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ORIGINAL
FILE COPY

June 3, 1996

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 960409-ET

Dear Ms. Bayo:

Enclosed please find the original and fifteen (15) copies of the Direct Testimony of Hugh Larkin, Jr. for filing in the above-referenced docket.

Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

John Roger Howe
Deputy Public Counsel

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FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

In Re: Prudence Review to Determine)
Regulatory Treatment of Tampa Electric)
Company's Polk Unit 1)

Docket No. 960409-EI

DIRECT TESTIMONY OF
HUGH LARKIN, JR.

Respectfully submitted,
Jack Shreve
Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
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(904) 488-9330

Attorney for the Citizens
of the State of Florida

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1 DIRECT TESTIMONY OF HUGH LARKIN, JR.
2 ON BEHALF OF THE CITIZENS OF FLORIDA
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 TAMPA ELECTRIC COMPANY
5 DOCKET NO. 960409-EI
6

7 I. INTRODUCTION

8 Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?

9 A. My name is Hugh Larkin, Jr. I am a Certified Public
10 Accountant licensed in the States of Michigan and
11 Florida and the senior partner in the firm of Larkin &
12 Associates, Certified Public Accountants, with offices
13 at 15728 Farmington Road, Livonia, Michigan 48154.
14

15 Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES.

16 A. Larkin & Associates is a Certified Public Accounting
17 and Regulatory Consulting firm. The firm performs
18 independent regulatory consulting primarily for public
19 service/utility commission staffs and consumer interest
20 groups (public counsels, public advocates, consumer
21 counsels, attorneys general, etc.) Larkin & Associates
22 has extensive experience in the utility regulatory
23 field as expert witnesses in over 400 regulatory
24 proceedings including numerous water and sewer, gas,
25 electric and telephone utilities.

1 Q. HAVE YOU PREPARED AN APPENDIX WHICH DESCRIBES YOUR
2 QUALIFICATIONS AND EXPERIENCE?

3 A. Yes. I have attached Appendix I, which is a summary of
4 my experience and qualifications.
5

6 Q. BY WHOM WERE YOU RETAINED, AND WHAT IS THE PURPOSE OF
7 YOUR TESTIMONY?

8 A. Larkin & Associates was retained by the Florida Office
9 of Public Counsel (OPC) to make policy recommendations
10 to the Florida Public Service Commission regarding the
11 regulatory treatment of Tampa Electric Company's (TECO)
12 Polk Unit 1.
13

14 II. Basis for Approval of Integrated Coal Gasification
15 Combined Cycle Unit (IGCC) in Docket No. 910883-EI
16

17 Q. IS IT YOUR UNDERSTANDING THAT THE ORDER ISSUED IN
18 DOCKET NO. 910883-EI APPROVING THE NEED FOR ADDITIONAL
19 CAPACITY ON THE TAMPA ELECTRIC SYSTEM UNCONDITIONALLY
20 APPROVED THE CONSTRUCTION OF AN INTEGRATED COAL
21 GASIFICATION COMBINED CYCLE UNIT?

22 A. No, it is not. My understanding of that order is that
23 the Commission saw a need for additional capacity on
24 the Tampa Electric system and tentatively accepted the
25 Company's analysis regarding the cost benefit of

1 constructing an IGCC unit. The Commission was
2 persuaded by a grant from the Department of Energy
3 (DOE) in the amount of \$120 million and Tampa
4 Electric's cost benefit analysis which indicated that
5 coal prices would escalate at a rate lower than natural
6 gas prices and that that price differential would more
7 than offset the higher capacity cost and operating cost
8 of an IGCC unit when compared to a combined cycle
9 natural gas-fired unit. This is evident at page 6 of
10 Order No. PSC-92-0002-FOF-EI where the Commission
11 states:

12 An extremely low natural gas price forecast favors
13 an expansion plan which contains just combustion
14 turbines and combined cycles. A low natural gas
15 price forecast does not favor an expansion plan
16 that includes the DOE IGCC project. The type of
17 new generating unit chosen is not necessarily
18 driven by fuel costs per se; rather, it is the
19 difference in cost among competing fuels. Tampa
20 Electric's fuel forecast projects a widening cost
21 differential between coal and natural gas or oil,
22 when in fact for many years the cost differential
23 between the cost of coal and the cost of natural
24 gas and oil have remained relatively constant. In
25 the future, Tampa Electric should pay close
26 attention to this differential, and must be ready
27 to substantiate continued reliance upon fuel price
28 forecasts that have not accurately predicted the
29 relationship between the price of coal and the
30 price of natural gas and oil.
31

32 Thus, Tampa Electric was put on notice by the
33 Commission that not only the DOE grant of \$120 million
34 was necessary to make the IGCC unit economically viable
35 but that the fuel forecast upon which Tampa Electric

1 based its cost benefit analysis was also an integral
2 part of the Commission's analysis in tentatively
3 approving an IGCC unit.

4 Q. DID TAMPA ELECTRIC BUILD THE IGCC PROJECT CONSIDERED IN
5 DOCKET NO. 910883-EI?

6 A. No. In the need determination docket, Tampa Electric
7 proposed to build an IGCC in two phases. A 150 MW
8 combustion turbine (CT) fired on distillate oil was
9 going to be constructed first, entering service in
10 1995. The 70 MW heat recovery steam generator (HRSG)
11 and the gasification assets were to be constructed to
12 complete the IGCC in 1996. The Commission said that
13 "[p]hased-in capacity from Polk Unit One is consistent
14 with the needs of Peninsular Florida, and will provide
15 a portion of the additional generating capacity needed
16 between 1995 and 1997 for the peninsula to maintain an
17 adequate level of reliability." (Order No. 92-002, at
18 page 17) Coal was to be the feedstock both during and
19 after the two-year DOE demonstration period. The coal
20 was to be delivered by rail. The Commission order also
21 noted that Tampa Electric intended "to use natural gas
22 on an interruptible basis to the extent available from
23 Florida Gas Transmission." (Order No. 92-002, at page
24 7)

25

1 The hot gas clean up (HGCU) system was to be rated at
2 approximately 120 MW, capable of cleaning 50% of the
3 syngas produced by the gasifier. Elemental sulfur was
4 to be produced as a byproduct of the pollution control
5 process. Electric Power Research Institute (EPRI)
6 funding was expected to offset some of the costs.

7
8 Q. HOW DOES THIS COMPARE WITH WHAT TAMPA ELECTRIC IS
9 ACTUALLY DOING?

