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Exhibit No
Issue Presentation & Documentation Methods
Witness Michael J Ileo
Party City of Joplin, MO
Type of Exhibit Direct Testimony

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF MISSOURI-AMERICAN
WATER COMPANY FOR AUTHORITY TO
FILE TARIFFS REFLECTING INCREASED
RATES FOR WATER AND SEWER SERVICE

CASE NO. WR-2008-0311
CASE NO. SR-2008-0312

DIRECT TESTIMONY AND SCHEDULES
OF MICHAEL J. ILEO, PH.D.

ON BEHALF OF
THE CITY OF JOPLIN, MISSOURI

JOP Exhibit No. 1
Case No(s) WR-2008-0311
Date 11-04-08 Rptr KF

EXHIBIT

JOP-1

SEPTEMBER 3, 2008

Technical Associates, Inc.

TABLE OF CONTENTS

	<u>PAGE</u>
1.0 POSITION AND QUALIFICATIONS	1
2.0 OVERVIEW OF TESTIMONY	5
3.0 PRESENTATION AND DOCUMENTATION METHODS	7
3.1 Affiliate Transaction Costs	9
3.2 USOA Reporting	13
4.0 SUMMARY AND RECOMMENDATIONS	16

**SCHEDULE MJ1-1: Background And Experience Profile, Dr. Michael J. Ileo, Board
Chairman/Chief Economist, Technical Associates, Inc.**

1 **BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION**
2 **CASE NOS. WR-2008-0311 & SR-2008-0312**
3 **DIRECT TESTIMONY AND SCHEDULES**
4 **OF MICHAEL J. ILEO, PH.D.**
5
6

7 **1.0 POSITION AND QUALIFICATIONS**
8

9 **Q. PLEASE STATE YOUR NAME, BUSINESS POSITION, AND ADDRESS.**

10 A My name is Michael J Ileo I am Chief Economist and Board Chairman of
11 Technical Associates, Inc , an economic and financial consulting firm with business
12 offices at 1051 East Cary Street, Suite 601, Richmond, Virginia 23219 The firm also
13 recently established a satellite office in Palm Beach County (Wellington), Florida, whose
14 operations I oversee and where I reside on a partially retired basis
15

16 **Q. WHAT IS THE BUSINESS OF TECHNICAL ASSOCIATES, INC?**

17 A I co-founded Technical Associates, Inc ("TAI") nearly 40 years ago, along with
18 an economics professor (Charles Schotta) and then a fellow graduate student (David
19 Parcell) at Virginia Tech Mr Parcell is now President of TAI Since its founding in
20 1969, TAI has rendered a wide-variety of economic and financial consulting services to
21 numerous business and government organizations throughout North America These
22 services continue to involve the preparation of research reports, including expert
23 testimony, with respect to various issues often contested in business litigation and
24 regulation

25 Regarding the former, TAI has prepared expert reports filed in civil proceedings
26 before state and federal courts regarding such matters as the antitrust implications of
27 restrictive access requirements by natural gas pipelines, the economic damages caused by
28 power plant, coal pulverizer, and other major equipment failures, the price discrimination
29 resulting from multiple wholesale drug pricing systems, and the business losses sustained
30 by some 500 automobile dealerships due to a nationwide new vehicle supply bribery
31 scheme

32 With respect to business regulation, the economic and financial consulting
33 services rendered by TAI have largely pertained to utility and insurance industries This

1 includes numerous types of fixed and transport utilities (e g , electric, water, gas, cable,
2 sewer, telephone, steam, pipeline, railroad, etc), as well as property, casualty, health, and
3 life insurers The vast preponderance of TAI's clients in the regulatory arena has
4 consisted of state, federal, and local government agencies, although TAI has represented
5 utilities on a limited number of occasions, primarily municipals and cooperatives
6

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

8 A I hold a Ph D in Economics from Virginia Tech (1972), as well as B S (1965)
9 and M S (1967) degrees in Economics from the University of Rhode Island I also
10 pursued advanced course work in economics at the University of Missouri (Columbia), as
11 well as taught various classes in economics at that school in its Departments of Electrical
12 Engineering and Economics During my professional career, I further have held teaching
13 positions in economics at Virginia Commonwealth University, Virginia Tech, and the
14 University of Rhode Island
15

16 **Q WHAT SUBJECTS IN ECONOMICS HAVE YOU TAUGHT?**

17 A My fields of specialization, both as a professor and a consultant, have been in the
18 areas generally known as microeconomic theory, industrial organization, and business
19 regulation, including the application of statistical and other quantitative techniques in
20 performing subject matter analyses In addition to macro and micro principles of
21 economics, accordingly, my teaching experience has consisted of classes in the indicated
22 three areas

23 At the University of Missouri (Columbia), for example, I taught economic
24 optimization techniques to electrical engineering students By its very nature, the
25 principal concern of electrical and other engineering disciplines is the design and
26 installation of physical systems that operate in a safe and reliable manner However, as
27 economic trade-offs exist in all such systems, classes that I taught focused on how to
28 achieve engineering goals at the lowest long-run total cost measured in present value
29 terms
30

1 **Q. PLEASE OUTLINE YOUR EXPERIENCE BEFORE PUBLIC UTILITY**
2 **REGULATORY AUTHORITIES?**

3 A Over the course of my consulting practice, I have been accepted as an expert
4 witness by numerous state and federal regulatory agencies throughout the United States
5 and Canada involving a spectrum of public utility ratemaking and related issues. This
6 experience consists of various matters typically placed into the categories of revenue
7 requirement, depreciation, embedded and/or incremental cost allocation, and rate design.
8 In connection with this work, I have appeared before more than 30 state regulatory
9 authorities, several provincial regulatory agencies and the National Energy Board in
10 Canada, and the FPC, FERC, NRC, DOE, and FCC in the United States.

11 In addition to representing clients before regulatory bodies, many of which also
12 have been government agencies, I have served as a technical advisor to public utility
13 regulators in evaluating record evidence in general rate case proceedings in Mississippi,
14 Rhode Island, Virginia, Washington D C , and Ontario. With respect to the Public
15 Service Commission of the District of Columbia, for instance, I and others at TAI have
16 advised the Commissioners comprising that public utility authority on natural gas and
17 electric rate case matters on numerous occasions over the past 20 years. I also served in a
18 similar capacity at the DOE for several years earlier in my professional career.

19
20 **Q. WHAT IS YOUR BACKGROUND WITH RESPECT TO COST ALLOCATION**
21 **AND RATE DESIGN ISSUES?**

22 A I have performed numerous cost allocation and rate design studies for clients of
23 TAI, many of which have been presented as expert reports or testimony before state and
24 federal courts and regulatory bodies. In addition to insurance companies and public
25 utilities, this work has pertained to such businesses as oil pipelines, railroads, trucking,
26 oil refining, taxicabs, motor vehicles, and mining. Some of these engagements have also
27 involved the preparation of a cost allocation manual ("CAM"). To illustrate, TAI was
28 retained by Bristol Virginia Utilities to prepare (under my direction and supervision) the
29 CAM now applied internally to assign costs to its electric, water, sewer, and
30 communications (telephone, cable, and data) services divisions.

