BEFORE THE STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW
BOARD OF PUBLIC UTILITIES

I/M/O THE JOINT PETITION OF PUBLIC	**)**	
SERVICE ELECTRIC AND GAS COMPANY	**)**	**BPU DKT. NO. EM05020106**
AND EXELON CORPORATION FOR	**)**	**OAL DKT. NO. PUC-1874-05**
APPROVAL OF A CHANGE IN CONTROL	**)**	
OF PUBLIC SERVICE ELECTRIC AND GAS	**)**	
COMPANY AND RELATED AUTHORIZATIONS	**)**	

TESTIMONY OF RICHARD W. LELASH
ON BEHALF OF THE
NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE

SEEMA M. SINGH, ESQ.
RATEPAYER ADVOCATE

Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P. O. Box 46005
Newark, New Jersey 07101
(973) 648-2690 - Phone
(973) 624-1047 - Fax
www.rpa.state.nj.us
njratepayer@rpa.state.nj.us

Filed: November 14, 2005

PSEG - EXELON MERGER
DOCKET NO. EM05020106
TESTIMONY OF RICHARD W. LELASH

TABLE OF CONTENTS

PAGE

I. STATEMENT OF QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Richard W. LeLash and my business address is 18 Seventy Acre Road, Redding, Connecticut.

Q. WHAT IS YOUR CURRENT BUSINESS AFFILIATION?

A. I am an independent financial and regulatory consultant working on behalf of several state public utility commissions and consumer advocates.

Q. PRIOR TO YOUR WORK AS AN INDEPENDENT CONSULTANT, WHAT WAS YOUR BUSINESS AFFILIATION, AND WHAT WAS YOUR REGULATORY EXPERIENCE?

A. I was a principal with the Georgetown Consulting Group for twenty years. During my affiliation with Georgetown, and continuing to date, I testified on cost of service, rate of return, and regulatory policy issues in more than 275 regulatory proceedings. These testimonies were presented before the Federal Energy Regulatory Commission and in the following jurisdictions: Alabama, Arizona, Colorado, Delaware, District of Columbia, Georgia, Illinois, Kansas, Maine, Maryland, Minnesota, Missouri, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, U.S. Virgin Islands, and Vermont.

Q. MR. LELASH, WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I graduated in 1967 from the Wharton School with a BS in Economics and in 1969 from the Wharton Graduate School with an MBA.

Q. DURING THE COURSE OF YOUR REGULATORY WORK, WHAT HAS BEEN YOUR EXPERIENCE WITH GAS POLICY AND PROCUREMENT?

A. Since 1980, I have worked extensively on gas policy and procurement issues. In my Appendix there is a listing of the recent cases in which I have sponsored testimony. In addition to these cases, I have reviewed and analyzed many other gas policy filings which were resolved through stipulation. Among other issues, my testimonies have involved gas service unbundling, physical and economic bypass, gas supply incentives, gas plant remediation costs, gas price hedging, demand and capacity planning, gas storage options, gas price forecasting, and least cost gas standards. In addressing these issues, I have analyzed gas regulatory filings involving about 30 different local distribution companies ("LDCs").

Q. WHAT HAS BEEN YOUR EXPERIENCE WITH RESPECT TO THE GAS OPERATIONS OF PUBLIC SERVICE ELECTRIC & GAS COMPANY ("PSE&G" OR "COMPANY")[1] AND PECO ENERGY COMPANY ("PECO")?

---

[1]In this testimony the utility Public Service Electric & Gas Company will be designated as ("PSE&G" or "Company"). Its parent company, Public Service Enterprise Group, will be

A. During the past several years, I have presented testimony in PSE&G proceedings involving its Gas Unbundling, Capacity Contract Transfer, and its annual LGAC and BGSS gas cost filings. I have also presented testimony concerning PECO's retail restructuring and its 1307(f) annual gas cost filings during each of the past five years.

---

designated as "PSEG".

II. SCOPE AND PURPOSE OF TESTIMONY

Q. WOULD YOU PLEASE STATE THE SCOPE AND PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I was hired by the New Jersey Division of the Ratepayer Advocate ("Ratepayer Advocate") to review and evaluate the gas related issues associated with the Joint Petition of PSE&G and Exelon ("Petitioners") concerning a change in control of PSE&G and related authorizations. The purpose of my testimony is to present findings and recommendations to the Administrative Law Judge ("ALJ") and the New Jersey Board of Public Utilities ("BPU" or "Board") concerning issues raised by the Joint Petition and whether the proposed change in control will result in positive benefits to the public interest and more specifically to PSE&G's ratepayers.

Q. IN PERFORMING YOUR REVIEW AND ANALYSIS, WHAT DATA SOURCES DID YOU UTILIZE?

A. My review and analysis encompassed data from the Petitioners' filing, responses to discovery requests, and informal discovery meetings. I also utilized information from PSE&G's previous proceedings and general data concerning its gas operations.

III. OVERVIEW OF MERGER ISSUES

- Merger Impact on PSE&G Gas Operations

Q. PLEASE PROVIDE AN OVERVIEW OF THE MERGER PROPOSED BY THE PETITIONERS AND ITS IMPACT ON THE GAS DISTRIBUTION OPERATION OF PSE&G.

A. In the proposed merger, PSE&G would continue to receive its total firm gas supply requirements from a PSEG affiliate, Energy Resources & Trade ("ER&T"), or a successor entity formed by the merged companies. There would be no major operational or structural changes in PSE&G's gas acquisition or distribution functions, and, based on current post-merger plans, PSE&G and PECO gas operations would not be combined.

On this basis, one might conclude that the envisioned merger would not affect the Company's gas business and the customers that it serves. It might further appear that the merger would neither harm nor benefit the gas operations over time. However, this is not accurate. With the potential change in ownership and the economic need to recoup acquisition costs, there are various factors that the Board should consider in its evaluation of the merger.

Q. PLEASE PROVIDE A SUMMARY OF THE TYPES OF FACTORS THAT NEED TO BE ADDRESSED IN THIS PROCEEDING.

A. As highlighted by a related review at the Federal Energy Regulatory Commission ("FERC"), Docket No. EC05-43-000 ("FERC Merger Order"), the merger will impact both the gas and electric supply markets. Regarding gas, the merger would combine the ownership of the gas supply resources of PSE&G and PECO and the gas trading and retail gas businesses of PSEG and Exelon. Material submitted to the FERC and to the Pennsylvania Public Utilities Commission ("PaPUC") in Docket No. A-110550F0160 indicates that the merged entity will have undue market power in the natural gas market in the defined PJM East market area[2].

Additionally, there are serious concerns associated with the on-going availability of reasonably priced gas supply for PSE&G. The Company obtains its gas supply under a Requirements Contract with ER&T, but a change in ownership and possible future operational changes may affect provisions of the existing Contract, and will not ensure on-going supply under commensurate terms and conditions.