10 A. Tampa Electric decided, apparently unilaterally, that
11 it did not need to bring the combustion turbine on line
12 first. In a report to DOE, Tampa Electric stated that
13 the commercial operation date of the combustion turbine
14 was moved from 1995 to coincide with the IGCC
15 commercial operation date in 1996 "to match project
16 needs and improve schedule efficiency." (Exhibit 28,
17 Charles R. Black's deposition)

18
19 Tampa Electric has also decided that it need not use
20 coal as a feedstock, that it can, instead, at its
21 option, use a petroleum coke/coal blend. Even if it
22 uses coal, the coal will be delivered by truck, not by
23 rail as reflected in the Commission's order. Also,
24 there are no plans currently to use natural gas at all.
25 The HGCU has been downsized so that it will process

1 only 10% of the syngas. There will be no EPRI funding
2 support. And Tampa Electric decided after the need
3 determination order to construct a turnkey sulfuric
4 acid plant instead of the elemental sulfur facility
5 contemplated earlier.

6
7 The most notable departure from the need determination
8 order is Tampa Electric's apparent conclusion that it
9 is not under any obligation to actually own, operate or
10 provide electric service to its customers out of Polk
11 Unit 1.

12 Q. PLEASE EXPLAIN.

13 A. Tampa Electric has been exploring ways to sell Polk
14 Unit 1. These proposals have taken various forms. For
15 example, part of Tampa Electric's strategic action plan
16 for 1995 was to sell 60 MW of Polk Unit 1. (Exhibits 35
17 & 36, Charles R. Black's deposition) Tampa Electric has
18 also explored the possibility of selling 30 MW of Polk
19 Unit 1 to the Kissimmee Utility Authority and
20 purchasing 30 MW of peaking capacity from that
21 utility's Cane Island combustion turbine. (Exhibit 36,
22 Charles R. Black's deposition) Other sales involving
23 blocks of 40 MW or 50 MW have also been considered.
24 (Response to OPC's request for production of documents,
25 Bates stamp nos. 910-16) Even though Polk Unit 1 is

1 portrayed as the lowest cost generation, dispatching
2 first on Tampa Electric's system, Tampa Electric
3 obviously does not feel that it is obligated pursuant
4 to the need determination order to place all of the
5 unit into service for its retail customers' benefit.
6

7 Tampa Electric has also explored the potential for
8 selling the gasification portion of the IGCC. (Exhibit
9 38, Charles R. Black's deposition) Tampa Electric is
10 currently exploring the sale of the generation assets,
11 the power block which actually produces electricity for
12 its customers, so that it can take advantage of tax
13 credits under Section 29 of the Internal Revenue Code.
14 Under this scenario, Tampa Electric "anticipates
15 purchasing most, if not all, of the output of the
16 generation station to meet its load requirements."
17 (Exhibit 11, Charles R. Black's deposition)
18

19 Q. IS IT YOUR POSITION THEN THAT TAMPA ELECTRIC WAS
20 OBLIGATED PURSUANT TO THE NEED DETERMINATION ORDER TO
21 CONSTRUCT AND PLACE INTO SERVICE THE FACILITY
22 CONTEMPLATED AT THAT TIME?

23 A. Not at all. I believe any utility has a responsibility
24 to remain flexible and adjust to changed circumstances
25 as necessary to keep costs as low as possible for its

1 customers' benefit. If there were no changed
2 circumstances since the need determination order
3 issued, or if changed circumstances reinforced Tampa
4 Electric's decision to build an IGCC, it should have
5 gone forward with the project. If, however,
6 circumstances developed after the need determination
7 order indicating another generation alternative was
8 more cost effective, Tampa Electric should have revised
9 its plan. At the very least, considering the
10 Commission's concerns about its natural gas price
11 projections, Tampa Electric should have recognized the
12 importance of remaining flexible in the event falling
13 natural gas prices made a traditional combined cycle
14 unit more cost effective. My point is simply that Tampa
15 Electric should not be allowed to treat the need
16 determination order as advisory when it suits its
17 purposes or, conversely place great weight on the order
18 if its sales efforts are unsuccessful and it wishes to
19 include all of its investment in Polk Unit 1 in rate
20 base.

21
22 Q. DO YOU THINK THE COMMISSION SHOULD REVISIT ITS
23 DETERMINATION THAT AN IGCC WAS THE MOST COST EFFECTIVE
24 GENERATION ALTERNATIVE FOR TAMPA ELECTRIC TO ADD TO ITS
25 SYSTEM?

1 A. I don't believe the Commission should reconsider
2 whether it should have found the IGCC to be the most
3 cost effective alternative in 1992. But, I don't think
4 the Commission has any choice but to evaluate whether
5 Tampa Electric acted prudently in constructing Polk
6 Unit 1 as an IGCC after the need determination order.
7 Mr. Anderson appears to recognize in his prefiled
8 direct testimony, at page 22, that the need
9 determination order was only the starting point:
10 "Relying upon the determination of need by the
11 Commission and our continuing reviews of the cost-
12 effectiveness of this project, Tampa Electric has
13 prudently gone about its business to bring this unit
14 into commercial operation in a timely and cost-
15 effective manner." The Commission should determine in
16 this proceeding whether Tampa Electric's continuing
17 reviews of the cost effectiveness of the IGCC were
18 adequate under the circumstances.

19
20 Q. ONCE THE COMMISSION APPROVED THE IGCC UNIT IN DOCKET
21 NO. 910883-EI, HOW COULD TAMPA ELECTRIC HAVE ALTERED
22 ITS PLANS ONCE IT REALIZED THAT THE PROJECTED FUEL
23 PRICE DIFFERENTIAL WAS NOT MATERIALIZING?

24 A. In its original proposal to the Commission Tampa
25 Electric proposed a phased construction for the 220 MW

1 IGCC unit. Clearly, by bringing the CT on line
2 earlier, continual monitoring of the cost differential
3 between coal and natural gas and any possible increase
4 in construction cost could have been performed by Tampa
5 Electric and adjustments in the final constructed
6 project could have been made. That is, the economics
7 of the project heavily depended on not only the \$120
8 million grant from DOE, but a widening cost
9 differential between coal and natural gas and oil. If
10 either one of these conditions did not materialize,
11 this project could not have been cost effective. The
12 fuel savings which were projected originally to result
13 from the use of coal, along with the \$120 million
14 grant, helped to offset the higher capital cost and
15 operating and maintenance cost of an IGCC Unit. If
16 they did not occur, then obviously the basis upon which
17 the IGCC Unit was approved by the Commission was not,
18 and could not, be valid.