1 With particular respect to water and/or sewer companies, I have supervised and/or
2 participated in cost allocation and rate design studies of such utilities as American Water,
3 United Water, and Citizens Utilities' water and sewer operations, as well as a number of
4 smaller private and municipal water and sewer utilities. The vast preponderance of these
5 engagements were undertaken for utility regulators or government oversight agencies,
6 such as attorneys general, public counsels, and small business advocates. For example, I
7 served as a consultant to the Pennsylvania Small Business Advocate for a period of
8 roughly 15 years (mid-1980s to late 1990s), during which I conducted cost allocation and
9 rate design studies of various natural gas, water, and electric utilities that were subject to
10 the jurisdiction of the Pennsylvania Public Utility Commission.

11
12 **Q. HAVE YOU PREVIOUSLY WORKED ON UTILITY MATTERS IN MISSOURI,**
13 **DR. ILEO?**

14 **A** Yes. On many occasions during my professional career, I have appeared in utility
15 regulatory proceedings before the Missouri Public Service Commission ("Commission")
16 on behalf of its Staff. I have also represented the Missouri Office of Public Counsel
17 ("OPC") with respect to various regulatory matters before the Commission. Further, and
18 most recently, I conducted a number of long-run incremental cost studies for the City of
19 Columbia, Missouri regarding appropriate pricing for the private use of its fiber optic
20 facilities.

21
22 **Q. ARE YOU PRESENTING A SCHEDULE THAT FURTHER OUTLINES YOUR**
23 **EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE?**

24 **A** Yes. Schedule MJ1-1 to my testimony contains a more detailed statement of my
25 professional education and experience, which also presents a listing of my expert witness
26 appearances during approximately the past 10 years.

1 **2.0 OVERVIEW OF TESTIMONY**

3 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

4 A TAI has been retained by the City of Joplin, Missouri ("Joplin") to evaluate the
5 appropriateness and reasonableness of the cost allocations and rate designs proposed by
6 Missouri American Water Company ("MAWC" or "Company") in this proceeding. The
7 purpose of my testimony is to report the results of the evaluations made by TAI to date
8 under my direction and supervision on behalf of Joplin, as well as to offer certain
9 observations and recommendations for the consideration of the Commission.

11 **Q. WHAT IS YOUR UNDERSTANDING OF JOPLIN'S CONCERNS WITH THE
12 COMPANY'S PROPOSALS IN THIS CASE?**

13 A Joplin's concerns stem principally from the comparatively large revenue and rate
14 increases sought by MAWC in this proceeding, both in the aggregate and with particular
15 respect to Joplin itself. By illustration, the data below (with dollars in thousands)
16 summarize the Company's water revenue proposals in this case.

MAWC District	MAWC Water Revenues		
	Present Rates	Proposed Rates	Proposed Change
Brunswick	\$211	\$274	29.7%
Jefferson City	5,173	6,048	16.9%
Joplin	13,178	18,176	37.9%
Mexico	3,545	3,939	11.1%
Parkville	3,769	4,888	29.7%
St. Joseph	20,952	22,697	8.3%
St. Louis Metro	137,922	177,768	28.9%
Warrensburg	3,093	3,678	18.9%
Total	\$187,843	\$237,466	26.4%

Source: Schedules A to Mr. Herbert's March 31, 2008 Direct Testimony.

30 The overall water revenue increase proposed by MAWC of 26.4% is more than
31 five times the recent and unusually high general inflation rate of roughly 5% annually.

1 The revenue increase slated by the Company for Joplin of 37.9% is, additionally, more
2 than 40% greater than the proposed aggregate increase. Further, all of this comes on the
3 heels of the rise in water rates allowed MAWC in its last case before the Commission
4 (i.e., WR-2007-0216) less than a year ago, which resulted in revenue changes of about
5 +17% overall and nearly +62% for the water services provided by MAWC to Joplin. If
6 the Company has its way in this proceeding, accordingly, the water rates paid by Joplin
7 households and businesses will have more than doubled over only an approximate two
8 year period. Such increases, which are not dissimilar to recent trends in unregulated
9 gasoline prices, surely epitomize the notion of "rate shock." They also would be taking
10 place in a time of a material slowing in business activity and other economic hardships
11

12 **Q. ARE THERE OTHER ELEMENTS OF JOPLIN'S CONCERNS?**

13 A Yes. While generally acknowledging the plant and equipment investments made
14 by MAWC to better serve its Joplin District, considerable difficulty was encountered by
15 Joplin in undertaking the studies necessary to examine the reasonableness of the costs
16 presently claimed by the Company as associated with these facilities and various other
17 aspects of its operations. These claimed costs lie at the heart of the large revenue and rate
18 increase requested from the Commission by MAWC. The substantial discovery of
19 Commission Staff and of OPC in this case, both highly knowledgeable in utility
20 regulation, is indicative of the difficulties faced by Joplin in evaluating the filed
21 testimony and schedules of the Company.

22 Further as a result of these difficulties, Joplin ultimately determined that it
23 possessed neither the technical expertise nor the financial resources required for a
24 comprehensive intervention in this proceeding, such that it decided to limit the scope of
25 inquiry to cost allocation and rate design matters. Not until mid-August of 2008,
26 moreover, was Joplin able to commit to the retention of an outside consultant, which led
27 to the hiring of TAI.
28

29 **Q. HOW DID TAI PROCEED ON BEHALF OF JOPLIN?**

30 A TAI examined the direct testimony and schedules filed with the Commission by
31 the Company, particularly with respect to cost allocation and rate design issues, as well as

1 the numerous attendant data requests of Commission Staff and OPC. Review of the latter
2 materials, including some of MAWC's responses to this discovery, confirmed TAI's
3 initial assessment as to at least part of the causes for Joplin's difficulties in evaluating the
4 Company's revenue and rate proposals, i.e., methods of presentation and documentation
5 that are neither easily followed nor complete.

6 Examinations by TAI of the indicated relevant documents further made clear that
7 it would be impossible to assemble a comprehensive direct case assessment of cost
8 allocation and rate design issues by September 3, 2008, as prescribed by the procedural
9 schedule in this case. Decisions were additionally made, therefore, to present Joplin's
10 positions with respect to these matters in the rebuttal phase of the proceeding, upon
11 considering MAWC's proposals in conjunction with the corresponding views of
12 Commission Staff, OPC, and other intervenors as set forth in their direct testimony and
13 schedules filed on August 18 and September 3, 2008. My present testimony, therefore,
14 deals with some preliminary matters of concern to Joplin, i.e., current methods of
15 presentation and documentation in the Company's direct testimony and schedules, such
16 as throughout its substantial Company Accounting Schedules or "CAS" and Mr
17 Herbert's Cost of Service Allocation Study, which serve to create significant obstacles to
18 those wishing to evaluate the bases of its revenue and rate increase proposals.

19
20 **3.0 PRESENTATION AND DOCUMENTATION METHODS**

21
22 **Q. PLEASE EXPLAIN YOUR REFERENCE TO METHODS OF PRESENTATION**
23 **AND DOCUMENTATION.**

24 **A.** As a regulated public utility subject to the jurisdiction of the Commission,
25 MAWC has an obligation to present and document the bases of its requests for rate relief
26 in a manner consistent with sound regulatory practice. While not removing the
27 complexities of public utility regulation, fulfillment of this obligation facilitates an
28 understanding of public utility rate case filings, as well as such regulatory goals as timely
29 and cost-effective rate case administration and disposition. In at least two major respects,
30 the Company's submissions in this proceeding fall short of the indicated obligation.

