Impasse: Meeting the Political Realities of Elected/Public Officials," Presentation to the Edison Electric Institute Power Siting Conference, Washington, DC, March 13, 2001

"Electric Restructuring and Market Update: Comparing Pennsylvania and California, Presentation to

the Pennsylvania Congressional Delegation," Washington, DC, March 7, 2001

"Pennsylvania: Leading the Nation," Presentation to the Investor Owned Utility Economic Development Association, San Diego, CA, February 22, 2001

"Electricity Markets: Lessons Learned from California," Testimony Before the U.S. House Commerce Committee, Energy Subcommittee, Washington, DC, February 15, 2001

"Pennsylvania: Leading the Nation," Testimony Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, Harrisburg, PA, February 14, 2001

"Energy Deregulation and the Current Crisis in California," Presentation to the Policy Committee of the Pennsylvania Business Roundtable, Hershey, PA, January 9, 2001

## 2000

"The Pennsylvania Deregulatory Process," Presentation to Chilean National Energy (CNE) and Legislative Committee, Santiago, Chile, December 4, 2000

"Pennsylvania Companies Doing Business in Argentina," Presentation to the American Chamber of Commerce (AMCHAM), Buenos Aires, Argentina, December 1, 2000

"Electric Competition and Rural Cooperatives," Presentation to the Annual Meeting of the Pennsylvania Rural Electric Association (PREA), Hershey, PA, November 9, 2000

"Status of Competition in Energy Markets in Pennsylvania," Presentation to the Annual Meeting of the Industrial Energy Consumers of Pennsylvania (IECPA), State College, PA, October 17, 2000

Acceptance Address, 41<sup>st</sup> Annual Louis Braille Award - 2000, Associated Services for the Blind Award Dinner, Philadelphia, PA, October 11, 2000

"The Changing Utility Environment: Impact on the Water Industry and Economic Regulators," Panelist, National Association of Water Companies (NAWC), Water Policy Forum, Amelia Island, FL, September 14, 2000

"Utility Stock Performance in the Deregulated Marketplace," Presentation to Mid-Atlantic/New England Utilities Seminar hosted by Deutsche Bank Alec Brown, Boston, MA, September 5, 2000

"The Pennsylvania Advantage: Electric Utility Reliability and Generation Competition," Testimony Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, Harrisburg, PA, August 29, 2000



"A State Perspective on Electric Industry Restructuring, Pipeline Safety, and the Future for Natural Gas," Panelist, Interstate Natural Gas Association of America (INGAA) Security Analysts' Conference, Napa, CA, July 14, 2000

"The P.U.C. Perspective," Presentation to the 92d Annual Meeting of the Pennsylvania Gas Association, Hershey, PA, June 1, 2000

"Natural Gas Deregulation," Testimony Before the Pennsylvania House Consumer Affairs Committee, Harrisburg, PA, April 27, 2000

"Overview of Electric and Natural Gas Restructuring from Lawmakers, Regulators and Policymakers," Panelist, Energy Marketers 2000, Marriott at Metro Center, Washington, DC, April 17, 2000

"Electric and Natural Gas Deregulation in the New Millennium," Corporate Roundtable Meeting, Allfirst Building, Harrisburg, PA, April 6, 2000

"Role of a Regulator in a Deregulated Market," Panelist, Thomson Financial, Ltd., Financing Power Projects in the U.S. 2000, New York, NY, March 28, 2000

"Utility Restructuring and Competition: The Pennsylvania Experience," Presentation to the Indian National Coal Conference, New Delhi, India, March 12, 2000

"Regulatory Goals for the Unbundling Process," Infocast Unbundling Rates Conference, New Orleans, LA, January 28, 2000

## 1999

"Marketers-The Influence of an Industry's Competitive Characteristics on Regulation," Panelist, Federal Energy Bar Association, Mid-Year Meeting, Washington, D.C., November 19, 1999

"Local Telephone Competition and Its Impact on Rural Pennsylvania," Address to the Annual Meeting of the Pennsylvania Rural Electric Association (PREA), Harrisburg, PA, November 11, 1999

"Annual Presentation to Utility Analysts," Regulatory Research Associates, New York, NY, October 27, 1999

"Deregulation Lessons Learned," Panelist, Mid-Continent Area Power Pool (MAPP), Megatrends '99 Conference, St. Paul, MN, September 27, 1999

"Electric Industry Restructuring: The Pennsylvania Experience," Keynote Address, National Governors' Association, Center for Best Practices, Conference on State Electric Industry Restructuring, Hershey, PA, June 3, 1999

"The Collaborative Process in Implementing Customer Choice," Keynote Presentation to the Pennsylvania-New Jersey-Maryland Interconnection (PJM) Annual Meeting, Hershey, PA, May 6, 1999

Testimony Before the U.S. House of Representatives, House Commerce Committee, subcommittee on Energy and Power, Washington, D.C., March 18, 1999, cited in "House Subcommittee Opens Restructuring Hearings," Public Utilities Fortnightly, No. 9, Vol. 137, p. 56 (May 1, 1999)