Q. IN ITS PROCESS OF EVALUATING THE PROPOSED MERGER, WHAT SPECIFIC ASPECTS OF GAS OPERATIONS REQUIRE THE BOARD'S ATTENTION?

[2]PJM East includes New Jersey, part of Pennsylvania, part of Maryland and Delaware.

A. First and foremost, the Board should ensure that the gas operations and the interests of gas ratepayers do not get lost among a host of electric related issues. About 1.5 million customers rely on PSE&G for their essential gas service; consequently, the gas issues in this matter require their own thorough review. (Petitioners' Response RAR-SQ-165)

- Standards For Merger Approval

Q. WHAT STANDARDS WILL BE APPLIED TO THE PROPOSED MERGER?

A. At the FERC, under the provisions of Section 203(a) of the Federal Power Act, approval is predicated on the merger's being consistent with the public interest. The FERC's Merger Policy Statement specifies that the public interest involves consideration of the merger's effect on competition, rates, and regulation. (FERC Merger Order at 3-4)

The Board has determined that the standard of review in this proposed merger is to be that of "positive benefits". (Transcript of Board Meeting, 06/22/05) Under this standard the merger of PSEG and Exelon must provide positive benefits to the stakeholders regarding: 1) its impact on competition; 2) the rates of utility ratepayers; 3) utility employees; and 4) the utility's ability to provide safe and adequate service at just and reasonable rates. (Id. at 8)

These criteria identify the various factors that determine whether or not the proposed merger harms or benefits the present operation of the Company. The criteria

also appropriately focus upon the interests of various stakeholders that are not given a direct opportunity to vote on the merger proposal. Thus, while Exelon and PSEG stockholders can directly grant or withhold approval, other stakeholders cannot. Accordingly, the Board in this proceeding needs to evaluate the merger's impact on competitors, ratepayers, and employees in order to protect the public interest.

Q. BASED ON YOUR REVIEW AND ANALYSIS, DO YOU BELIEVE THAT THE PROPOSED MERGER IS COMPATIBLE WITH THE PUBLIC INTEREST?

A. My review, which focused on the gas related issues, did not indicate that the merger as filed would be in the public interest. Indeed, the merger is deficient as to each of the merger criteria. The Petitioners have not shown that there would be any material benefit with respect to future gas operations, and in fact are silent as to several associated rate risks. As for employees, there have been inadequate commitments made concerning job security, termination provisions, and pension and general employment benefits. While Petitioners' various transition teams continue their evaluation of best practices and the integration of the two entities' various operations, there still are no specific commitments concerning employee impacts.

Q. WITH RESPECT TO FUTURE GAS OPERATIONS, WHAT ARE YOUR SPECIFIC CONCERNS ASSOCIATED WITH THE MERGER?

A. My primary concern is that the Petitioners have not provided any definitive description of how the gas operation will be structured after the envisioned merger. There have been no commitments that PSE&G's gas operations will not be merged with the gas operations of PECO, or for that matter, with the Philadelphia Gas Works ("PGW"). Many of the Company's gas supply and distribution functions remain uncertain pending final analyses, evaluations, and potential new "platforms" being developed by various transition teams that will not be completed until after the merger is approved. The gas trading function of ER&T is to be transferred to Pennsylvania despite the fact that the bulk of its gas transactions serve the Company's regulated utility operations in New Jersey. The Petitioners' frequent statements that they are not planning various actions or changes do not adequately address concerns about potential degradation of the existing New Jersey gas utility operation.

Q. YOU STATE THAT THERE ARE NO SPECIFIC COMMITMENTS CONCERNING EMPLOYEE IMPACTS. WOULD YOU DISCUSS THIS ISSUE FURTHER?

A At present, the Company has stated that there will only be three position reductions that are related to gas operations. (Petitioners' Response S-JAC-REL-117) However, this statement is, at best, disingenuous. The three position reductions were derived from Mr.William Arndt's synergy study that appears to be little more than a "guesstimate" of the effects of the proposed merger. Mr. Arndt performed no actual study of the Company's gas operations, and, as Petitioners acknowledge, the ultimate operational

blueprint is still a work-in-process for various transition teams. (Petitioners' Response RAR-GAS-52)

Merged utilities often gain earnings accretion through aggressive headcount reductions in operations, middle management, and support services. Capital expenditures for automated meter reading, centralized customer service centers, and reduced field personnel are often evident in the post-merger period. Absent concrete commitments on the part of the acquiring entity, the collateral headcount synergy forecasts and statements concerning best practices and intentions are not sufficient.

As for gas ratepayers, their post-merger prospects are even more uncertain. Although the Petitioners initially stated that, "The transaction will have no adverse impact on existing PSE&G rates" (Petition at 19), on Sept. 30, 2005 the Company filed a petition, Docket No. GR05100845 ("Gas Base Rate Case"), requesting a gas base rate increase of $132.8 million prior to the Board's order on the merger. This filing and the Petitioner's statement that "PSE&G will hold its public utility customers harmless from any Merger-related costs to the extent that these costs are not offset by Merger-related savings" (Petition at 20), clearly do not translate into benefits for ratepayers.

Q THE COMPANY HAS STATED THAT THERE WILL BE APPROXIMATELY $18.6 MILLION OF NET SAVINGS IN THE FIRST FOUR YEARS, OR ABOUT $4.7 MILLION OF ANNUAL SAVINGS ASSOCIATED WITH THE GAS OPERATIONS IN

NEW JERSEY. WHY WOULDN'T SUCH SAVINGS PROVIDE A TANGIBLE RATEPAYER BENEFIT DERIVED FROM THE MERGER, ALL OTHER THINGS BEING EQUAL?

A. As long as there is no commitment on the part of the Petitioners to have shareholders rather than ratepayers be responsible for the estimated $4.0 billion in goodwill associated with the envisioned merger, any net savings remain inconsequential. The Petitioners have stated, "It is undetermined at this time, pending the resolution of the Merger proceeding, how the approximately [$4.0 Billion] of goodwill will be recognized for ratemaking purposes in setting electric and/or gas distribution rates." (Petitioners' Response S-OCI-RATES-1) Given the "undetermined" ratemaking for goodwill, the uncertainty and magnitude of possible synergy savings, and the unknown timing and extent of any cost savings or increases being factored into gas rates, there is ample risk that ratepayers will be harmed rather than realize any benefits from the merger.