1 MAWC is a subsidiary of a large and diversified corporation (i e , American
2 Water Works Company, Inc or "AWWCI") that operates within many geographical
3 regions of the US through regulated companies, unregulated companies, and other
4 affiliates A not inconsequential portion of the costs that the Company asks its Missouri
5 customers to bear is attributable to affiliate transactions within AWWCI, such as
6 proposed pro-forma test year billings of \$25.1 million from a Service Company affiliate
7 for various administrative, financial, legal, and related business functions (e g , see
8 MAWC Schedule CAS-15, Page 12) However, no showing is contained in the direct
9 testimony and schedules of MAWC that the affiliate transaction costs assigned to its
10 Missouri operations have been determined in a reasonable manner, as well as consistent
11 with all such assignments throughout the corporate structure of AWWCI Only through
12 the Company's responses to a number of data requests propounded by Commission Staff
13 does relevant information in this regard become available

14 The second major difficulty encountered in analyzing MAWC's revenue and rate
15 increase requests is the lack of consistent presentation and supporting documentation in
16 its filings on a Uniform System of Accounts ("USOA") basis, despite statements in the
17 March 31, 2008 Direct Testimony of both Messrs Grubb and Petry that the Company
18 maintains its books and records in accordance with the USOA prescribed for Class A
19 water utilities Instead, the Company often presents plant, revenue, expense, and other
20 data organized through abbreviated descriptions, which presumably track some internal
21 accounting structure Thus, before one can begin to evaluate MAWC's rate increase
22 application before the Commission, he or she must first become conversant with the
23 internal accounting nomenclature of the Company even if knowledgeable as to the
24 composition of the USOA required for regulated water utilities

25 USOAs were instituted for all types of regulated public utilities (e g , electric, gas,
26 and water) to ensure accurate reporting from year to year in a manner that is both
27 consistent and traceable to specified internal records USOAs also serve to greatly
28 facilitate an understanding of public utility rate case applications because data reported
29 by account can be presumed to precisely represent USOA requirements Once again,
30 however, it is frequently the case that only through the Company's responses to certain

1 discovery is the translation from its internal account descriptions to a USOA basis
2 disclosed

3
4 **3.1 Affiliate Transaction Costs**

5
6 **Q. HOW DOES THE COMPANY'S REPORTING WITH RESPECT TO AFFILIATE**
7 **TRANSACTIONS CAUSE DIFFICULTIES IN EVALUATING ITS REVENUE**
8 **AND RATE INCREASE REQUESTS?**

9 A By the term "affiliate transactions," I mean dealings among business entities
10 subject to the same ownership and control within a corporate structure In the instant
11 case, for example, a recent filing by AWWCI with the U S Securities and Exchange
12 Commission ("SEC") notes the following

13 Our American Water Works Service Company subsidiary provides
14 centrally administered professional services to our Regulated Businesses
15 under the terms of contracts with these companies that have been
16 approved by state PUCs, where necessary These services, which are
17 provided at cost, may include accounting, administration, business
18 development, communications, corporate secretarial, engineering,
19 financial, health and safety, human resources, information systems, legal,
20 operations, procurement, rates, security, risk management, water quality
21 and research and development Similar services may be provided to our
22 Non-Regulated Business These arrangements afford our affiliated
23 companies professional and technical talent on an economical and timely
24 basis

25
26 We operate two national customer service centers, with personnel located
27 in Alton, Illinois and Pensacola, Florida These centers employ nearly 700
28 people in total and process telephone calls from customers across all of
29 our service areas

30
31 Source May 12, 2008 Prospectus of American Water Capital Corp and
32 American Water Work Company, Inc filed with the SEC pursuant to Rule
33 424(b)(3), Page 101
34

35 The above-cited Prospectus further reports that, in addition to American Water
36 Capital Corp , the "Non-Regulated Business" of AWWCI in 2007 consisted of Contract
37 Operations, Applied Water Management, Homeowner Services, Carbon Services, and
38 Residuals (Terratic) Groups (pgs 99-100) While specific dealings among these non-

1 regulated Groups and AWWCI's regulated utilities are not identified, discussions in the
2 Prospectus make clear that both types of subsidiaries operate in many of the same
3 geographical areas and often serve the same customers. But at the same time, no
4 showing is made by the Company in its direct testimony and schedules as to how costs
5 incurred at the Service Company level (or elsewhere within AWWCI) have been
6 distributed among regulated and unregulated subsidiaries
7

8 **Q. WHERE IN THE DIRECT TESTIMONY AND SCHEDULES OF MAWC DOES**
9 **IT ADDRESS SERVICE COMPANY COST ASSIGNMENTS?**

10 A Service Company Support Services are discussed at Pages 15-17 of Mr. Grubb's
11 March 31, 2008 Direct Testimony on behalf of MAWC. However, neither in this brief
12 discussion, nor in Company Schedule CAS-15, Page 12 as referenced by Mr. Grubb in
13 this regard, is documentation presented showing how Service Company costs have been
14 allocated to MAWC or to its Districts. Mr. Grubb's reference only demonstrates the
15 adjustments applied by the Company to lower 2007 test year Service Company fees to
16 MAWC from \$29,083 million per books to a proposed pro forma test year level of
17 \$25,147 million. I further note that the adjustments enumerated in Company Schedule
18 CAS-5, Page 12 are not identified by USOA
19

20 **Q. DOES MR. GRUBB REFERENCE ANY OTHER DOCUMENTS IN**
21 **CONNECTION WITH SERVICE COMPANY COST ASSIGNMENTS?**

22 A No, at least not in his Direct Testimony. For instance, Mr. Grubb does not refer to
23 his or other MAWC workpapers as sources of information on Service Company fees or
24 other types of cost allocations within AWWCI.
25

26 **Q. TO WHAT EXTENT IS THE SAME TRUE OF COST ALLOCATIONS TO THE**
27 **DISTRICTS COMPRISING MAWC?**

28 A Mr. Grubb discusses Corporate Allocations at Pages 20-22 of his Direct
29 Testimony, which he characterizes as the assignment of "various corporate MAWC costs
30 to each of the Districts." He notes in this regard that the Company has modified, to some

1 degree, the methods previously employed for allocating Corporate Expenses to Districts,
2 with particular reference to his Schedules EJG-2 and 3

3 In the former (Schedule EJG-2), Mr Grubb reports that \$57 120 million in
4 MAWC's 2007 test year expenses unrelated to income taxes have been allocated to
5 Districts using a new set of procedures comprised of six factors, where customer and
6 employee counts are the predominant allocators Assuming that the \$57 120 million is a
7 per books amounts (i e , prior to any pro forma adjustments), this implies that of the total
8 2007 per books and non-income tax related expenses of MAWC reported on Page 2 of
9 Company Schedule CAS-1 at \$135 280 million (i e , \$179 900-\$44 620), \$78 160 million
10 has been directly assigned by MAWC to its Districts By the term directly assigned, I
11 mean expenses incurred directly at each District level of operation, i e , not incurred by
12 any affiliate on behalf of a District and subsequently billed or allocated to a District