19
20 The Commission relied on Tampa Electric's
21 representation that it would build in two phases, as it
22 states on page 4 of Order No. 92-0002:

23 Given the participation of the DOE in the IGCC
24 demonstration project, Tampa Electric will
25 construct some portion of the needed 220 MW
26 slightly sooner and some portion slightly later
27 than under the old plan, but it will do so at a
28 significantly lower cost. ...The first 150 MW of

1 the IGCC unit is due to be put into service in
2 just over three years, in mid-1995.

3
4 Tampa Electric clearly constructed something different
5 than what was contemplated and set out initially to
6 complete the coal gasifier and related assets rather
7 than monitor the price differential between coal and
8 gas, as cautioned by the Commission in its Order.

9
10 III. Tampa Electric Company's Cost Benefit Analysis is
11 Flawed

12
13 Q. HASN'T TAMPA ELECTRIC PRESENTED COST BENEFIT ANALYSES
14 IN THIS PRUDENCE DOCKET THAT JUSTIFIES ITS CONSTRUCTION
15 OF THE IGCC PLANT?

16 A. Tampa Electric Company witnesses have sponsored cost
17 benefit analyses which purport to justify construction
18 of Polk Unit 1 as an IGCC unit as opposed to
19 constructing a combined cycle unit. These analyses are
20 flawed. In the analyses presented by the Tampa
21 Electric's witnesses, the IGCC unit is compared with a
22 combined cycle unit of a smaller size. In the cost
23 benefit analyses, the smaller combined cycle unit has
24 higher costs than Tampa Electric's constructed Polk
25 Unit 1 IGCC unit, only because of the assumptions of
26 cost which the Tampa Electric's witnesses have made.

1 Q. PLEASE EXPLAIN IN MORE DETAIL.

2 A. In calculating the cost of the combined cycle unit,
3 Tampa Electric's witness, Mr. Hernandez, assigns the
4 sunk costs of the coal gasifier to the combined cycle
5 unit. Thus, the combined cycle starts out with sunk
6 costs which would not have been incurred had a combined
7 cycle been constructed right from the beginning.

8
9 Mr. Hernandez never offers a comparison between the
10 Polk IGCC and a stand-alone natural gas-fired combined
11 cycle unit of similar size. In each of his
12 comparisons, Mr. Hernandez uses the power block from
13 the IGCC as the combined cycle alternative to the IGCC.
14 This power block, however, includes a combustion
15 turbine specially modified to run on syngas and a heat
16 recovery steam generator configured to receive
17 additional steam from the syngas coolers. Mr.
18 Hernandez never offers a comparison between the IGCC
19 and a combined cycle unit which would have been built
20 in lieu of an IGCC unit.

21
22 The plant costs of the combined cycles in Mr.
23 Hernandez's comparisons vary between \$142,168,000 and
24 \$146,635,000. For each year, Mr. Hernandez uses the
25 "Gasifier related 'Sunk'" costs to increase the cost of

1 the combined cycle, but he never recognizes any of the
2 sunk costs associated with the combined cycle through
3 that point in time. Yet, Tampa Electric's reports to
4 DOE show that the company was incurring steam and
5 combustion turbine, fuel oil supply and heat recovery
6 steam generator costs before it started incurring
7 gasification related costs. (Exhibit 26, Charles R.
8 Black's deposition) By the end of November 1994,
9 project expenditures to-date were \$64.4 million for the
10 power block and \$49.4 million for the gasification
11 plant and related facilities. (Exhibit 29, Charles R.
12 Black's deposition) In 1996, Mr. Hernandez has the
13 plant cost of the combined cycle unit (\$387,110,000,
14 after adding sunk costs for the gasifier up to that
15 date) exceeding the plant cost of the IGCC
16 (\$384,870,000). The difference is even greater after
17 accounting for the DOE credit (\$290,772,000 versus
18 \$269,475,000).

19
20 Q. ISN'T THAT ASSIGNMENT OF SUNK COSTS TO THE COMBINED
21 CYCLE UNIT LEGITIMATE SINCE TAMPA ELECTRIC HAS INCURRED
22 THE COST OF THE COAL GASIFIER?

23 A. No. Tampa Electric incurred these costs because it
24 ignored its original proposal to construct the IGCC
25 unit in phases. By proceeding to construct the coal

1 gasifier right from the beginning, Tampa Electric
2 eliminated the option of completing the unit as a
3 combined cycle unit since these fixed costs were
4 invested up front rather than at the end of the
5 project. Thus, burdening a combined cycle unit with
6 sunk costs from a coal gasifier makes that unit look
7 uneconomic when, in fact, this was a decision made by
8 Tampa Electric's power plant planners. This decision,
9 in effect, eliminated the option of natural gas as a
10 primary fuel when the cost differential projected by
11 Tampa Electric between coal and natural gas did not
12 materialize. Thus, Tampa Electric's cost benefit
13 analysis is burdened by the Company's own mistakes, and
14 it effectively builds those mistakes into its cost
15 benefit analysis.

16
17 Q. DOES TAMPA ELECTRIC'S ANALYSIS IN EACH YEAR, 1992
18 THROUGH 1996, FOLLOW THE SAME PROCESS OF BURDENING THE
19 COMBINED CYCLE UNIT WITH A COST RELATED TO THE COAL
20 GASIFIER?

21 A. Yes, it does.

22
23 Q. DOESN'T TAMPA ELECTRIC MAKE AN ADDITIONAL ARGUMENT IN
24 MR. SMITH'S TESTIMONY (PAGES 16 - 18) THAT, IN ORDER TO
25 OBTAIN A RELIABLE SUPPLY OF NATURAL GAS, IT WOULD HAVE

1 TO ENTER INTO A FIRM CONTRACT FOR SUCH NATURAL GAS.
2 FURTHERMORE, IF THE COMBINED CYCLE UNIT WERE SHUT DOWN
3 FOR ANY LENGTH OF TIME, IT WOULD BE STUCK WITH A TAKE-
4 OR-PAY CONTRACT FOR NATURAL GAS WHICH IT COULD NOT USE
5 IN ANY OTHER UNIT ON ITS SYSTEM?