In terms of regulatory oversight, again the merger presages problems by virtue of having regulatory agencies forced into reactive rather than proactive control over the gas utility function. Increasingly, the Company's gas operations have become dependent upon the policies and performance of non-regulated affiliated entities; this trend will only be compounded by the merger. Already, the FERC has failed to fully examine all of the competitive implications of the merger's impact on the gas market. In its Merger Order the FERC, broadly, and without any supporting evidence, stated,

"Applicants have shown that the transaction will not harm any state's ability to regulate any of the merging parties." (FERC Merger Order at 74) This finding was made despite the fact that the FERC never addressed the issue that, after the merger, many utility functions will become reliant on non-regulated, out of state entities with no public interest constraints. There is no reason for the FERC's failure to fully assess the merger's impact in areas where the Petitioners may invoke federal preemption in state jurisdictions. (Id.) This failure is particularly important since the Petitioners do not clearly delineate, nor do they acknowledge, the Board's authority over all of the merged companies' operations. Thus, regulatory oversight might well be impaired by the merger.

Q. ARE THERE SIMILAR ISSUES ASSOCIATED WITH THE MERGER'S IMPACT ON COMPETITION AND THE UTILITY'S ABILITY TO PROVIDE SAFE AND ADEQUATE SERVICE?

A. In the next sections of this testimony these issues will be discussed in detail, since there are serious concerns about the merger's impact in both these areas. The FERC did not directly address either the horizontal market power issue in the gas market or the merger's impact on PSE&G's ability to ensure on-going safe and adequate service.

In the final analysis, the Petitioners have not shown that the merger will meaningfully benefit the Company's gas operations, and their merger proposal raises

several areas where it is likely that ratepayers, competitors, and employees will be harmed.

IV. GAS MARKET POWER ISSUES

Q. TO WHAT DEGREE DOES THE PETITION ADDRESS MARKET POWER ISSUES AS THEY RELATE TO NATURAL GAS?

A. In their Petition, Exelon and PSEG extensively discuss electric market power and their proposed mitigation plan. However, they pay little attention to the issue of combined gas capacity resources. The Petition states that, "The combined company also will have a large gas distribution portfolio to complement its electric distribution business", but provides no direct analysis or discussion concerning the merger's impact on the gas market. (Petition at 14)

In his direct testimony, Mr. Rodney Frame, who addresses market power issues on behalf of the Petitioners, provides no analysis of the consolidated gas resources that will result from the merger. He acknowledges that his "analysis focuses on the horizontal effects of the merger on wholesale electric markets, as I conclude that the merger does not create or enhance any vertical competitive concerns." (Frame Testimony at 4)

Mr. Frame's lack of review of the gas market is evident when he concludes that the vertical aspects of the proposed merger will not present competitive problems given "the underlying competitiveness of upstream natural gas markets" and "pipeline alternatives to LDC delivery of natural gas for non-affiliated generators . . ." (Id. at 17)

Mr. Frame concludes, with no supporting evidence, that upstream natural gas markets are competitive and thus pose no market power concerns.

Q. IF MR. FRAME HAS NOT ANALYZED OR EVALUATED THE PROPOSED MERGER'S EFFECT ON THE NATURAL GAS MARKET, HOW WILL THE BOARD BE ABLE TO MAKE NECESSARY FINDINGS ON THE ISSUE?

A. The Board will have to look to the Petitioners' Application and supporting testimony before the FERC in the recent merger proceeding. In that proceeding, the Petitioners sponsored Dr. William Hieronymus' testimony concerning market power issues for both the gas and electric markets.

- <u>Hieronymus Analysis of Market Power</u>

Q. WHAT WERE DR. HIERONYMUS' CONCLUSIONS CONCERNING THE MERGER'S IMPACT ON THE PJM EAST GAS MARKET?

A. According to Dr. Hieronymus' FERC testimony, the PJM East delivered gas transportation market has 5,934 million cubic feet ("MMcf") per day of capacity. Of this total, the merged Exelon-PSEG entity would account for 2,115 MMcf per day or about 35.6% of the total (Hieronymus Exhibit J-16). This analysis develops a Herfindahl-Hirshman Index ("HHI") for the post-merger delivered gas transportation market for the PJM East region. Based on Dr. Hieronymus' analysis, the HHI would

be 1,572. From this analysis, Dr. Hieronymus concludes that "the PJM East upstream market is not highly concentrated and thus the competitive conditions in the market are not conducive to a vertical foreclosure strategy". (Hieronymus Testimony at 73)

Q. DO YOU TAKE ISSUE WITH THE ANALYSIS DEVELOPED BY DR. HIERONYMUS?

A. Dr. Hieronymus has provided only summary data on pipelines flowing gas into the PJM East territory and the shares of such capacity controlled by various entities. He provides no data on market control for individual pipelines, nor does he provide information concerning the control of storage capacity held by the entities with interstate transportation entitlements. Furthermore, he fails to analyze what entities are involved in asset management agreements concerning relevant pipeline capacity. Without such gas related data, the testimony is deficient and Petitioners have failed to provide a complete picture of all factors relevant to market power in the Mid-Atlantic gas market.

Different gas users have different needs, and their reliance upon pipeline transportation may differ. Depending upon the supply resources utilized, individual LDCs and their residential ratepayers, large commercial and industrial ("C&I") end users, and gas-fired electric generators may face very diverse market power concerns. A gas user that has only one pipeline supplier or that places high reliance on bundled peaking service is far more susceptible to market power abuses.

Q. ARE THERE OTHER ISSUES THAT SHOULD BE CONSIDERED IN EVALUATING MARKET POWER IN THE GAS MARKET?

A. Yes, another area of concern involves the growing trend for LDCs to utilize asset managers to operate some or all of their pipeline capacity. With the Petitioners controlling at least 35.6% of the capacity in the PJM East area, and, given their expertise in managing gas portfolios, it is not hard to envision the Petitioners performing asset management for other entities and thereby effectively controlling an even greater percentage of market capacity. Although gaining control of capacity by providing asset management of incremental capacity is not subject to direct regulatory review or approval, it does impact upon the Board's review of the combined companies' potential control of the interstate Mid-Atlantic gas market.

Dr. Hieronymus states that "Applicants cannot withhold [their capacity] rights to reduce supply since failure to use rights simply increases the amount of release capacity available to competitors." (Hieronymus Testimony at 71) This statement is misleading, since a capacity holder is free to nominate any level of its entitlement and is not obligated to release capacity into the market. Moreover, if the capacity holder requests more gas from the pipeline than is needed ("over-nominates"), the pipeline can only provide incremental transportation capacity on an interruptible basis. This becomes a concern since unutilized capacity could increase cost to gas customers and potentially distort the PJM price to electric customers.