13 Confirmation of this implication, however, is not a simple task because the
14 Company does not separate direct and allocated expenses in its filings by source of
15 incurrence, either in the aggregate on a Water District basis Upon compiling the
16 comparable 2007 test year expense amounts shown by Water District in Company
17 Schedules CAS-10, for instance, the total I derive is \$134 617 million, where the
18 difference from \$135 280 million is attributable to the sewer services of the Company
19 But none of the District attributions comprising these total expense amounts is bifurcated
20 into direct and allocated components in MAWC's testimony and schedules
21

22 **Q. ARE SIMILAR DIFFICULTIES ENCOUNTERED, DR. ILEO, WITH RESPECT**
23 **TO MR. GRUBB'S SCHEDULE ELG-3?**

24 **A** Yes While the new factors applied by the Company in allocating specific
25 expenses to Districts are identified in Schedule ELG-3, it does not show the underlying
26 methodology and end-results by District Once again, therefore, Schedule ELG-3 is of
27 little help in distinguishing among the sources of the cost incurrences reported by
28 MAWC in this proceeding This is true even through Schedule EJG-3 presents a partial
29 and abbreviated translation from the Company's internal accounts to a USOA basis

30 While of far less significance, other aspects of Schedule ELG-3 contribute to the
31 indicated major difficulty To illustrate, upon removing all amounts therein with an

1 Allocator designation of Utility Operating Income (which is not listed in Schedule ELG-
2 2), the resulting total is \$57 101 million as contrasted with the \$57 120 million shown in
3 Schedule ELG-2 Another example is the amount of \$1,063,339 shown on Page 3 of
4 Schedule ELG-3 for "Utility Reg Assessment Fee," which is close to a similar amount of
5 \$1,063,398 reported on Page 2 of Company Schedule CAS-1 This latter amount,
6 however, is titled as "PSC Fees "

7 I note these otherwise comparatively minor differences in titling and amounts,
8 which frequently occur in the Company's filings, to emphasize the compounding nature
9 of the difficulties confronted by Joplin in understanding the bases of the large revenue
10 and rate increases sought by MAWC from the Commission If all amounts were
11 consistently designated by USOA, many (if not all) of such differences in titling and
12 amounts likely would not arise But, while facilitating a reader's understanding, a
13 consistent reporting by USOA would not alleviate the need for a concomitant
14 documented disclosure as to the sources of cost incidences

15
16 **Q. HAVE YOU FORMED ANY OPINIONS AS TO THE APPROPRIATENESS AND**
17 **REASONABLENESS OF THE NEW COST ALLOCATION SYSTEM**
18 **DISCUSSED BY MR. GRUBB?**

19 A No, at least not at this juncture. For the reasons outlined previously in my
20 testimony, TAI will be evaluating MAWC's proposed cost allocations (with respect to
21 both affiliate transactions and customer classes) in conjunction with an examination of
22 the positions of other parties concerning these matters I will present the results of TAI's
23 studies at the rebuttal phase of this proceeding

24 Two observations at this stage, however, are worthwhile noting First, given the
25 new cost allocation system of MAWC, an even more pressing reason existed for the
26 Company to fully document this new methodology on a USOA basis Second, in that Mr
27 Grubb cites a "benefit" rather than a "cost causation" standard for the continued heavy
28 reliance on customer counts in the Company's new system, a philosophical debate in this
29 regard necessarily arises
30

1 Q. PLEASE EXPLAIN THE REFERENCE EARLIER IN YOUR TESTIMONY
2 WITH RESPECT TO THE DISCOVERY OF COMMISSION STAFF
3 REGARDING AFFILIATE TRANSACTIONS.

4 A That the Company's direct testimony and schedules do not adequately disclose
5 and document the sources of the costs it seeks to have Missouri ratepayers bear is clearly
6 indicated by the data requests of Commission Staff in this case. Many of the some 165
7 discovery questions propounded by Commission Staff of MAWC relate to affiliate
8 transactions within AWWCI and attendant cost allocation matters, e.g., by a preliminary
9 count, at least 20 of these inquiries deal with the topics at hand. While I have yet to
10 review all of the Company's responses to this discovery, the questions alone posed by
11 Commission Staff underscore the lack of showings in MAWC's rate increase application
12 with respect to cost attributions stemming from affiliate transactions. They also surely
13 demonstrate the causes of Joplin's difficulties in evaluating the Company's revenue and
14 rate increase requests in this case.

15
16 **3.2 USOA Reporting**
17

18 Q. DO THE DATA REQUESTS OF COMMISSION STAFF EXTEND TO USOA
19 REPORTING ISSUES?

20 A Yes, in at least two instances. In discovery question No. 3, Commission Staff
21 asked for the Company's chart of accounts. More significant is data request No. 77 of
22 Commission Staff, which asked for "a complete cross-reference between the Company's
23 Chart of Accounts and the MoPSC approved NARUC Accounts." This latter
24 discovery suggests that even Commission Staff faced some difficulty in categorizing and
25 tracing data reported in the direct testimony and schedules of MAWC.

26
27 Q. PLEASE ILLUSTRATE THE DIFFICULTIES CAUSED BY THE LACK OF
28 USOA REPORTING IN THE COMPANY'S FILINGS.

29 A Consider the series of MAWC Schedules CAS applicable to Joplin, designated as
30 CAS-2-JOP through 14-JOP and the JOP portions of CAS-15. At the outset in this
31 regard, I note that while Mr. Grubb states (Direct Testimony, P. 3) Mr. Petry "is

1 sponsoring all of the Company's Accounting Schedules (CAS)," several MAWC
2 witnesses (i.e., Messrs Grubb, Petry, Dunn, Thakadiyal, and Bernsen) appear to be
3 responsible for elements in the indicated CAS applicable to Joplin

4 CAS-2-JOP summarizes the rate base, operating income, and other positions of
5 the Company with respect to the water services provided to Joplin, which lead MAWC to
6 calculate that the attendant present rates paid by Joplin households and business are
7 deficient by \$4 999 million annually CAS-3-JOP itemizes the elements comprising the
8 Total Original Cost Rate Base claimed by the Company as applicable to Joplin on both a
9 2007 test year on both a per books (\$42 474 million) and a pro forma (\$75 350 million)
10 basis Supporting References for component amounts are also cited therein, i.e., CAS-4-
11 JOP through CAS-7-JOP, as well as work papers ("WP's")

12 Upon turning to CAS-4-JOP, which relates to the Utility Plant In Service
13 ("UPIS") that MAWC associates with its Joplin water service, one first observes that the
14 composition of UPIS is presented on a USOA basis But at the same time,
15 documentation for the some 30 Pro Forma Adjustments by individual USOA is neither
16 sourced (such as to WP's) nor presented in CAS-4-JOP Requisite documentation by
17 USOA is also missing from the March 31, 2008 Direct Testimony of Mr Bernsen on
18 behalf of the Company, who is designated by Mr Grubb (Direct Testimony, P 5) as the
19 person that will "testify to rate base adjustments" Despite these omissions, the
20 numerous Pro Forma Adjustments in CAS-4-JOP cause the 2007 test year UPIS
21 attributed to Joplin to rise from \$79 990 million (per books) to \$118 067 million (pro
22 forma)

23 Starting with CAS-10-JOP, the Company presents its expense attributions to
24 Joplin water service (including Schedule References to CAS-11-JOP), where the latter is
25 characterized as providing "additional detail and support" for various pro forma
26 adjustments These adjustments cause the totality of test year operating, maintenance,
27 depreciation, amortization, and tax (other than income tax) expenses attributed to Joplin
28 to increase from \$7 216 million to \$9 014 million