6 A. This argument is a straw man, and has no legitimate
7 validity. If Tampa Electric had constructed a combined
8 cycle unit and had entered into a firm gas contract
9 with firm capacity requirements on a pipeline, it still
10 would have an option to market that gas to other users
11 of natural gas either in Florida or anywhere throughout
12 the country. Natural gas has a fairly reliable spot
13 market, and is particularly marketable in the heating
14 season which runs from October through mid-May. Also,
15 industrial use of gas in other months tends to absorb
16 any gas which is on the market. Clearly, a gas
17 contract for firm service throughout the year would
18 attract suppliers of that gas at fairly low prices and
19 thus, the low price of that gas would make it
20 marketable throughout the year. On the other hand, the
21 coal gasifier which is attached to the IGCC unit is in
22 fact a take or pay contract for the life of that coal
23 gasifier with no market. In other words, if the unit
24 went down, Tampa Electric could not take, or would not
25 have the option of taking, the gas provided from coal

1 gasification and marketing it anywhere because the cost
2 of that gas would equal the cost of the coal plus the
3 operating, maintenance, depreciation, insurance, and
4 other costs related to the coal gasifier. It clearly
5 would not be competitive with the price of natural gas
6 on the open market if Tampa Electric could even find a
7 way to get that gas into a pipeline.

8
9 Q. WHAT OTHER INFORMATION WAS AVAILABLE TO TAMPA ELECTRIC
10 THAT WOULD HAVE ALERTED IT TO THE FACT THAT ITS
11 ECONOMIC ANALYSIS WAS FLAWED?

12 A. On February 25, 1992, five days before the order
13 granting Tampa Electric approval to pursue an IGCC unit
14 was issued, Florida Power Corporation (FPC) received
15 permission to construct two 235 MW natural gas-fired
16 combined cycle units in the same county. In that
17 docket, FPC specifically rejected IGCC technology as
18 being too expensive on a cumulative present worth value
19 basis when compared to a combined cycle unit. In Order
20 No. 25805, the Commission granted FPC's petition for
21 two of the four combined cycle units it proposed.
22 Thus, within five days, two electric utilities in
23 Florida received permission to add additional capacity
24 based on two different economic analyses. One analysis
25 found that an IGCC unit was too expensive to build

1 (FPC) while the other analysis found that a \$120
2 million grant from DOE and an escalating price
3 differential between coal and natural gas and oil
4 justified its pursuit of an IGCC (Tampa Electric). The
5 difference in the conclusions reached from the two
6 economic analyses can only be justified in today's
7 circumstances if the availability and cost of natural
8 gas is different for each utility and/or differences in
9 the types of other generation on their systems make the
10 IGCC economical for one utility but not for the other.
11 It is clear that the differential in cost does not
12 exist between the two utilities. Natural gas can be
13 purchased and transported to either utility at
14 essentially the same cost. If Tampa Electric was
15 correct in arguing that a combined cycle unit would
16 require it to enter into a take or pay situation
17 because it has no other gas-fired units and it would
18 essentially have to sell the gas off-system or pay for
19 it, I have already pointed out that the coal
20 gasification unit is essentially the same as a take or
21 pay contract. Thus, Tampa Electric would have been in
22 no worse of an economic position had it entered into a
23 long term gas contract. In fact, because natural gas
24 is marketable, it would have been in a better position

1 than it is under the construction of the coal
2 gasification unit.

3
4 In addition to the Florida Power Corporation example of
5 cost analysis, Florida Power & Light Company (FPL)
6 built its Martin Units 3 and 4 which entered service in
7 1994 as natural gas-fired combined cycle units. FPL
8 built these units so that, should coal gasification
9 become economic, they could be converted that
10 technology. FPL apparently has no plans to do so
11 because the economics are not there.

12
13 Of the three Florida electric utilities to recently
14 consider construction of combined cycle units, the one
15 that built before Tampa Electric and the one building
16 after Tampa Electric both opted for natural gas-fired
17 units. Tampa Electric had future (after 1996) combined
18 cycle units in its 1992 and 1993 resource plans but has
19 never planned on building a second IGCC.

20
21 IV. Policy Recommendations of the Office of Public Counsel
22 (OPC)

23 Q. WOULD YOU PLEASE STATE YOUR POLICY RECOMMENDATIONS AS A
24 REPRESENTATIVE OF THE OFFICE OF PUBLIC COUNSEL?

1 A. I would make the following recommendations to the
2 Florida Public Service Commission related to the Polk
3 Unit 1:

- 4 1. The additional cost related to the Polk Unit 1 as
5 opposed to a similarly sized combined cycle unit
6 should be determined.
- 7 2. Tampa Electric Company should not be allowed to
8 adjust rates currently, or in any future rate
9 proceeding, for the uneconomic portion of the
10 fixed and operating costs of the Polk Unit 1.
- 11 3. Since Tampa Electric is not now requesting any
12 change in rates for analysis of overearnings, the
13 additional investment of Polk Unit 1 over a
14 combined cycle unit should be removed from the
15 Company's plant in service and its capital
16 structure components on an appropriate basis.
17 Overearnings should then be determined, excluding
18 the additional cost.
- 19 4. Overearnings should not be utilized to reduce the
20 excess cost of Polk Unit 1.

21
22 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

23 A. Yes, it does.

APPENDIX I

QUALIFICATIONS OF HUGH LARKIN, JR.

Q. WHAT IS YOUR OCCUPATION?

A. I am a certified public accountant and a partner in the firm of Larkin & Associates, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I graduated from Michigan State University in 1960. During 1961 and 1962, I fulfilled my military obligations as an officer in the United States Army.

In 1963 I was employed by the certified public accounting firm of Peat, Marwick, Mitchell & Co., as a junior accountant. I became a certified public accountant in 1966.

In 1968 I was promoted to the supervisory level at Peat, Marwick, Mitchell & Co. As such, my duties included the direction and review of audits of various types of business organizations, including manufacturing, service, sales and regulated companies.

Through my education and auditing experience of manufacturing operations, I obtained an extensive background of theoretical and practical cost accounting.

I have audited companies having job cost systems and those having process cost systems, utilizing both historical and standard costs.

I have a working knowledge of cost control, budgets and reports, the accumulation of overheads and the application of same to products on the various recognized methods.

Additionally, I designed and installed a job cost system for an automotive parts manufacturer.

I gained experience in the audit of regulated companies as the supervisor in charge of all railroad audits for the Detroit office of Peat, Marwick, including audits of the Detroit, Toledo and Ironton Railroad, the Ann Arbor Railroad, and portions of the Penn Central Railroad Company. In 1967, I was the supervisory senior accountant in charge of the audit of the Michigan State Highway Department, for which Peat, Marwick was employed by the State Auditor General and the Attorney General.