- Other Gas Market Considerations

Q. DO YOU HAVE ANY OTHER COMMENTS CONCERNING THE MERGER'S POTENTIAL EFFECT ON THE GAS SUPPLY MARKET?

A. The availability of interstate gas pipeline transportation and storage capacity is limited, particularly during peak winter periods in the markets when restrictions on pipeline deliveries ("pipeline operational flow orders" or "OFOs") and excessive day-ahead gas prices have become on-going concerns. With Petitioners holding 35.6% or more of available capacity in the PJM East market area, any additional control of gas capacity resources (for example, through asset management agreements) would place the Petitioners in a position where they could exert market power through various actions.

At the current time, and for the foreseeable future, there is limited gas supply to meet growing gas demand. As a result, relatively small variations in gas supply or demand can affect gas pricing. Accordingly, even an entity with less than 35.6% of available capacity could influence the level of gas prices.

Q. YOU STATE THAT INTERSTATE GAS PIPELINE TRANSPORTATION AND STORAGE IS LIMITED. WOULD YOU DISCUSS THIS FURTHER?

A. Over the past few years, the wholesale natural gas market has exhibited extreme volatility with price levels reaching record highs. This pricing and volatility are related to dwindling gas supplies and steady increases in demand. As a result, there have been

increases in operational flow orders on the interstate pipelines and instances of day-ahead prices reaching levels in excess of $20 per dekatherm ("Dth"). These factors have led the federal government to recognize that, without the importation of foreign natural gas supplies, the economy may face serious economic consequences.

The mismatch between natural gas supply and demand is particularly evident in the Mid-Atlantic region where there is a question as to whether the interstate pipelines have the capacity to meet demand were there to be two or three days of design or near-design winter weather. In addition, with crude oil prices in excess of $50 per barrel, there is little prospect of diminution of natural gas demand from end users with dual fuel capabilities. Despite the supply shortfalls, the Mid-Atlantic region has seen few pipeline expansion programs, and those that have become available are expensive sources of deliverability. It is therefore not surprising that the east coast has seen upgrades to its existing liquified natural gas ("LNG") terminal facilities, with several incremental terminal projects in various stages of development.

- <u>Carpenter Analysis of Market Power</u>

Q. WITH RESPECT TO DR. HIERONYMUS' HHI ANALYSIS, HAVE YOU DEVELOPED YOUR OWN ANALYSIS TO VERIFY HIS RESULTS?

A. No, I have not. I have, however, reviewed an HHI analysis for the gas market that was developed by Dr. Paul Carpenter on behalf of the Philadelphia Gas Works ("PGW"). Dr.

Carpenter's analysis is contained in his testimony filed in the parallel proceeding in this matter in Pennsylvania, and submitted into the record in the FERC docket referenced above.

In his analysis, he determined that the HHI in the PJM East delivered gas market would increase from 1,469 to 1,942 if the merger were approved (Carpenter Testimony (Pa.) at 4) As can be seen on my Schedule 1, Dr. Carpenter's HHI is significantly higher than the HHI derived by Dr. Hieronymus, and his analysis shows PSEG/Exelon control over 39.8% of the defined capacity. Dr. Carpenter states that the merger "raises significant vertical market power concerns." (Id. at 3) He concludes that, "the merged entity would possess market power in the downstream electricity market represented by PJM East, and it would possess market power in the upstream market for delivered gas in the same geographic area." (Id. at 3-4)

Q. WHAT ARE THE REASONS FOR THE SIGNIFICANT DIFFERENCES BETWEEN THE PETITIONER'S HHI ANALYSIS AND THAT OF DR. CARPENTER?

A. Dr. Carpenter adjusted the study performed by Dr. Hieronymus for additional contracts that have delivery into the market, the elimination of capacity that provides delivery outside of the PJM East region, and adjustments to pipeline capacity in cases where delivery rights were not equal to delivery capacity. (Id. at 17-18)

V. PSE&G'S GAS SUPPLY REQUIREMENTS

Q. WOULD YOU PLEASE EXPLAIN HOW PSE&G HAS HISTORICALLY OBTAINED GAS TO MEET ITS DEMAND REQUIREMENTS?

A. Historically, PSE&G contracted directly for its pipeline and storage capacity as well as its commodity gas requirements. These gas supply resources were used to meet firm requirements for tariffed services as well as for demand associated with PSEG's Electric Business Unit ("EBU") and special contract customers. However, effective May 1, 2002, all PSE&G's capacity and supply resources were transferred to its non-regulated affiliate, ER&T, and the Company entered into a Requirements Contract ("Contract") with ER&T, wherein ER&T provided gas to the utility. (Contract Transfer Order, Docket No. GM00080564; Petitioners' Response RAR-GAS-1)

- The Current Requirements Contract and Provisions

Q. WHAT ARE THE BASIC PROVISIONS OF THE REQUIREMENTS CONTRACT?

A. Broadly, the Contract requires ER&T to provide delivered gas supply services needed by the Company to meet its specified retail load for as long as PSE&G is the Basic Gas Supply Service ("BGSS") supplier in its service territory. (Contract at 1) The only exception to ER&T's total control over gas supply resources involves PSE&G's

supplemental gas facilities such as LNG which the Company continues to own and operate.

Under the Contract, ER&T must meet the Company's gas requirements, using the transferred gas purchase contracts specified in the Contract. These gas purchase contracts are summarized on my Schedule 2, which shows the provider and the daily capacities. The Contract also allows ER&T to unilaterally amend, extend, replace or supersede any of the gas purchase contracts in order to meet its full requirements obligation to PSE&G. (Contract at 6)

Q. WHAT IS THE TERM OF THE CONTRACT BETWEEN PSE&G AND ER&T?

A. The initial term of the Contract was from May 1, 2002 through March 31, 2004. As of that date, PSE&G exercised its option to extend the Contract until March 31, 2007. After that date the Contract will continue on a year-to-year basis unless modified by either ER&T or PSE&G, by giving written notice 12 months prior to the end of any subsequent contract year. If ER&T gives such notice, it must continue to provide PSE&G's requirements at the level existing as of the date of the notice, as long as PSE&G is still serving BGSS load. (Contract at 9-10)

Q. WHAT OTHER CONTRACT TERMS ARE RELEVANT TO AN EVALUATION OF THE MERGER?

A. Section 15.3 in the Contract specifies that PSE&G will make commercially reasonable efforts to curtail or interrupt loads as directed by ER&T based on its gas scheduling. This was clarified to mean that, "The Requirements Contract provides that [ER&T] has the authority to direct [PSE&G] to curtail or interrupt non-firm customers consistent with the terms and conditions of all applicable rate schedules and service agreements." (Petitioners' Response RAR-GAS-39) This provision is relatively broad in that PSE&G's tariffs permit interruptions of supply to ensure operational reliability of supply or if the sales would not be economically justified.

Section 2.2 in the Contract provides that PSE&G will pay ER&T for delivered gas volumes at PSE&G's currently effective tariff or contract rate for each respective service. PSE&G and subsequently its ratepayers will thus pay all associated gas supply and capacity charges since these costs form the basis for PSE&G's tariffed rates.