29 CAS-11-JOP titles the pro forma adjustments in CAS-10-JOP including citations
30 to the JOP portions of CAS-15, but does not do so on a USOA basis To illustrate, the
31 first pro forma adjustment on Page 1 of CAS-11-JOP involves Labor Expenses of

1 \$375,158, which is sourced to CAS-15, Page 1 Before turning to the latter, I note that
2 due to the lack of USOA reporting, no information is yet provided as to the causes or
3 composition of this Labor Expenses adjustment

4 Some needed information in this regard is provided on Page 1 of CAS-15, but
5 clearly not in a complete manner MAWC reports therein that its Labor Expenses
6 adjustment for Joplin (\$375,158) is premised on "planned additions" to employee levels
7 over the December 31, 2007 through September 30, 2008 period But the composition of
8 these planned labor expense additions is not disclosed due to the absence of USOA
9 reporting Underlying calculations are also noticeably missing

10
11 **Q. DOES THE DIRECT TESTIMONY OF THE MAWC WITNESS RESPONSIBLE**
12 **FOR THE JOPLIN LABOR EXPENSES ADJUSTMENT RECTIFY THE**
13 **COMPOSITION AND DOCUMENTATION PROBLEMS OUTLINED IN YOUR**
14 **PREVIOUS ANSWER?**

15 A No with respect to the composition problem, i e , by USOA, and only partially
16 regarding the documentation problem I say this upon a review of Mr Thakadiyl's
17 March 31, 2008 Direct Testimony, who Mr Grubb suggests (Direct Testimony, P 5) is
18 responsible for the Company's "pro forma labor adjustments " At Page 4 of his
19 Direct Testimony, Mr Thakadiyl generally describes how MAWC developed its labor
20 expenses adjustment, but no specification is given by USOA Specific calculations also
21 are not provided

22
23 **Q. CAN YOU CITE ANOTHER MAJOR EXAMPLE INVOLVING THE LACK OF**
24 **REPORTING BY USOA?**

25 A Yes Consider the customer class cost of service study conducted for the
26 Company by Mr Herbert, which is necessarily voluminous as it pertains to individual
27 MAWC Districts Not once therein, however, are dollar amounts reported on a USOA
28 basis This is not to say that Mr Herbert's study is void of detail and documentation, for
29 quite the contrary is true But at the same time, the lack of USOA reporting causes
30 difficulty in tracing the sources of amounts allocated, as well as in evaluating the
31 reasonableness of Mr Herbert's cost allocation methodologies

1 To illustrate, Mr Herbert states the following at Page 8 of his March 31, 2008

2 Direct Testimony

3 The pro forma costs of service were furnished by the Company, and are
4 set forth in Company accounting exhibits and workpapers The cost of
5 service by district used in my allocation studies reflects the revenue
6 contribution among districts as explained in Mr Grubb's testimony
7

8 No references are provided by Mr Herbert, however, to specific Company
9 accounting exhibits and workpapers or to where in Mr Grubb's testimony relevant
10 matters in this regard are discussed and presented Further, if one assumes that by the
11 phrase "pro forma costs of service were furnished by the Company," Mr Herbert means
12 the CAS series of MAWC, difficulties are encountered with such a premise For
13 instance, Schedule CAS-10-JOP shows pro forma 2007 test year Total Operations and
14 Maintenance expense applicable to Joplin at \$5,964,572, whereas Mr Herbert's Schedule
15 B-JOP reports Total Operation & Maintenance Expenses at \$6,011,890 for Joplin
16 Individual elements within Total O&M Expenses also appear to differ, e g, Total
17 Customer Accounting Expense of \$472,028 in Mr Herbert's Schedule B-JOP as
18 contrasted with \$231,499 for Customer Accounting in Schedule CAS-10-JOP Such
19 differences likely would not arise if all reporting consistently followed a USOA basis
20

21 **4.0 SUMMARY AND RECOMMENDATIONS**

22
23 **Q. PLEASE SUMMARIZE YOUR TESTIMONY, DR. ILEO.**

24 A Two major deficiencies exist in the MAWC application before the Commission,
25 which cause considerable difficulty to those wishing to or responsible for evaluating the
26 large revenue and rate increases sought by the Company in this proceeding These
27 deficiencies involve (1) inadequate documentation as to the costs allocated, assigned, or
28 otherwise attributed to MAWC and/or to its Districts stemming from affiliate
29 transactions, and, (2) a lack of consistent reporting for rate base, expense, and other
30 revenue requirement elements on a USOA basis

31 In my professional judgment, and based on long experience with utility
32 regulation, the circumstance should not arise where it is possible to evaluate a rate

1 increase application of a large public utility only after an examination of responses to
2 substantial discovery. Such a condition is not consistent with sound regulatory practice,
3 for data and information requests pertaining to a rate case filing should be needed only to
4 clarify and perhaps reconcile filed information. The considerable discovery of
5 Commission Staff in this case makes clear that the Company's rate increase application
6 has not met the standards of sound regulatory practice.

7
8 **Q. HOW SHOULD THE COMMISSION PROCEED WITH RESPECT TO THE**
9 **DEFICIENCIES OUTLINED IN YOUR PREVIOUS ANSWER?**

10 A I make two recommendations for the consideration of the Commission both
11 applicable to future rate case filings of the Company. With respect to the USOA
12 reporting issue, the Commission should require MAWC to submit all of the data
13 underlying summary rate base, revenue, expense, and other revenue requirement
14 elements in a manner fully consistent with the USOA. Such a requirement will not
15 involve burdensome tasks, as the Company claims that its books and records are
16 presently maintained in accordance with USOA standards. On the other hand, fully
17 consistent USOA reporting will be of considerable assistance to those charged with
18 evaluating MAWC's future rate case applications.

19 Accompanying the USOA specification, the Commission should additionally
20 require of the Company a separation of all dollar amounts reported by USOA on test year
21 per books and pro forma bases into the sources from which they have arisen, e.g.,
22 incurred directly through the local operations of Districts as contrasted with incurred
23 through allocations or attributions to Districts stemming from affiliate transactions. Full
24 documentation of these separations also should be required, including requisite showings
25 as to the methods by which affiliate transactions costs have been assigned to MAWC and
26 its Districts.