In October of 1969, I left Peat, Marwick to become a partner in the public accounting firm of Tischler & Lipson of Detroit. In April of 1970, I left the latter firm to form the certified public accounting firm of Larkin, Chajski & Company. In September 1982 I re-organized the firm into Larkin & Associates, a certified public accounting firm. The firm of Larkin & Associates performs a wide variety of auditing and accounting services, but concentrates in the area of utility regulation and ratemaking. I am a member of the Michigan Association of Certified Public Accountants and the American Institute of Certified Public Accountants. I testified before the Michigan Public Service Commission and in other states in the following cases:

U-3749	Consumers Power Company - Electric Michigan Public Service Commission
U-3910	Detroit Edison Company Michigan Public Service Commission
U-4331	Consumers Power Company - Gas Michigan Public Service Commission
U-4332	Consumers Power Company - Electric Michigan Public Service Commission
U-4293	Michigan Bell Telephone Company Michigan Public Service Commission
U-4498	Michigan Consolidated Gas sale to Consumers Power Company Michigan Public Service Commission
U-4576	Consumers Power Company - Electric Michigan Public Service Commission
U-4575	Michigan Bell Telephone Company Michigan Public Service Commission
U-4331R	Consumers Power Company - Gas - Rehearing Michigan Public Service Commission
6813	Chesapeake and Potomac Telephone Company of Maryland, Public Service Commission, State of Maryland
Formal Case No. 2090	New England Telephone and Telegraph Co. State of Maine Public Utilities Commission
Dockets 574, 575, 576	Sierra Pacific Power Company, Public Service Commission, State of Nevada
U-5131	Michigan Power Company Michigan Public Service Commission

U-5125	Michigan Bell Telephone Company Michigan Public Service Commission
R-4840 & U-4621	Consumers Power Company Michigan Public Service Commission
U-4835	Hickory Telephone Company Michigan Public Service Commission
36626	Sierra Pacific Power Company v. Public Service Commission, et al, First Judicial District Court of the State of Nevada
American Arbitration Assoc.	City of Wyoming v. General Electric Cable TV
760842-TP	Southern Bell Telephone and Telegraph Company, Florida Public Service Commission
U-5331	Consumers Power Company Michigan Public Service Commission
U-5125R	Michigan Bell Telephone Company Michigan Public Service Commission
770491-TP	Winter Park Telephone Company, Florida Public Service Commission
77-554-EL-AIR	Ohio Edison Co., Public Utility Commission of Ohio
78-284-EL-AEM	Dayton Power and Light Co., Public Utility Commission of Ohio
0R78-1	Trans Alaska Pipeline, Federal Energy Regulatory Commission (FERC)
78-622-EL-FAC	Ohio Edison Co., Public Utility Commission of Ohio
U-5732	Consumers Power Company - Gas, Michigan Public Service Commission
77-1249-EL-AIR, et al	Ohio Edison Co., Public Utility Commission of Ohio
78-677-EL-AIR	Cleveland Electric Illuminating Co., Public Utility Commission of Ohio
U-5979	Consumers Power Company, Michigan Public Service Commission
790084-TP	General Telephone Company of Florida, Florida Public Service Commission
79-11-EL-AIR	Cincinnati Gas and Electric Co., Public Utilities Commission of Ohio
790316-WS	Jacksonville Suburban Utilities Corp., Florida Public Service Commission

790317-WS	Southern Utility Company, Florida Public Service Commission
U-1345	Arizona Public Service Company, Arizona Corporation Commission
79-537-EL-AIR	Cleveland Electric Illuminating Co., Public Utilities Commission of Ohio
800011-EU	Tampa Electric Company, Florida Public Service Commission
800001-EU	Gulf Power Company, Florida Public Service Commission
U-5979-R	Consumers Power Company, Michigan Public Service Commission
800119-EU	Florida Power Corporation, Florida Public Service Commission
810035-TP	Southern Bell Telephone and Telegraph Company, Florida Public Service Commission
800367-WS	General Development Utilities, Inc., Port Malabar, Florida Public Service Commission
TR-81-208**	Southwestern Bell Telephone Company, Missouri Public Service Commission **Issues Stipulated
810095-TP	General Telephone Company of Florida, Florida Public Service Commission
U-6794	Michigan Consolidated Gas Company, 16 refunds Michigan Public Service Commission
U-6798	Cogeneration and Small Power Production -PURPA, Michigan Public Service Commission
810136-EU	Gulf Power Company, Florida Public Service Commission
E-002/GR-81-342	Northern State Power Company Minnesota Public Utilities Commission
820001-EU	General Investigation of Fuel Cost Recovery Clauses, Florida Public Service Commission
810210-TP	Florida Telephone Corporation, Florida Public Service Commission
810211-TP	United Telephone Co. of Florida, Florida Public Service Commission
810251-TP	Quincy Telephone Company, Florida Public Service Commission

810252-TP	Orange City Telephone Company, Florida Public Service Commission
8400	East Kentucky Power Cooperative, Inc., Kentucky Public Service Commission
U-6949	Detroit Edison Company - Partial and Immediate Rate Increase Michigan Public Service Commission
18328	Alabama Gas Corporation, Alabama Public Service Commission
U-6949	Detroit Edison Company - Final Rate Recommendation Michigan Public Service Commission
820007-EU	Tampa Electric Company, Florida Public Service Commission
820097-EU	Florida Power & Light Company, Florida Public Service Commission
820150-EU	Gulf Power Company, Florida Public Service Commission
18416	Alabama Power Company, Public Service Commission of Alabama
820100-EU	Florida Power Corporation, Florida Public Service Commission
U-7236	Detroit Edison-Burlington Northern Refund - Michigan Public Service Commission
U-6633-R	Detroit Edison - MRCS Program, Michigan Public Service Commission
U-6797-R	Consumers Power Company - MRCS Program, Michigan Public Service Commission
82-267-EFC	Dayton Power & Light Company, Public Utility Commission of Ohio
U-5510-R	Consumers Power Company - Energy Conservation Finance Program, Michigan Public Service Commission
82-240-E	South Carolina Electric & Gas Company, South Carolina Public Service Commission
8624	Kentucky Utilities, Kentucky Public Service Commission
8648	East Kentucky Power Cooperative, Inc., Kentucky Public Service Commission
U-7065	The Detroit Edison Company (Fermi II), Michigan Public Service Commission
U-7350	Generic Working Capital Requirements, Michigan Public Service Commission