Finally, the Contract is silent concerning the capacity management function of ER&T with respect to non-jurisdictional transactions that utilize capacity paid for by PSE&G's customers. There is no specification as to the types of transactions that generate margins or credits, the methodology for determining such margins or credits, or ER&T's obligation to pay such margins or provide such credits to PSE&G.

- Requirements Contract Regulatory Concerns

Q. WOULD YOU PLEASE ADDRESS ANY ISSUES REGARDING THE GAS SUPPLY PORTFOLIO MAINTAINED BY ER&T TO MEET PSE&G'S REQUIREMENTS?

A. Given that ER&T has full discretion concerning the composition and extent of the gas supply portfolio related to the Contract, there are both regulatory and cost concerns. During a July 14, 2005 discovery meeting, the Company acknowledged that, although ER&T consults PSE&G as to the utility's capacity needs and proposed modifications to the capacity portfolio, ER&T has the ultimate authority concerning such matters. The relevant provisions of the Contract are troubling for several reasons. For example, the Board has no explicit authority over any changes to the capacity portfolio. Were ER&T to maintain excess capacity levels, the associated charges would be paid by PSE&G. If the charges were to be disallowed by the Board, it would be unclear as to whether PSE&G or ER&T would incur the economic consequences.

Additionally, the Company acknowledges that capacity retained to meet future peak day requirements may be excess or surplus in some years. This will be all the more likely if, under the proposed generation mitigation plan, the Company were to divest some of its gas fired generation without contracting to provide the associated gas supply or requiring gas capacity assignment to the buyer.

The prospect of excess capacity is troubling because it burdens ratepayers with unnecessary costs and it rewards PSE&G's parent company, PSEG, with incremental

profits if such capacity can be used for secondary market transactions. Thus, PSEG has a potential conflict of interest in matters relating to the matching of demand and supply for ER&T's gas supply and capacity portfolio.

My Schedule 3 provides a perspective on this capacity related issue. The schedule shows ER&T's portfolio modifications since the inception of the Contract. During this period, ER&T has increased the total portfolio's overall transportation capacity by 168,010 Dth and reduced its storage capacity by 75,000 Dth. Transportation capacity to the Company's city gate has increased by 168,010 Dth, while storage has decreased by 11,581 Dth.

The cost impact of these capacity changes is shown on Schedule 4. As indicated, PSE&G's total annual capacity costs increased by about $9.1 million. Such an increase in capacity costs is a concern because it relates to the inherent conflict of interest involved when a utility has an affiliate providing the asset management function. Conceptually, a utility can obtain excess capacity, recover related capacity costs from its customers, and have its affiliate benefit from increased margins or credits associated with the utilization of the incremental capacity.

Q. WHAT OTHER PROVISIONS OF THE CONTRACT PRESENT REGULATORY CONCERNS IN LIGHT OF THE PENDING MERGER?

A. With the merger, the year-to-year nature of the Contract causes additional concern. At a minimum, this situation gives ER&T the right to give notice and thereby negate the full

requirements provision of the Contract. With such a notice, ER&T would no longer be responsible to meet PSE&G's gas requirements in excess of those existing on the date of the notice. If the merged entity were to decide it no longer wanted to continue the Contract, it could direct its subsidiaries to terminate the Contract.

Moreover, the fact that ER&T, as a gas supplier, has the authority to dictate when PSE&G will not supply its interruptible customers is not typical or reasonable in full requirements agreements. Whether interruptible load is served under certain conditions can have a material impact on interruptible margin credits. From a gas supply perspective, elimination of interruptible sales can increase the potential for high margin non-jurisdictional transactions. From a utility perspective, interruptible sales on a consistent basis provide contribution toward overall gas costs. PSE&G has considerable latitude concerning both operational and economic interruption, and the ultimate decision on interruption should not be delegated to ER&T.

Q. PREVIOUSLY, IT WAS NOTED THAT THE CONTRACT DOES NOT PROVIDE ANY GUIDANCE CONCERNING THE MARGINS OR CREDITS REALIZED ON SECONDARY MARKET TRANSACTIONS THAT UTILIZE UNUSED UTILITY CAPACITY. PLEASE EXPLAIN THIS ISSUE IN GREATER DETAIL.

A. Traditionally, the margins and credits associated with secondary market transactions were shared 85% to ratepayers and 15% to the Company. (Final Stipulation, Docket No.

GR97110839, at 10) After the transfer of PSE&G's gas supply portfolio to ER&T, the Board issued an Order in Docket No. GR01110768 that adopted a stipulation requiring that residential customers receive 100% of such margins and credits. However, neither this Order nor the Board's Contract Transfer Order fully set forth the mechanics and sharing of capacity margins obtained by ER&T. Absent specification in the Contract, the margin issue could be subject to interpretation should the merger be approved.

It is useful at this point to put the capacity margins into perspective. Since the contract transfer became effective on May 1, 2002, an average of about $38.5 million per year of capacity margins has been realized. (Petitioners' Responses RAR-GAS-57 and 58) These margin levels are well above the margins obtained during the three years prior to the contract transfer. The monthly and annual amounts for capacity margins, principally associated with off-system sales, are set forth in my Schedule 5. As shown, the annual margins increased by more than 80% from the year prior to the transfer to the first year under ER&T control.

From PSEG's perspective, this higher level of capacity margins is quite beneficial since it retains, through PSE&G, about 30% of total margins. This margin retention stems from the fact that only the residential ("BGSS-RSG") customers' allocated portion of the margins is returned to gas ratepayers. My Schedule 6 shows the derivation of the total capacity margins and the allocation factors, along with the BGSS-RSG portion of the margins. On this basis, ER&T and, ultimately, PSEG have received over $35 million in capacity related margins.

Accordingly, what is needed is a clear specification of which ER&T transactions will generate margins or credits, how such margins or credits will be determined and the mechanism for allocation of the margins or credits among various customers that receive and pay for the associated gas supply.

Q. ARE THERE ISSUES CONCERNING THE BOARD'S REGULATORY AUTHORITY AND REGULATORY OVERSIGHT THAT RELATE TO THE PROPOSED MERGER, AND IF SO, WOULD YOU PLEASE DISCUSS THEM?

A. In the Contract Transfer Order, the Board conceded that, "The gas contracts transfer would mean that the Board would not have the ability to delve into the gas procurement practices of [ER&T]. Nor will it have the ability to alter the pricing agreements between PSE&G and [ER&T] or any contractual terms of the PSE&G/[ER&T] agreement." (Contract Transfer Order at 10)) Morever, these limitations were noted in the context of entities with their ownership and control by an entity headquartered in New Jersey. Prospectively, a merged successor entity based potentially in Pennsylvania and owned by an Illinois company would control the portfolio management and gas supply procurement.