27
28 **Q. MUST THE COST SEPARATIONS AND DOCUMENTATIONS TO WHICH**
29 **YOU REFER BE CONTAINED IN THE FUTURE RATE CASE FILINGS OF**
30 **THE COMPANY?**

1 A Yes, at least in a summary fashion By hypothetical illustration, if MAWC
2 reports for some future test year that its total Meter Reading Labor & Miscellaneous
3 Expenses (USOA No 902 1) is \$5 million on a per book bases, this amount should be at
4 least bifurcated into the two summary categories noted, which might be titled Directly
5 Attributable (incurred through local District operations) and Indirectly Attributable
6 (incurred through affiliate transactions) If all functions applicable to USOA No 902 1
7 were performed by local District personnel, amounts reported for the two summary
8 categories presumably would be \$5 million (Directly Attributable) and \$0 million
9 (Indirectly Attributable) No further reporting or documentation would be necessary in
10 such an instance On the other hand, if the amounts reported were \$4 million (Directly
11 Attributable) and \$1 million (Indirectly Attributable), additional specification and
12 documentation should be required for the latter

13 However, recognizing that the data and calculations underlying amounts
14 categorized as Indirectly Attributable may be of a competitively-sensitive or otherwise
15 confidential nature, the attendant documentation requirement should be couched in the
16 following terms (a) specific identification of this documentation within a rate case
17 application, but excluding a corresponding actual filing, and, (b) ready access to this
18 documentation only upon executing a confidentiality agreement that adequately protects
19 the interests of the Company

20
21 **Q. HAVE YOU COMPLETED YOUR DIRECT TESTIMONY?**

22 A Yes

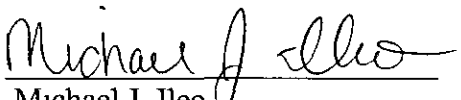
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

**IN THE MATTER OF MISSOURI-AMERICAN
WATER COMPANY FOR AUTHORITY TO
FILE TARIFFS REFLECTING INCREASED
RATES FOR WATER AND SEWER SERVICE**

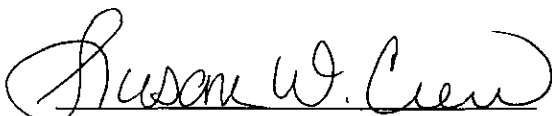
**CASE NO. WR-2008-0311
CASE NO. SR-2008-0312**

AFFIDAVIT OF MICHAEL J. ILEO

Michael J Ileo, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying testimony entitled "Direct Testimony and Schedules of Michael J Ileo", that said testimony and schedules were prepared by him and/or under his direction and supervision, that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth, and that the aforesaid testimony and schedules are true and correct to the best of his knowledge


Michael J Ileo

State of Virginia
City of Richmond
SUBSCRIBED and sworn to
Before me this 2nd day of September 2008.


Notary Public

My commission expires: 3/31/10
Registration No.: 221796



BACKGROUND AND EXPERIENCE PROFILE

DR. MICHAEL J. ILEOBOARD CHAIRMAN/CHIEF ECONOMIST
TECHNICAL ASSOCIATES, INC**EDUCATION**

1969-1972	Ph D , Economics, Virginia Polytechnic Institute & State University
1967-1969	Graduate Economics, University of Missouri
1965-1967	M S , Economics, University of Rhode Island
1963-1965	B S , Economics, University of Rhode Island
1961-1963	A S , Accounting, Roger Williams College

POSITIONS

1995-Present	President/Chief Economist, Technical Associates, Inc
1993-1995	President/Chief Economist, C W Amos of Virginia
1972-1993	President/Senior Economist, Technical Associates, Inc , Adjunct Professor of Economics, Virginia Commonwealth University
1971-1972	Vice President and Senior Economist, Technical Associates, Inc
1969-1971	Staff Economist, Technical Associates, Inc Economics Instructor, Department of Economics, Virginia Polytechnic Institute & State University
1968-1969	Research Associate, Department of Electrical Engineering, University of Missouri
1967-1968	Economics Instructor, Department of Economics, University of Missouri
1965-1967	Consulting Economist, National Economic Research Associates, Inc

EXPERIENCE

Utility Economics -- Appeared before numerous municipal, state, provincial, and federal bodies in the United States and Canada concerning various regulatory issues in the electric, gas, telephone and water utility industries Expert testimony addressed such issues as rate levels and structures, depreciation, cost allocations and separations, rate of return, capital structure and costs, revenue requirement, demand forecasting, capacity planning, site location, business integration, avoidable costs, marginal cost pricing, accounting treatments, computer modeling, affiliate transactions, and corporate cost allocations Conducted jurisdictional, interclass, and intraclass cost of service studies using embedded, marginal, and incremental cost methodologies such as TSLRIC and TELRIC Presented computer based sensitivity analyses of alternative cost allocation and separation procedures employing different measures of utilization such as time and volume of use Prepared alternative rate designs based on cost, elasticity, and other factors Developed computer based transmission and distribution system routing models Prepared numerous rate of return studies incorporating cost of equity determinations based on DCF, CAPM, comparable earnings, and other financial models Developed procedures for identifying differential risk characteristics by customer class, type of service, and business division

Anti-Trust Economics -- Performed analyses of relevant product and geographic markets related to such lines of business as retail automobile sales, natural gas sales and transportation, heating appliance repair and maintenance, radiological services, and financial institution deposits and loans Conducted demand and supply elasticity studies to define relevant markets, as well as tests which account for product and consumer characteristics Testified as to the existence and magnitude of predatory pricing using short-run and long-run costing standards Calculated damages resulting from such anti-competitive practices as tying arrangements, discriminatory supply restrictions, dumping, and predation

Health Care Economics -- Conducted econometric studies of hospital cost functions using data in Medicare Cost Reports Testified in Certificate of Need proceedings regarding medical facility expansions Served as a book reviewer for the Journal of Risk and Insurance on health care and other insurance matters Conducted surveys of the health insurability characteristics of "high risk" consumers Performed a management audit of BC/BS of Virginia regarding the relationship between diversification and insurer solvency Wrote Master Thesis on the role of organized medicine in the pricing and delivery of health care services

DR. MICHAEL J. ILEO
PAGE 2

Insurance Economics -- Testified before insurance regulatory authorities in Maine, Massachusetts, Oregon, New Jersey, Rhode Island, South Carolina, and Virginia regarding the appropriate profit & contingency factor to be incorporated in rates for workers' compensation, medical malpractice, and other lines of insurance. Performed internal rate of return analyses of line of business insurance transactions using temporal cash flow modeling of premium collection and loss and expense payout patterns. Conducted studies as to the competitiveness of various property and casualty insurance markets using structure, behavior, and performance criteria. Ph D Thesis consisted of a statistical application of a mathematical model of insurance company pricing under different degrees of investment portfolio and insurance exposure risks.

Energy Economics -- Prepared studies on the relationship between utility pricing practices and the demand and supply of oil for residential heating purposes. Analyzed the relative energy efficiencies of rail versus truck transportation. Conducted studies of the structure and performance of the petrochemical industry. Testified on the long-run costs of coal versus nuclear use for electricity generation. Performed analyses of the fuel use decision in generation plant planning.

Transportation Economics -- Conducted cost of service studies of railroads, oil pipelines, water carriers, motor carriers and taxicabs. Testified before the ICC in numerous proceedings on the cost of transporting coal by rail with specific consideration of such issues as constant cost allocation, differential pricing and inverse elasticity, long-run marginal costs, Ramsey pricing, and stand-alone costing. Served as a consultant to the ICC's Rail Services Planning Office on the reorganization of rail service in the U S. Testified before the FMC on the cost of capital to water carriers. Served as consultant to a number of shippers and the State of Alaska on the economics of oil pipelines. Testified on many occasions on the cost of service of moving crude and oil products by pipeline before the ICC, FERC, and the Alaska Pipeline Commission. Presented papers to various forums on the theory of cost allocation in transportation systems.

Financial Economics -- Prepared studies of the sustainability of LBOs, particularly with respect to the ability to meet debt service obligations set forth in due diligence reports. Critically examined the financial performance of firms that sought bankruptcy protection due to an inability to meet LBO forecasts, as well as environmental trust fund requirements. Analyzed benefit/cost ratios for businesses involved in mergers or acquisitions. Conducted economic feasibility studies of market and service expansion by financial institutions. Advised state regulators on the appropriateness of interest rate structures and loan maturities. Testified regarding industry financial standards in bankruptcy proceedings and valuation methodologies for state severance tax purposes.