820294-TP	Southern Bell Telephone Company, Florida Public Service Commission
Order RH-1-83	Westcoast Gas Transmission Company, Ltd., Canadian National Energy Board
8738	Columbia Gas of Kentucky, Inc., Kentucky Public Service Commission
82-168-EL-EFC	Cleveland Electric Illuminating Company, Public Utility Commission of Ohio
6714	Michigan Consolidated Gas Company Phase II, Michigan Public Service Commission
82-165-EL-EFC	Toledo Edison Company, Public Utility Commission of Ohio
830012-EU	Tampa Electric Company, Florida Public Service Commission
ER-83-206**	Arkansas Power & Light Company, Missouri Public Service Commission **Issues Stipulated
U-4758	The Detroit Edison Company - (Refunds), Michigan Public Service Commission
8836	Kentucky American Water Company, Kentucky Public Service Commission
8839	Western Kentucky Gas Company, Kentucky Public Service Commission
83-07-15	Connecticut Light & Power Company, Department of Utility Control, State of Connecticut
81-0485-WS	Palm Coast Utility Corporation, Florida Public Service Commission
U-7650	Consumers Power Company - (Partial and Immediate), Michigan Public Service Commission
83-662**	Continental Telephone Company, Nevada Public Service Commission **Issues Stipulated
U-7650	Consumers Power Company - Final Michigan Public Service Commission
U-6488-R	Detroit Edison Co. (FAC & PIPAC Reconciliation), Michigan Public Service Commission
Docket No. 15684	Louisiana Power & Light Company, Public Service Commission of the State of Louisiana
U-7650 Reopened	Consumers Power Company (Reopened Hearings) Michigan Public Service Commission

38-1039**	CP National Telephone Corporation Nevada Public Service Commission **Issues Stipulated
83-1226	Sierra Pacific Power Company (Re application to form holding company), Nevada Public Service Commission
U-7395 & U-7397	Campaign Ballot Proposals Michigan Public Service Commission
820013-WS	Seacoast Utilities, Florida Public Service Commission
U-7660	Detroit Edison Company Michigan Public Service Commission
U-7802	Michigan Gas Utilities Company Michigan Public Service Commission
830465-EI	Florida Power & Light Company Florida Public Service Commission
U-7777	Michigan Consolidated Gas Company Michigan Public Service Commission
U-7779	Consumers Power Company Michigan Public Service Commission
U-7480-R	Michigan Consolidated Gas Company Michigan Public Service Commission
U-7488-R	Consumers Power Company - Gas Michigan Public Service Commission
U-7484-R	Michigan Gas Utilities Company Michigan Public Service Commission
U-7550-R	Detroit Edison Company Michigan Public Service Commission
U-7477-R	Indiana & Michigan Electric Company Michigan Public Service Commission
U-7512-R	Consumers Power Company - Electric Michigan Public Service Commission
18978	Continental Telephone Company of the South - Alabama, Alabama Public Service Commission
9003	Columbia Gas of Kentucky, Inc. Kentucky Public Service Commission
R-842583	Duquesne Light Company Pennsylvania Public Utility Commission

9006	Big Rivers Electric Corporation Kentucky Public Service Commission *Company withdrew filing
U-7830	Consumers Power Company - Electric (Partial and Immediate) Michigan Public Service Commission
7675	Consumers Power Company - Customer Refunds Michigan Public Service Commission
5779	Houston Lighting & Power Company Texas Public Utility Commission
U-7830	Consumers Power Company - Electric - "Financial Stabilization" Michigan Public Service Commission
U-4620	Mississippi Power & Light Company (Interim) Mississippi Public Service Commission
U-16091	Louisiana Power & Light Company Louisiana Public Service Commission
9163	Big Rivers Electric Corporation Kentucky Public Service Commission
U-7830	Consumers Power Company - Electric - (Final) Michigan Public Service Commission
U-4620	Mississippi Power & Light Company - (Final) Mississippi Public Service Commission
76-18788AA & 76-18793AA	Detroit Edison (Refund - Appeal of U-4807) Ingham County Circuit Court Michigan Public Service Commission
U-6633-R	Detroit Edison (MRCS Program Reconciliation) Michigan Public Service Commission
19297	Continental Telephone Company of the South - Alabama, Alabama Public Service Commission
9283	Kentucky American Water Company Kentucky Public Service Commission
850050-E1	Tampa Electric Company Florida Public Service Commission
R-850021	Duquesne Light Company Pennsylvania Public Service Commission
TR-85-179**	United Telephone Company of Missouri Missouri Public Service Commission

6350	El Paso Electric Company The Public Utility Board of the City of El Paso
6350	El Paso Electric Company Public Utility Commission of Texas
85-53476AA & 85-534855AA	Detroit Edison-refund-Appeal of U-4758 Ingham County Circuit Court Michigan Public Service Commission
U-8091/ U-8239	Consumers Power Company-Gas Michigan Public Service Commission
9430	Leslie County Telephone Company, Inc. Kentucky Public Service Commission
85-212	Central Maine Power Company Maine Public Service Commission
850782-EI & 850783-EI	Florida Power & Light Company Florida Public Service Commission
ER-85646001 & ER-85647001	New England Power Company Federal Energy Regulatory Commission
Civil Action * No. 2:85-0652	Allegheny & Western Energy Corporation, Plaintiff, - against - The Columbia Gas System, Inc., Defendant
Docket No. 850031-WS	Orange Osceola Utilities, Inc. Before the Florida Public Service Commission
Docket No. 840419-SU	Florida Cities Water Company South Ft. Myers Sewer Operations Before the Florida Public Service Commission
R-860378	Duquesne Light Company Pennsylvania Public Service Commission
R-850267	Pennsylvania Power Company Pennsylvania Public Service Commission
R-860378	Duquesne Light Company - Surrebuttal Testimony - OCA Statement No. 2D Pennsylvania Public Service Commission
Docket No. 850151	Marco Island Utility Company Before the Florida Public Service Commission
Docket No. 7195 (Interim)	Gulf States Utilities Company Public Utility Commission of Texas
R-850267 Reopened	Pennsylvania Power Company Pennsylvania Public Service Commission