With respect to a successor entity to ER&T, the Petitioners have asserted that "The Merger will not affect the existing authority of the Board over the Requirements Contract." (Petitioners' Response RAR-GAS-14) Unfortunately, the authority of the Board regarding the Contract has never been specifically established, and, as discussed, the Contract is vague or silent on many aspects of the provision of gas supply. For

example, when asked whether the current residential/C&I allocation methodology for portfolio costs would be retained and subject to modification only with Board approval, the Petitioners responded that, "There is no intention or expectation that the current allocation methodology will be modified." (Petitioners' Response RAR-GAS-17)

However, this is a question regarding the Board's authority over PSE&G's gas procurement program. The Board has acknowledged that it would not have the ability to delve into the gas procurement practices of ER&T. (Contract Transfer Order at 10) The Company has made conflicting statements regarding this authority. In one discovery response it has stated that "The Board will continue to have authority over gas procurement by ER&T or any comparable successor entity" (Petitioners' Response RAR-GAS-22), whereas in another response it has stated that "The Board does not have jurisdiction over ER&T's operations as such." (Petitioners' Response RAR-GAS-33) These conflicting statements are particularly troubling because the Requirements Contract is neither clear nor comprehensive on procurement matters, and there is a need to fully define and obtain commitments concerning the Board's prospective authority over procurement and the Requirements Contract provisions.

Q. ARE THERE ANY OTHER ISSUES THAT YOU BELIEVE SHOULD BE CONSIDERED BY THE BOARD WITH RESPECT TO THE REQUIREMENTS CONTRACT?

A. Yes, there are three related issues. The first involves a provision within the Stipulation of Settlement in the Contract Transfer proceeding. Section 4 of the Stipulation states that

PSE&G and ER&T are obligated to adhere to all relevant legal requirements regarding affiliate standards, including those standards approved by the FERC and the Board. In the Contract the only related provision is a narrow requirement that ER&T will not provide any undue preferences to retail gas supplier affiliates. (Contract, Article 19.10) It appears that the Contract must be modified to reflect the Stipulation's full intent.

The second issue involves a clarification of the Force Majeure provision of the Contact. As written, ER&T can be excused for a failure to perform by a Force Majeure claim which includes causes beyond the reasonable control of ER&T. In discovery, the Company stated that weather could be the cause of a Force Majeure event. (Petitioners' Response RAR-GAS-40) During the July 14, 2005 discovery meeting, the Company clarified that ER&T's responsibility to provide gas supply would not be excused as long as heating degree days did not exceed those specified in the determination of the Company's demand requirements. This clarification should be formalized in the Contract.

And finally, the Stipulation contains two provisions concerning capacity release. (Contract Transfer Order, Stipulation of Settlement, at 4) The first requires an Initial Firm Transportation ("FT") Capacity Release Program for Third Party Suppliers ("TPSs") who supply gas to customers that switch to TPS service after the date of the contract transfer. The second involves a Permanent Capacity Release/Assignment Program which was to also be made available to TPSs after the effective date of the contract transfer. At the current time, the status of these two programs and ER&T's or any successor's

obligation to make such releases is unknown and therefore should also be clarified in this proceeding.

- Necessary Modifications and Regulatory Protections

Q. BASED UPON THE VARIOUS FACTORS THAT YOU HAVE DISCUSSED, WHAT ARE YOUR SPECIFIC RECOMMENDATIONS TO THE ALJ AND THE BOARD CONCERNING THE PROPOSED MERGER?

A. With reference to PSE&G's gas operations, the proposed merger does not provide any positive benefit, and, indeed, there is a real possibility that the merger could harm the gas utility's provision of safe and adequate service at just and reasonable rates. The various provisions of the proposed merger pose real risks to the competitive gas market and to the employees and ratepayers of the regulated gas operation. Accordingly, based on the merger's effect relative to gas operations, the proposed merger should not be approved.

Q. IF THE BOARD WERE TO APPROVE THE MERGER, WHAT CONDITIONS AND REGULATORY PROTECTIONS WOULD BE REQUIRED IN ORDER TO SAFEGUARD THE COMPANY'S REGULATED GAS OPERATIONS IN NEW JERSEY?

A. As conditions of the merger, the Board should require clear assurances that the post-merger Exelon Electric & Gas ("EE&G") entities will be subject to the Board's oversight relative to their activities and transactions with the New Jersey regulated utility. For example, ER&T or any successor entity must agree to provide relevant data and

documentation and submit to audits concerning its dealings with PSE&G's gas operations. Additionally, ER&T or any successor in interest must provide the information necessary to show that its transactions are reasonable and do not violate any applicable affiliate interest regulations. The FERC has stated that, "The merger is subject to review by the NJBPU, who can therefore protect its jurisdictional interests." (FERC Merger Order, Section 217) Thus, it is important that the Board establish its regulatory authority and have Petitioners provide positive assurances concerning their acquiescence to such requirements.

Q. WHAT OTHER CONDITIONS SHOULD BE REQUIRED IN THE EVENT THAT THE MERGER IS APPROVED?

A. The Board should require that the Petitioners agree that rate recovery for goodwill and costs to achieve will not be sought from utility ratepayers. The shareholders, not the ratepayers, of Exelon and PSE&G approved the proposed merger; consequently, any premium paid as part of the transaction should be their responsibility. Additionally, the Board should establish service standards as a condition of the merger in order to ensure that there is no deterioration in the level of service provided to ratepayers after the merger.

Q. WITH RESPECT TO THE EXISTING REQUIREMENTS CONTRACT, WHAT PROVISIONS NEED TO BE ADDED OR REVISED IN ORDER TO ENSURE ADEQUATE GAS SUPPLY AT A REASONABLE COST?

A. The most important revision needs to address the on-going availability of PSE&G's gas requirements. The Contract must therefore be modified to include a provision requiring Board approval for any material modification to the level or cost of the gas capacity required by PSE&G. Such material modifications would include Contract termination, capacity enhancements or substitutions, and any changes to the nature or scope of operations of ER&T or its successor.

A second revision involves the codification of the treatment for capacity related margins or credits. The Contract should specify all transactions related to the PSE&G capacity, the determination of margins and credits, and the allocation of such margins to gas ratepayers. The revision should incorporate all relevant margin provisions as set forth in applicable Board Orders, and the Board should require that both Exelon and ER&T to agree to all revisions.

A related modification should address the continuation of the current BGSS service and its pricing provisions. The Board should require that residential customers continue to have the right to receive cost-based gas supply that is subject to annual reconciliation. This modification should expressly prohibit PSE&G from adopting any monthly indexed price procedure for its residential (BGSS-RSG) service.