Damage & Valuation Economics -- Appeared before federal and state courts regarding the economic loss sustained through personal and business injury due to bodily harm, non-performance, and anti-competitive practices. Testimony presented on behalf of private individuals, as well as business firms such as automobile dealers, equipment manufacturers, creditor committees, insurance companies, and heating contractors. Established the economic value of various businesses at given points in time, as well as in anticipation of future events. Evaluations have involved the application of times earnings, historical profit trends, equivalent business exchanges, discounted cash flow, and other market tests.

SELECTED REPORTS, ARTICLES, AND TESTIMONY

"Forward-Looking Economic Revenue And Cost Studies Of Advanced Network Communications Services," prepared for the City of Bristol, Virginia, August, 2003 (with D. Parcell & K. Strobl)

Expert Reports and Testimony On Depreciation Rates For TransCanada Pipeline Ltd., prepared for the Canadian Association of Petroleum Producers, presented before the National Energy Board, 2001-2003

"An Economic And Actuarial Analysis Of Financial Incentives In Oregon's Workers' Compensation Insurance Market," prepared for the Oregon Legislature (April, 2001) in conjunction with William M. Mercer, Inc.

Expert Testimony On The Inmate Telephone System In Virginia, prepared for Special Consumer Counsel to the Governor, November, 2000

DR MICHAEL J. ILEO
PAGE 3

"Competitive Impact Implications Of The Fleet/BankBoston Merger On Middle Market Lending In New England," prepared for the Connecticut Attorney General, April, 1999

"Determination Of Economic Damages Caused By Power Plant Failure," prepared for Doswell Limited Partnership, Inc , August, 1998

"An Assessment Of The Competitive Impact Of Lawyers Title Corporation's Proposed Acquisition Of The Title Insurance Subsidiaries Of Reliance Group Holdings, Inc , " prepared for the Virginia Bureau of Insurance, December, 1997 (With D Parcell)

"Lost Profits Of Great Lakes Toyota Due To The Improper Business Practices Of Toyota Motor Sales And Related Organizations," confidential expert damage reports, January and June 1996

"Request Of US West Communications, Inc For Approval Of Changed Depreciation Rates," expert testimony presented before the Public Service Commission of Utah, November, 1995

"Retail Wheeling and Other Electricity Competition Small Business Concerns About Tripping The Light Fantastic," prepared for the Pennsylvania Office of Small Business Advocate, September, 1994 (with K Strobl)

"Competition, Regulation, And The Public Interest In Telecommunications Towards A Plan For Maryland," prepared for Maryland People's Counsel, June, 1994 (with K Strobl)

Book Review of "Health Care Finance Economic Incentives and Productivity Enhancement," by Steven R Eastaugh (Auburn House), in The Journal of Risk and Insurance, December, 1993

"On The NOPR's Failure To Provide Guidelines Regarding The Role Of Cost In Determining Appropriate Oil Pipeline Rates," presentation to Executive Enterprise's Conference on Oil Pipeline Ratemaking For The '90's Impact Of Anticipated FERC NOPR, Washington, D C , September, 1993

"An Investigation Into The Structure And Operation Of Southwestern Bell Telephone Company's Affiliate Transactions," prepared for the Missouri Public Service Commission, January, 1993 (with K Strobl & A Yontz)

Book Review of "Regulating Doctors Fees Competition Benefits and Controls Under Medicare," edited by H E Frech, III (The AEI Press), in The Journal of Risk and Insurance, June, 1992

"Standards For Utility Cost Studies Used To Justify Indirect Costs Assigned To HHS Grants," prepared for the U S Department of Health & Human Services, September, 1991 (with K Strobl & T Bayliss)

"Forecasts of On-Line Lottery Sales and the Required Number and Distribution of On-Line Agents in Virginia," prepared for General Instrument, Inc , 1988 (with G Watkins)

"Performance and Diversification of the Blue Cross/Blue Shield Plans in Virginia," prepared for the Bureau of Insurance, Virginia State Corporation Commission, 1987 (with D Parcell & A Skirpan)

"The Regulation of Accounting in Virginia," prepared for the Virginia Department of Commerce, 1987 (with J Bayliss)

"A Simple Method to Evaluate the Economic Feasibility of Streetlighting Purchase and Operation by Municipalities," prepared for Montgomery County Pennsylvania Consortium of Communities, 1985 (with K Strobl & W Lowe)

"An Analysis of the InterLATA Access Charges Applicable to the State of Missouri's Electronic Tandem Network," prepared for Spectra Associates, Inc and the State of Missouri's Telecommunications Planning Department, 1985 (with K Strobl)

DR. MICHAEL J. ILEO
PAGE 4

"Towards An Understanding of the Economics of Undue Cross-Subsidization The Case of Natural Gas Rate Structures," prepared for the Ontario Ministry of Energy, September, 1983

"Measuring the Economic Value of a Coal Slurry Pipeline to Hampton Roads, Virginia," prepared for the Virginians for Competitive Coal Transportation, 1983 (with K Strobl & J McKnight)

"Toward An Understanding of Ramsey Pricing," expert testimony presented before the Interstate Commerce Commission, April, 1982

"Guide For Evaluating the Community Impact of Rail Service Discontinuance," prepared for the Rail Services Planning Office, Interstate Commerce Commission, January, 1975 (with K Strobl)

"Connecticut State Rail Plan," prepared for the Connecticut Department of Transportation, 1975 (with J McKnight & K Strobl)

"Evolution of the Virginia Banking Structure, 1962-1974 The Effects of the Buck-Holland Bill," William and Mary Law Review, Vol 16, No 3, 1975 (with Dr Parcell)

"An Analysis of the Virginia Consumer Finance Industry to Determine the Need for Restructuring the Rate and Size Ceilings on Small Loans in Virginia and the Process by Which They Are Governed", prepared for the Virginia Consumer Finance Association, 1975 (with D Parcell)

"The Economic Objectives of Regulation The Trend in Virginia," William and Mary Law Review, Vol 14, No 2, 1973 (with D Parcell)

An Economic Analysis of the Role of Investment Income in the Insurance Supply Process, Doctorate Dissertation, Virginia Polytechnic Institute and State University, 1972

"Revision of the Property and Casualty Insurance Ratemaking Process Under Prior Approval in the Commonwealth of Virginia," prepared for the Bureau of Insurance of the Virginia State Corporation Commission, 1971 (with C Schotta & D Parcell)

Organized Medicine In Rhode Island A Case Study of Local Medical Societies, Masters Thesis, University of Rhode Island, 1967

MEMBERSHIPS

American Economic Association
American Risk & Insurance Association
Industrial Organization Society

