

COST OF SERVICE OPTIONS FOR UTILITIES

MCR has the expertise and tools to help with your company’s cost of service challenges. Our Microsoft Excel-based COST™ model was designed by professionals who have extensive experience working in utility rates and regulatory departments. The COST™ model has a unique structure that requires no coding and allows users to quickly change model logic and reports to address business changes. COST™ also provides seamless integration with general ledger, budget tools, production cost models, and structured data sources. It includes an integrated rate design module to go straight from developing a revenue requirement in the COST™ model to designing rates for that revenue requirement.

The COST™ model has built-in validation and error checking, a data import tool to eliminate linked files to the model, and a scenario analyzer to quickly determine how various changes will affect the results of the model. In addition to addressing cost of service needs, the COST™ model can also be used to help your organization design new innovative rate structures, splitting apart existing rate schedules or aligning rates for multiple jurisdictions.

MCR’s COST™ model can be implemented in different ways to meet the requirements and budget of your organization.

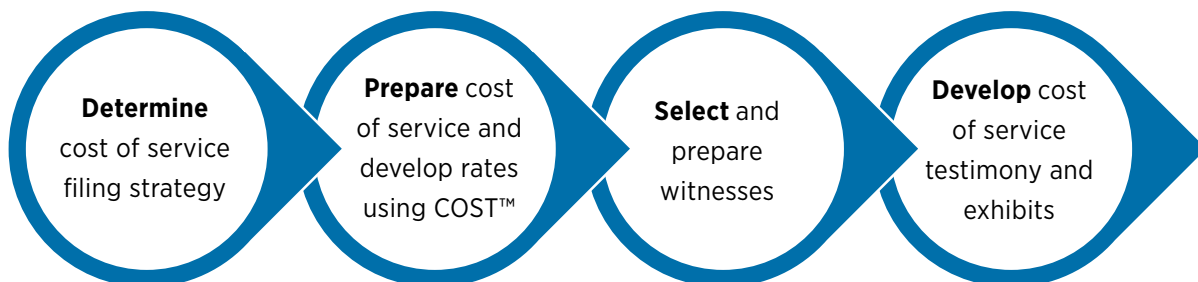
The first option is to license COST™, with implementation by MCR’s experienced staff, which includes an unlimited, multi-user license for the COST™ model and its integrated rate design module. Implementation fees are based on the estimated time to customize the COST™ model for your organization, which is typically between 8 and 12 weeks, including staff training.

For utilities who license the COST™ model, MCR offers a two-year optional Service Agreement, consisting of pre-paid consulting hours at a significant discount from our standard rates, for any subsequent customization your organization might need. The three Service Agreement plans are:

- Silver: 40 hours of support
- Gold: 80 hours of support
- Platinum: 120 hours of support

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MCR’S APPROACH TO REGULATORY FILINGS FOR COST OF SERVICE





MCR offers additional options for utilities that do not want to license COST™. In these cases, MCR runs the COST™ model with your data, supplies the results, and supports the study for a witness in your organization. Alternatively, MCR can provide an expert witness to support the study. Other options can be customized to your organization's needs, if requested.

WHY MCR?

MCR is a management consulting firm serving the utilities industry. We focus on the most critical issues that electric, natural gas, and water companies face today: finding new opportunities in changing markets, developing new sources of revenue, managing risk, controlling costs, and achieving fair treatment in the regulatory process.

For 20+ years we have delivered exceptional results for utilities. Our consulting experts have deep industry knowledge and are dedicated to creating the best value for our clients. We bring together teams of experts for our client work, and our founding partners actively support them in every project.

MCR'S REGULATORY SERVICES

MCR helps clients optimize the value of current and future investments in their regulated businesses. We work with them to develop regulatory strategies, design advanced rates and cost recovery mechanisms, and manage the regulatory process to realize full revenue potential from their assets.

Through our consulting assignments, we have created millions of dollars in value for our clients and broken new regulatory ground in the industry with landmark decisions in regulatory rulings.

Our areas of expertise include:

- Rate Case Support and Strategy
- Beneficial Electrification and Revenue Enhancements
- Strategic Regulatory Analysis
- Rate Schedule Review
- Regulatory Filing Management
- MCR Models

KEY REGULATORY STAFF

Cindy Menhorn is Vice President of Regulatory Services at MCR. She has over 35 years of experience in rates, energy efficiency, load research, revenue forecasting, cost allocation, and regulatory affairs, including work on over 100 regulatory proceedings before numerous state commissions. Prior to MCR, she directed a multifunctional rate department, managing all aspects of rate case development, including revenue requirement development, cost of service studies, revenue allocation and rate design, rate case strategy, testimony development, and interrogatory response development. Contact Cindy at 724-244-5333 or cmenhorn@mcr-group.com.

Ian MacDougall is a Consultant at MCR. He has over 15 years of experience in rates and regulatory affairs, energy efficiency, and revenue decoupling. His MCR experience includes the development of cost of service, revenue allocation, lead/lag studies, rate design, gas and electric energy efficiency programs, and testimony development. He has also worked at multiple gas and electric utilities managing and implementing rate design pilot programs, cost recovery mechanisms, and revenue decoupling and unbundling procedures, as well as interrogatory response development.