Q. DO YOU HAVE ANY OTHER RECOMMENDATIONS CONCERNING THE PROVISIONS OF THE REQUIREMENTS CONTRACT?

A. Yes. There are three other Contract provisions that need clarification or modification. First, as discussed previously, only PSE&G should have the authority to control service interruptions. Second, Force Majeure provisions should only allow weather related claims if the average daily mean temperature is below the level incorporated into the Company's latest design day requirements determination.

Third, the Board should terminate all TPS transportation or storage capacity release provisions currently in effect. Subsequently, PSE&G could propose prospective release programs subject to Board approval.

Q. FINALLY, ARE THERE ANY OTHER GAS POLICY MATTERS THAT THE BOARD SHOULD ADDRESS IN THIS MERGER PROCEEDING?

A. Yes, the Board should require that ER&T's (or any successor in interest) gas management operations or trading should continue to be based in Newark unless otherwise expressly authorized by the Board. There appears to be no operational need to remove ER&T's gas operations from New Jersey when its primary activities are conducted predominantly for PSE&G. Indeed, maintaining ER&T's gas operations in Newark would lessen some regulatory oversight concerns and would appropriately separate gas operations and trading from electric operations and trading, thereby averting potential conflict of interest and affiliate interest issues.

Additionally, the Board should not approve, but rather should defer, consideration of the Company's recently filed gas base rate application until after it has decided the current matter. It is unreasonable for the Board to determine new base rates for PSE&G's gas customers given the pending status of the merger. The appropriate revenue requirement for PSE&G's gas operations cannot be established in the base rate case given the current uncertainty concerning the future of those gas operations.

Q. MR. LELASH, DOES THIS CONCLUDE YOUR DIRECT TESTIMONY IN THIS MATTER?

A. Yes, it does.

VI. SUPPORTING SCHEDULES

Schedule 1

PSEG-Exelon Merger
Comparison of Post-Merger HHI

	Carpenter Analysis		Hieronymus Analysis	
	MMcf/d	HHI	MMcf/d	HHI
Exelon-PSEG	2,035	1,585	2,115	1,270
New Jersey Resources	686	180	696	138
Pepco	311	37		
Philadelphia Gas Works	295	33	136	5
UGI	256	25	141	6
NUI	250	24	242	17
South Jersey	230	20	231	15
NiSource	215	18	259	19
Williams Energy	116	5	318	29
Dominion	97	4		
Sunoco	93	3		
PPL	74	2		
WGL Holdings	68	2		
Keyspan	55	1	252	18
Southern Union	48	1	128	5
Philadelphia Authority	35	0		
Amerada Hess	34	0		
Others	214	1	1,417	51
Totals	5,112	1,942	5,934	1,572

SOURCES: Hieronymus Testimony, FERC Docket No. EC05-43-000, Exhibit J-16 and Carpenter Testimony, PA Docket No. A-110550F0160, page 17.

Schedule 2

PSEG-Exelon Merger
Appendix A Capacity Resources

	Provider	Capacity
Transportation Capacity		Dth Per Day
	Transcontinental	812,508
	Texas Eastern	735,363
	Dominion	333,764
	Texas Gas	124,616
	Gulf South	37,000
	Equitrans	25,689
	Tennessee	93,636
	Trunkline	89,264
	Panhandle Eastern	88,498
	Columbia	12,500
	National Fuel	48,400
	Total Daily Capacity	2,401,238

Storage Capacity		Dth W/D
	Transcontinental	746,050
	Texas Eastern	94,629
	Dominion	342,974
	Equitrans	25,689
	Tennessee	57,222
	Steuban	42,066
	Hattiesburg	65,000

Total Storage Capacity	1,373,630

SOURCE: Requirements Contract Appendix A.

Schedule 3

PSEG-Exelon Merger
Appendix B Net Capacity Changes

	Provider	Capacity Changes	City Gate Changes
Transportation Capacity		Dth Per Day	Dth Per Day
	Transcontinental	190,800	168,010
	Texas Eastern	10,508	
	Dominion	108,520	
	Texas Gas	(25,721)	
	Gulf South	(37,000)	
	Equitrans	(25,689)	
	ANR	50,000	
	Total Net Increase	271,418	168,010
Storage Capacity		Dth W/D	Dth W/D
	Transcontinental	(48,706)	
	Texas Eastern	(11,581)	(11,581)
	Dominion	10,976	
	Equitrans	(25,689)	
	Total Net Decrease	(75,000)	(11,581)

SOURCE: Company Responses to Request RAR-GAS-24.

Schedule 4

PSEG-Exelon Merger
Changes in Capacity Costs
($000's)

	Provider	Capacity Cost Change
Transportation Capacity		
	Transcontinental	$11,388
	Texas Eastern	653
	Dominion	4,362
	Texas Gas	(1,831)
	Gulf South	(2,431)
	Equitrans	(1,321)
	ANR	1,095
	Total Net Increase	$11,915
Storage Capacity		
	Transcontinental	$ (664)
	Texas Eastern	(940)
	Dominion	440
	Equitrans	(1,701)
	Total Net Decrease	$(2,865)
Total Incremental Cost		$ 9,050

SOURCE: Company Response to RAR-GAS-56.

Schedule 5

PSEG-Exelon Merger
Comparative Capacity Margins
($000's)

	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
May	$ 294	$ 544	$ 923	$ 1,966	$ 567	$ 841
June	163	685	1,303	825	1,253	671
July	761	328	2,430	1,315	726	902
August	394	61	1,275	1,952	1,157	781
September	161	(182)	953	840	1,087	844
October	568	1,221	1,267	901	479	618
November	2,011	2,471	1,871	3,508	4,257	3,796
December	2,667	3,882	3,676	4,151	4,221	6,048
January	3,864	3,776	2,982	6,355	7,408	13,943
February	2,867	2,977	2,442	6,799	7,720	7,437
March	2,682	3,180	1,925	8,208	4,067	6,366

April	252	941	367	2,030	901	606
Totals	$16,684	$19,884	$21,414	$38,850	$33,843	$42,853

SOURCES: Company Responses to RAR-GAS-57 and RAR-GAS-58.

Schedule 6

PSEG-Exelon Merger
Allocation of Capacity Margins
($000's)

	2002-2003	2003-2004	2004-2005	Totals
Total Capacity Margins	$38,850	$33,843	$42,853	$115,546
BGSS-RSG Margins	$26,864	$23,489	$29,961	$ 80,314
BGSS-RSG Allocation %	69.15%	69.41%	69.92%	69.51%
PSE&G Margins	$11,986	$10,354	$12,892	$35,232

SOURCE: Company Response to RAR-GAS-57.