Docket No. 87-01-03	Connecticut Natural Gas Corporation Connecticut Department of Public Utility Control
Docket No. 5740	Hawaiian Electric Company Hawaii Public Utilities Commission
1345-85-367	Arizona Public Service Company Arizona Corporation Commission
Docket 011 No. 86-11-019	Tax Reform Act of 1986 - California Generic, California Public Utilities Commission
Case No. 29484	Long Island Lighting Company New York Department of Public Service
Docket No. 7460	El Paso Electric Company Public Utility Commission of Texas
Docket No. 870092-WS*	Citrus Springs Utilities Before the Florida Public Service Commission
Case No. 9892	Dickerson Lumber EP Company - Complainant vs. Farmers Rural Electric Cooperative and East Kentucky Power Cooperative - Defendants Before the Kentucky Public Service Commission
Docket No. 3673-U	Georgia Power Company Before the Georgia Public Service Commission
Docket No. U-8747	Anchorage Water and Wastewater Utility Report on Management Audit
Docket No. 861564-WS	Century Utilities Before the Florida Public Service Commission
Docket No. FA86-19-001	Systems Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. 870347-TI	AT&T Communications of the Southern States, Inc. Florida Public Service Commission
Docket No. 870980-WS	St. Augustine Shores Utilities Inc. Florida Public Service Commission
Docket No. 870654-WS*	North Naples Utilities, Inc. Florida Public Service Commission
Docket No. 870853	Pennsylvania Gas & Water Company Pennsylvania Public Utility Commission
Civil Action* No. 87-0446-R	Reynolds Metals Company, Plaintiff, v. The Columbia Gas System, Inc., Commonwealth Gas Services, Inc., Commonwealth Gas Pipeline Corporation, Columbia Gas Transmission Corporation, Columbia Gulf Transmission Company,

Defendants - In the United States District Court for the Eastern
District of Virginia Richmond Division

Docket No. E-2, Sub 537	Carolina Power & Light Company North Carolina Utilities Commission
Case No. U-7830	Consumers Power Company - Step 2 Reopened Michigan Public Service Commission
Docket No. 880069-TL	Southern Bell Telephone & Telegraph Florida Public Service Commission
Case No. U-7830	Consumers Power Company - Step 3B Michigan Public Service Commission
Docket No. 880355-EI	Florida Power & Light Company Florida Public Service Commission
Docket No. 880360-EI	Gulf Power Company Florida Public Service Commission
Docket No. FA86-19-002	System Energy Resources, Inc. Federal Energy Regulatory Commission
Docket Nos. 83-0537-Remand & 84-0555-Remand	Commonwealth Edison Company Illinois Commerce Commission
Docket Nos. 83-0537-Remand & 84-0555-Remand	Commonwealth Edison Company - Surrebuttal Illinois Commerce Commission
Docket No. 880537-SU	Key Haven Utility Corporation Florida Public Service Commission
Docket No. 881167-EI***	Gulf Power Company Florida Public Service Commission
Docket No. 881503-WS	Poinciana Utilities, Inc. Florida Public Service Commission
Cause No. U-89-2688-T	Puget Sound Power & Light Company Washington Utilities & Transportation Committee
Docket No. 89-68	Central Maine Power Company Maine Public Utilities Commission
Docket No. 861190-PU	Proposal to Amend Rule 25-14.003, F.A.C. Florida Public Service Commission
Docket No. 89-08-11	The United Illuminating Company State of Connecticut, Department of Public Utility Control

Docket No. R-891364	The Philadelphia Electric Company Pennsylvania Public Utility Commission
Formal Case No. 889	Potomac Electric Power Company Public Service Company of the District of Columbia
Case No. 88/546*	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf*Western, Inc. et al, defendants (In the Supreme Court County of Onondaga, State of New York)
Case No. 87-11628*	Duquesne Light Company, et al, plaintiffs, against Gulf * Western, Inc. et al, defendants (In the Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
Case No. 89-640-G-42T*	Mountaineer Gas Company West Virginia Public Service Commission
Docket No. 890319-E1	Florida Power & Light Company Florida Public Service Commission
Docket No. EM-89110888	Jersey Central Power & Light Company Board of Public Utilities Commissioners
Docket No. 891345-E1	Gulf Power Company Florida Public Service Commission
BPU Docket No. ER 8811 0912J	Jersey Central Power & Light Company Board of Public Utilities Commissioners
Docket No. 6531	Hawaiian Electric Company Hawaii Public Utilities Commissioners
Docket No. 890509-W11	Florida Cities Water Company, Golden Gate Division Florida Public Service Commission
Docket No. 880069-TL	Southern Bell Telephone Company Florida Public Service Commission
Docket Nos. F-3848, F-3849, and F-3850	Northwestern Bell Telephone Company South Dakota Public Utilities Commission
Docket Nos. ER89-* 678-000 & EL90-16-000	System Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. 5428	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 90-10	Artesian Water Company, Inc. Delaware Public Service Commission
Case No. 90-243-E-42T*	Wheeling Power Company West Virginia Public Service Commission

Docket No. 900329-WS	Southern States Utilities, Inc Florida Public Service Commission
Docket Nos. ER89- 678-000 & EL90-16-000	System Energy Resources, Inc (Surrebuttal) Federal Energy Regulatory Commission
Application No. 90-12-018	Southern California Edison Company California Public Utilities Commission
Docket No. 90-0127	Central Illinois Lighting Company Illinois Commerce Commission
Docket No. FA-89-28-000	System Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. U-1551-90-322	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. R-911966	Pennsylvania Gas & Water Company The Pennsylvania Public Utility Commission
Docket No. 176-717-U	United Cities Gas Company Kansas Corporation Commission
Docket No. 860001-EI-G	Florida Power Corporation Florida Public Service Commission
Docket No. 6720-TI-102	Wisconsin Bell, Inc. Wisconsin Citizens' Utility Board
(No Docket No.)	Southern Union Gas Company Before the Public Utility Regulation Board of the City of El Paso
Docket No. 6998	Hawaiian Electric Company, Inc. Before the Public Utilities Commission of the State of Hawaii
Docket No. TC91-040A	In the Matter of the Investigation into the Adoption of a Uniform Access Methodology Before the Public Utilities Commission of the State of South Dakota
Docket Nos. 911030-WS & 911067-WS	General Development Utilities, Inc. Before the Florida Public Service Commission
Docket No. 910890-EI	Florida Power Corporation Before the Florida Public Service Commission
Docket No. 910890-EI	Florida Power Corporation, Supplemental Before the Florida Public Service Commission
Case No. 3L-74159	Idaho Power Company, an Idaho Corporation In the District Court of the Fourth Judicial District of the State of Idaho, In and For the County of Ada - Magistrate Division
Cause No. 39353*	Indiana Gas Company Before the Indiana Utility Regulatory Commission