"Public Utilities and the Y2K Challenge: The Pennsylvania Perspective," The Electricity Journal, May, 1999, Vol. 12, No. 4, pp. 61-68

"Political Involvement in the Regulatory Process-Welcome Intervention or Unwelcome Intrusion?" Panelist, International Forum on Regulatory Policy, The Hudson Institute, Washington, D.C., April 19, 1999

"Report on the Commission's Investigation into Y2K Compliance by Pennsylvania's Public Utilities," Testimony Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, Harrisburg, PA, April 7, 1999

Testimony on Senate Bill 601, Deregulation of the Natural Gas Industry, Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, Harrisburg, PA, March 23, 1999

"Electricity Competition: Evolving Federal and State Roles," Testimony Before the United States House of Representatives Committee on Commerce, Subcommittee on Energy and Power, Harrisburg, PA, March 18, 1999

"Federal and State Regulation of Natural Gas Services," Testimony Before the Federal Energy Regulatory Commission, Docket No. PL99-1-000, Washington, DC, February 25, 1999; cited in, Foster Natural Gas Report, March 4, 1999, Report No. 2223; p. 2; Gas Markets Week, March 1, 1999, Vol. 16, No. 9; Gas Daily, February 26, 1999, Vol. 16, No. 38

1998

Commencement Speaker, East Stroudsburg State University Winter Commencement, East Stroudsburg, PA, December 19, 1998

"Retail Competition in the Electric Market," Panelist, Federal Energy Bar Association, Mid-Year

Meeting, Washington, D.C., December 4, 1998

"The Status of Competition in Regulated Industries: A Regulator's Point of View," Pennsylvania Bar Institute, Continuing Legal Education Public Utility Law Conference, Harrisburg, PA, October 9, 1998, Vol. I, pp. 1-13

"Year 2000 Compliance by Pennsylvania Public Utilities," Testimony Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, Harrisburg, PA, August 26, 1998

"Update on Natural Gas Deregulation," Testimony Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, Harrisburg, PA, July 15, 1998

"Overview of Pennsylvania's Electric Choice Program," Presentation to the Pennsylvania Rural Development Council, Electricity Choice Forum, Harrisburg, PA, June 26, 1998

"State Energy Regulation and Legislation Issues," Panelist, Tennessee Gas Pipeline Executive Forum, Williamsburg, VA, June 9, 1998

"Electricity Restructuring and Natural Gas Deregulation," Presentation to the 90th Annual Meeting of the Pennsylvania Gas Association, Hershey, PA, May 28, 1998

"Pennsylvania's Electricity Competition and Consumer Choice Act: The Regional Perspective," Address to the Annual Meeting of the Pennsylvania-New Jersey-Maryland Interconnection (PJM), Absecon, NJ, April 30, 1998

"Regulatory Round-Up," Panelist, American Bar Association, Section of Public Utility, Communications and Transportation Law, Spring Meeting, Washington, D.C., April 17, 1998

"Why Competition in Energy Markets?" Presentation to the Seminar on Purchasing Energy in Deregulated Markets, Greater Pittsburgh Area Chamber of Commerce, Pittsburgh, PA, March 31, 1998

"Update on Public Utility Deregulation," Presentation to the Building Owners' and Managers' Association (BOMA), Philadelphia, PA, March 17, 1998

1997

"Annual Presentation to Utility Analysts," Regulatory Research Associates, New York, NY, November 25, 1997

Testimony Before the Pennsylvania House of Representatives Consumer Affairs Committee, House

Bill 1068, "Natural Gas Customer Choice Act," Harrisburg, PA, November 13, 1997

"Public Utility Restructuring," Presentation to the 13th Annual Utility Women's Conference, Las Vegas, NV, October 3, 1997

Testimony Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, "Public Utilities and the Year 2000 Computer Problem," Harrisburg, PA, September 17, 1997

"Legal Aspects of Electric Competition," "Natural Gas Deregulation: Current Law and Proposed Legislation ' ', and "The Federal Telecommunications Act of 1996 and Legal Ramifications for Pennsylvania Utility Law and Practice," Papers presented to the Pennsylvania Governor's Office of General Counsel, Continuing Legal Education, Harrisburg, PA, August 19, 1997

Testimony Before the Pennsylvania State Senate Agriculture and Rural Affairs Committee, "Electric Generation Competition and Its Effect on Agriculture," Harrisburg, PA, July 23, 1997

"Pennsylvania's Progress Towards Retail Customer Choice in Natural Gas," Presentation to the American Gas Association's Natural Gas Roundtable, July 16, 1997, Washington, D.C.