EXPERT WITNESS APPEARANCES OF MICHAEL J ILEO, PH D
1995 TO 2007 1/

Venue & Year <u>2/</u>	Jurisdiction	Case Name (Abbreviated Title)	Docket Or Case No
<u>State & Federal Courts</u>			
1995	Virginia Eastern District	Amateur Softball Assoc of Amer V Dixie Softball	3 95-CV-320
1996	Michigan Western District	Great Lakes Toyota v Toyota Corp	94-CV-790
1996	Eastern Tennessee District	Bankruptcy Trustee v Rockwood Utilities	94-32813
1995-1998	Maryland Central District	Honda Dealer Class Action	MDL-1069
1998	Virginia Eastern District	Doswell Partners v Zurich Ins	Unknown
1999	Alabama (Jefferson County)	Serra Chevrolet v General Motors	98-2082
1999	Alabama Northern District	Barron Services, Inc v Kavouras, Inc	CV98-N-1841-NE
2001	Virginia Western District	Smith-Wright Equip Corp v Tigercat Industries, Inc	3 01CV540
2002	Alabama Northern District	Serra Volkswagen v Volkswagen Corp	02-BE-2681-S
2002	Virginia Eastern District	Yamaha Corp v Virginia	3 01CV471
2002	Iowa Central District	Bankruptcy Trustee v Alliant Energy	02-9122-C
2004-2005	Alabama Central District	Serra Chevrolet v General Motors	EV-01-VEH-2682-5
2005	Virginia Eastern District	Life Partners Inc v Virginia	3 05CV368
<u>State & Federal Regulatory Agencies</u>			
1995	Utah Public Service Commission	US West Communications, Inc	95-049-22
1995	Pennsylvania Public Utility Commission	T W Phillips Gas & Oil Co	R-953406
1995	New Jersey Board of Public Utilities	American Water Co	WR95040165
1995	Virginia Corporation Commission	GTE South, Inc	PUC950019
1995	Nevada Public Service Commission	Central Telephone Co	95-8034/8035
1995	South Carolina Public Service Commission	Piedmont Natural Gas Co	95-715-G
1995	Utah Public Service Commission	New Telephone Carrier Licensing	95-2206, et al
1995	Virginia Corporation Commission	Workers Compensation Insurance Rates	INS950110
1995	Nevada Public Service Commission	Nevada Bell	95-3003
1995	Virginia Division of Motor Vehicles	Cycle World v Honda Motors, Inc	Unknown
1996	Utah Public Service Commission	US West Communications, Inc	95-049-T20
1996	Arkansas Public Service Commission	Arkansas Western Gas Co	96-030-U
1996	Delaware Public Service Commission	United Water Co	96-164

1/ Includes written and oral expert testimony

2/ Years are approximate as proceedings may have spanned more than a single year

EXPERT WITNESS APPEARANCES OF MICHAEL J ILEO, PH D
1995 TO 2007 1/

Venue & Year <u>2/</u>	Jurisdiction	Case Name (Abbreviated Title)	Docket Or Case No
<u>State & Federal Regulatory Agencies Cont.</u>			
1996	Virginia Corporation Commission	Insurance Regulatory Structure	INS960164
1997	Rhode Island Insurance Commissioner	Workers Compensation Insurance Rates	Unknown
1997	Pennsylvania Public Utility Commission	Columbia Gas Co	R-943029
1997	Federal Energy Regulatory Commission	Iroquois Gas Transmission	RP97-126
1997	Texas Division of Motor Vehicles	Graff Chevrolet v General Motors	Unknown
1997	Federal Energy Regulatory Commission	Northwest Pipeline Corp	RP96-367
1997	Arizona Corporation Commission	Citizens Utilities Companies	T-02115A et al
1997	Virginia Corporation Commission	Workers Compensation Insurance Rates	INS970201
1997	Utah Public Service Commission	Collocation & Interconnection Investigation	94-999-01
1997	Maryland Public Service Commission	Bell Atlantic, Inc	8731
1997	Virginia Corporation Commission	Bell Atlantic, Inc	PUC97005
1997	Pennsylvania Public Utility Commission	Metropolitan Edison & Pennsylvania Electric Cos	RP-00974008&9
1997	Nevada Public Service Commission	Telephone Service Element Pricing	96-9035
1997	Minnesota Motor Vehicles Division	Whitaker Buick v Chrysler Corp	Unknown
1998	Maryland Public Service Commission	Bell Atlantic, Inc	8844
1998	Virginia Corporation Commission	Workers Compensation Insurance Rates	INS980116
1998	Kentucky Public Service Commission	Payphone Pricing Deregulation	361
1999	Nevada Public Utility Commission	Sprint Corporation	99-2024
1999	Virginia Corporation Commission	Workers Compensation Insurance Rates	INS990165
1999	Federal Reserve Board of Governors	Fleet/Bank of Boston Merger	Unknown
2000	Federal Energy Regulatory Commission	Northern Border Pipeline Co	RP99-322
2000	Maryland Public Service Commission	Baltimore Gas & Electric Co	8829
2000	Arizona Corporation Commission	US West Communications, Inc	T-01051B
2000	Virginia Corporation Commission	Workers Compensation Insurance Rates	INS000160
2001	Nevada Public Utility Commission	Sprint Corporation	01-9029
2001	Texas Division of Motor Vehicles	Snell Buick v General Motors	01-0003LIC
2001	Virginia Corporation Commission	Workers Compensation Insurance Rates	INS010190
2002	South Carolina Public Service Commission	Piedmont Natural Gas	2002-63-G
2002	Virginia Corporation Commission	Workers Compensation Insurance Rates	INS2002-00182

1/ Includes written and oral expert testimony

2/ Years are approximate as proceedings may have spanned more than a single year

EXPERT WITNESS APPEARANCES OF MICHAEL J. ILEO, PH D
1995 TO 2007 ^{1/}

Venue & Year ^{2/}	Jurisdiction	Case Name (Abbreviated Title)	Docket Or Case No
<u>State & Federal Regulatory Agencies Cont</u>			
2002	National Energy Board of Canada	TransCanada Pipeline	RH-1-2002 2003
2002	Kansas Corporation Commission	Price Cap Productivity Studies	02-GIMT-272-MS
2003	Rhode Island Insurance Commissioner	Medical Malpractice Insurance Rates	03-1-0235
2003	Pennsylvania Insurance Commissioner	Workers Compensation Insurance Rates	Unknown
2003	Massachusetts Insurance Commissioner	Automobile Insurance Rates	2003-08
2003	Massachusetts Insurance Commissioner	Workers Compensation Insurance Rates	2003-14
2003-2004	Virginia Corporation Commission	Bristol Virginia Utilities Cost Allocation	PUC2002-00231
2004	Rhode Island Insurance Commissioner	Medical Malpractice Insurance Rates	04-1-0040 et al
2004	Pennsylvania Insurance Commissioner	Workers Compensation Insurance Rates	CM-2-2004
2005	Rhode Island Insurance Commissioner	Medical Malpractice Insurance Rates	05-1-0111 et al
2005	Rhode Island Insurance Commissioner	Health Insurance Rates	9/15/2005
2005-2006	Texas Railroad Commission	Atmos Energy Cost Allocation/Rate Design	9670
2006	Pennsylvania Insurance Commissioner	Workers Compensation Insurance Rates	CM-3-2006 & C-352
2006	Indiana Utility Regulatory Commission	Southern Indiana G&E Depreciation	Cause No 43111
2006-2007	Arizona Corporation Commission	Tucson Electric Stranded Costs & Regulation	E-01933A-05-0650
2007	Rhode Island Insurance Commissioner	Beacon Mutual Insurance Rates	06-I-0169
2007	Vermont Department of Public Service	Verizon - FairPoint Merger/Transfer	7270

^{1/} Includes written and oral expert testimony

^{2/} Years are approximate as proceedings may have spanned more than a single year