Docket No. 90-0169 (Remand)	Commonwealth Edison Company Before the Illinois Commerce Commission
Docket No. 92-06-05	The United Illuminating Company State of Connecticut, Department of Public Utility Control
Cause No. 39498	PSI Energy, Inc. Before the State of Indiana - Indiana Utility Regulatory Commission
Cause No. 39498	PSI Energy, Inc. - Surrebuttal testimony Before the State of Indiana - Indiana Utility Regulatory Commission
Docket No. 7287	Public Utilities Commission - Instituting a Proceeding to Examine the Gross-up of CIAC Before the Public Utilities Commission of the State of Hawaii
Docket No. 92-227-TC	US West Communications, Inc. Before the State Corporation Commission of the State of New Mexico
Docket No. 92-47	Diamond State Telephone Company Before the Public Service Commission of the State of Delaware
Docket Nos. 920733-WS & 920734-WS	General Development Utilities, Inc. Before the Florida Public Service Commission
Docket No. 92-11-11	Connecticut Light & Power Company State of Connecticut, Department of Public Utility Control
Docket Nos EC92-21-000 & ER92-806-000	Entergy Corporation Before the Federal Energy Regulatory Commission
Docket No. 930405-E1	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. UE-92-1262	Puget Sound Power & Light Company Before the Washington Utilities & Transportation Commission
Docket No. 93-02-04	Connecticut Natural Gas Corporation State of Connecticut, Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation - Supplemental State of Connecticut, Department of Public Utility Control
Docket No. 93-057-01	Mountain Fuel Supply Company Before the Utah Public Service Commission
Cause No. 39353 (Phase II)	Indiana Gas Company Before the Indiana Utility Regulatory Commission
PU-314-92-1060	US West Communications, Inc. Before the North Dakota Public Service Commission
Cause No. 39713	Indianapolis Water Company Before the Indiana Utility Regulatory Commission

93-UA-0301*	Mississippi Power & Light Company Before the Mississippi Public Service Commission
Docket No. 93-08-06	SNET America, Inc. State of Connecticut, Department of Public Utility Control
Docket No. 93-057-01	Mountain Fuel Supply Company - Rehearing on Unbilled Revenues - Before the Utah Public Service Commission
Case No. 78-T119-0013-94	Guam Power Authority vs. U.S. Navy Public Works Center, Guam - Assisting the Department of Defense in the investigation of a billing dispute. Before the American Arbitration Association
Application No. 93-12-025 - Phase I	Southern California Edison Company (Before the California Public Utilities Commission)
Case No. 94-0027-E-42T	Potomac Edison Company (Before the Public Service Commission of West Virginia)
Case No. 94-0035-E-42T	Monongahela Power Company (Before the Public Service Commission of West Virginia)
Docket No. 930204-WS**	Jacksonville Suburban Utilities Corporation (Before the Florida Public Service Commission)
Docket No. 5258-U	Southern Bell Telephone and Telegraph Company (Before the Georgia Public Service Commission)
Case No. 95-0011-G-42T*	Mountaineer Gas Company (Before the West Virginia Public Service Commission)
Case No. 95-0003-G-42T*	Hope Gas, Inc. (Before the West Virginia Public Service Commission)
Docket No. 95-02-07	Connecticut Natural Gas Corporation State of Connecticut, Department of Public Utility Control
Docket No. 95-057-02	Mountain Fuel Supply Before the Utah Public Service Commission
Docket No. 95-03-01	Southern New England Telephone Company State of Connecticut, Department of Public Utility Control
Docket No. U-1933-95-317	Tucson Electric Power Before the Arizona Corporation Commission
Docket No. 950495-WS	Southern States Utilities Before the Florida Public Service Commission

*Case Settled

**Issues Stipulated

***Company withdrew case

Additionally, I performed an investigation and analysis of Michigan Consolidated Gas Company and participated in the discussion which led to the settlement of Michigan Consolidated rate case which was culminated in Rate Order U-4166.

From April 28, 1975, to March 15, 1976, I was under contract to the Michigan House of Representatives as Technical Staff Director of a Special House Committee to study and evaluate the effectiveness of the Michigan Public Service Commission and the rates and service of public utilities. As Technical Staff Director, I supervised personnel loaned to the Committee from the State Auditor General's Office. The reports to that Committee prepared by myself and Allen Briggs, an attorney, to revise utility regulation, were adopted in virtually all material respects in its final report and recommendations and served as a basis of numerous bills introduced in the 1976 and 1977 sessions of the legislature. The Staff of the Committee, under my direction, investigated and reported to the Committee on numerous regulatory issues, including ratepayer participation in utility regulation, fuel cost adjustment clauses, purchased gas adjustment clauses, comparative electric, gas and telephone rates, treatment of subsidiaries of utilities in ratemaking, research and planning capabilities of the Michigan Public Service Commission, utility advertising, regulatory oversight of utility management, deferred taxes in ratemaking and the organizational structure and functions of the Michigan Public Service Commission.

In the course of my work as a certified public accountant, I advise clients concerning the obtaining of capital funds, and have worked with banking institutions in obtaining loans. I have participated in negotiating the sale and purchase of businesses for clients, in connection with which I have valued the physical assets of various business firms, and also determined the value of present and future earnings measured by market rates of return. I have participated in acquisition audits on behalf of large national companies interested in acquiring smaller companies.

My testimony in utility rate cases has been sponsored by state Attorney Generals, groups of municipalities, a district attorney, Peoples' Counsel, Public Counsel, a ratepayers' committee, and I have also worked as a Staff Consultant to the Arizona Corporation Commission.

In November 1985, with two members of the firm, I presented a seminar on utility accounting for the Legal Services Regional Utilities Task Force in Atlanta, Georgia.

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In September, 1988, with two members of the firm, I presented a seminar on utility accounting for the Office of Consumer Advocate, Attorney General's Office, State of Pennsylvania. Individuals from that division as well as Commission Staff members attended.

CERTIFICATE OF SERVICE
DOCKET NO. 960409-EI


I HEREBY CERTIFY that a correct copy of the foregoing DIRECT TESTIMONY OF HUGH LARKIN, JR. has been furnished by U.S. Mail or *hand-delivery to the following persons on this 3rd day of June, 1996.

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