"Risk Management for Natural Gas Local Distribution Companies-Hedging Risks," Panelist, Mid-Atlantic Conference of Regulatory Utility Commissioners (MACRUC), Hot Springs, VA, July 2, 1997

"Electric Choice: Framing the Issues, Debunking the Myths, Helping Build the Competitive Edge for Pennsylvania's Businesses," Panelist, Pennsylvania Chamber of Business and Industry, Wildwood Conference Center, Harrisburg, Pennsylvania, June 10, 1997

"Forum on State Restructuring Issues," Panelist, 65th Annual Convention of the Edison Electric Institute/Expo '97, Philadelphia, PA, June 9, 1997

"U.S. Utilities in for Some Drastic Changes," cited in, The New York Times, June 9, 1997

"Customer Choice and Deregulation: The Commission's Perspective," Presentation to the 89th Annual Meeting of the Pennsylvania Gas Association, Hershey, PA, May 29, 1997

"Pennsylvania's Electric Choice Act and What It Means to You," Presentation to the 83rd Annual Convention of the Pennsylvania Food Processors' Association, Lancaster, PA, May 15, 1997

"Natural Gas Unbundling," Panelist, New England Conference of Public Utility Commissioners, 50th Annual Symposium, Newport, RI, May 5, 1997

Testimony Before the Maine State Legislature Joint Standing Committee on Utilities and Restructuring, Bangor, ME, April 4, 1997

Testimony Before the United States Senate Energy and Natural Resources Committee, Washington, DC, March 20, 1997, cited in, Foster Electric Report, Report No. 109, p. 12, April 2, 1997

Testimony regarding Chapter 28, Implementation of Electric Deregulation in Pennsylvania, Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, Harrisburg, PA, January 22, 1997

Testimony Before the Massachusetts Senate Joint Committee on Electric Restructuring, Boston, MA, January 9, 1997

## 1996

"Annual Presentation to Utility Analysts," Regulatory Research Associates, New York, NY, September 26, 1996

"Government's Role in the Telecommunication Business," Presentation to the Intergovernmental Technology Conference, Philadelphia, PA, September 6, 1996

Testimony Before the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, "Telecommunications Deregulation: A Progress report on the Implementation of Chapter 30 of the Public Utility Code," Harrisburg, PA, April 25, 1996

"Regulatory Developments," Panelist, Transcontinental Gas Pipeline Corporation 1996 Executive Customer Meeting, Boca Raton, FL, April 21, 1996

## 1995

Regulators' Panel, Panelist, National Association of Water Companies (NAWC) 99<sup>th</sup> Annual Conference, New Orleans, LA, October 30, 1995

"Annual Presentation to Utility Analysts," Regulatory Research Associates, New York, NY, October 25, 1995

"Unbundling Behind the LDC City Gate," Presentation to Executive Enterprises, Pittsburgh, PA, October 17, 1995

"The Future of Regulation," Presentation to the Management Conference of Columbia Gas, State College, PA, October 6, 1995

"FERC Order No. 636: Commentary and Appraisal for the State Regulatory Perspective," Presentation to the New England Conference of Public Utilities Seminar, Warwick, RI, June 11, 1995

"Performance Based Regulation," Presentation to the American Water System Management Seminar, Philadelphia, PA, May 9, 1995

"Managing Energy Price Risk," Presentation to the New York Mercantile Exchange (NYMEX) Conference, New York, NY, May 5, 1995

### Awards

2001 Award of Excellency, NAWC, Pennsylvania Chapter

2001 Irishman of the Year, Harrisburg Chapter of the Friendly Sons of Saint Patrick

2000 Year 2000 Eminent Service Award, Pennsylvania Rural Electric Association

2000 41<sup>st</sup> Annual Louis Braille Award, Associated Services for the Blind

1996 Alumni Association Achievement Award, East Stroudsburg University

### Featured in Articles

``Whither(ing) Choice: Many Out-of-State Companies Bidding to Provide Electricity Here Have Left, But Consumers Still Have Some Choice, ' ' Pittsburgh Post-Gazette, September 7, 2003.

``Why Power Grid Experts Were Not Surprised by the Blackout, ' ' Philadelphia Inquirer, August 17, 2003.

"At PUC's Helm, A Man Who Learned to Deal," Philadelphia Inquirer: Sunday Business Section, October 3, 1999, p. E1.

"Fact and Comment: One Time Shock, Then Prosperity," Forbes, July 6, 1998, p. 27.

"A Conversation with One of the More Powerful Men in the Commonwealth: Interview with PUC Chairman John Quain," Harrisburg Magazine, August, 1997, pp. 25-27.

"U.S. Utilities in for Some Drastic Changes," The New York Times, June 9, 1997

1997 Pennsylvania Cable Network Profile: John M. Quain

### Memberships and Professional Affiliations

1998-2001 National Advisory Council, Gas Research Institute (now GTI)

1998-2001 Liaison Committee of the Pennsylvania-Maryland-New Jersey Interconnection

1998-1999 President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners

1996-1997 National Advisory Committee, Gas Industry Standards Board (GISB)

1993-2001 National Association of Regulatory Utility Commissioners

Member, Gas Committee, 1993-present

1993-2001 Mid-Atlantic Council of Regulatory Utility Commissioners

President, 1998-1999