VII. APPENDIX: PRIOR R.W. LELASH TESTIMONIES

R. W. LELASH'S REGULATORY TESTIMONIES
(2001 to Present)

232. Rhode Island, Providence and Valley Gas Companies (Docket Nos. 1673 and 1736) Gas Price Mitigation Testimony for the Rhode Island Division of Public Utilities (January, 2001).

233. Delaware, Delmarva Power & Light Company (Docket No. 00-463F) Gas Price Hedging Testimony for the Delaware Public Service Commission (February, 2001).

234. Pennsylvania, Philadelphia Gas Works (Docket No. R-00006042) Base Rate and Policy Testimony for the Pennsylvania Office of Consumer Advocate (April, 2001).

235. Pennsylvania, Philadelphia Gas Works (Docket No. R-00006042) Base Rate and Policy Surrebuttal Testimony for the Pennsylvania Office of Consumer Advocate (May, 2001).

236. New Jersey, Public Service Electric & Gas Company (Docket No. GM00080564) Capacity Contract Transfer Testimony for the New Jersey Division of the Ratepayer Advocate (June, 2001).

237. Vermont, Vermont Gas Systems (Docket No. 6495) Rate Stabilization Plan Testimony for the Vermont Department of Public Service (June, 2001).

238. Pennsylvania, Philadelphia Gas Works (Docket No. R-00016378) Gas Cost Rate Testimony for the Pennsylvania Office of Consumer Advocate (July, 2001).

239. Pennsylvania, PECO Energy Company (Docket No. R-00016366) Gas Cost Rate Testimony for the Pennsylvania Office of Consumer Advocate (July, 2001).

240. Pennsylvania, Philadelphia Gas Works (Docket No. R-00016378) Gas Cost Rate Surrebuttal Testimony for the Pennsylvania Office of Consumer Advocate (August, 2001).

241. Vermont, Vermont Gas Systems (Docket No. 6495) Rate Stabilization Plan Rebuttal Testimony for the Vermont Department of Public Service (August, 2001)

242. Georgia, Atlanta Gas Light Company (Docket No. 14060-U) Procurement and Capacity Plan Testimony for the Georgia Public Service Commission (August, 2001).

243. Rhode Island, New England Gas Company (Docket No. 3401) Earnings Sharing and Gas Policy Testimony for the Rhode Island Division of Public Utilities (March, 2002).

244. Pennsylvania, Philadelphia Gas Works (Docket No. R00017034F002) Extraordinary Rate Relief Testimony for the Pennsylvania Office of Consumer Advocate (March, 2002).

245. New Jersey, Public Service Electric & Gas Company (Docket No. GR01110773) Remediation Adjustment Clause Testimony for the New Jersey Division of the Ratepayer Advocate (April, 2002).

246. Rhode Island, New England Gas Company (Docket No. 3401) Earnings Sharing and Gas Policy Surrebuttal Testimony for the Rhode Island Division of Public Utilities (April, 2002).

247. Pennsylvania, Philadelphia Gas Works (Docket No. R-00027133) Gas Cost Rate Testimony for the Pennsylvania Office of Consumer Advocate (April, 2002).

248. Pennsylvania, Philadelphia Gas Works (Docket No. R-00017034) Base Rate Testimony for the Pennsylvania Office of Consumer Advocate (May, 2002).

249. Georgia, Atlanta Gas Light Company (Docket No. 15527-U) Lost and Unaccounted For Gas Testimony for the Georgia Public Service Commission (July, 2002).

250. Pennsylvania, PECO Energy Company (Docket No. R-00027391) Gas Procurement and Policy Testimony for the Pennsylvania Office of Consumer Advocate (July, 2002).

251. Georgia, Atlanta Gas Light Company (Docket No. 15527-U) Lost and Unaccounted For Gas Rebuttal Testimony for the Georgia Public Service Commission (August, 2002).

252. Pennsylvania, Philadelphia Gas Works (Docket No. M-00021612) Gas Restructuring Testimony for the Pennsylvania Office of Consumer Advocate (September, 2002).

253. Georgia, EDC Generic Rulemaking (Docket No. 15295-U) Service Quality Standards Testimony for the Georgia Public Service Commission (October, 2002).

254. Georgia, Marketer Generic Rulemaking (Docket No. 15296-U) Service Quality Standards Testimony for the Georgia Public Service Commission (October, 2002).

255. Pennsylvania, Philadelphia Gas Works (Docket No. M-00021612) Gas Restructuring Rebuttal Testimony for the Pennsylvania Office of Consumer Advocate (October, 2002).

256. Pennsylvania, Philadelphia Gas Works (Docket No. M-00021612) Gas Restructuring Surrebuttal Testimony for the Pennsylvania Office of Consumer Advocate (November, 2002).

257. Georgia, EDC Generic Rulemaking (Docket No. 15295-U) Service Quality Standards Rebuttal Testimony for the Georgia Public Service Commission (November, 2002).

258. Georgia, Marketer Generic Rulemaking (Docket No. 15296-U) Service Quality Standards Rebuttal Testimony for the Georgia Public Service Commission (November, 2002).

259. Rhode Island, New England Gas Company (Docket No. 3476) Service Quality Testimony for the Division of Public Utilities (November, 2002).

260. New Jersey, Jersey Central Power and Light Company (Docket No. ER02030173) Recovery of Deferred Remediation Cost Testimony for the New Jersey Division of the Ratepayer Advocate (December, 2002).

261. Rhode Island, New England Gas Company (Docket No. 3476) Service Quality Surrebuttal Testimony for the Division of Public Utilities (February, 2003).

262. Pennsylvania, Philadelphia Gas Works (Docket No. R-00038173) Gas Procurement and Policy Testimony for the Pennsylvania Office of Consumer Advocate (April, 2003).

263. New Jersey, Elizabethtown Gas Company (Docket No. GA02020099) Comments Concerning Affiliate Audit for the New Jersey Division of the Ratepayer Advocate (June, 2003).

264. Maine, Northern Utilities (Docket No. 2002-140) Management Audit and Service Quality Report for the Maine Public Utilities Commission (June, 2003).

265. New Jersey, Public Service Electric & Gas Company (Docket No. GR03050400) Pipeline Refund Allocation Testimony for the New Jersey Division of the Ratepayer Advocate (August, 2003).

266. Ohio, Vectren Energy Delivery of Ohio (Case No. 02-220-GA-GCR) Gas Procurement and Policy Testimony for the Ohio Consumers' Counsel (November, 2003).

267. Delaware, Delmarva Power & Light Company (Docket No. 03-378F) Evaluation of Gas Procurement and Price Hedging Testimony for the Delaware Public Service Commission (February, 2004).

268. Pennsylvania, Philadelphia Gas Works (Docket Nos. R-00049157 and P-00042090) Purchased Gas Cost Testimony for the Pennsylvania Office of Consumer Advocate (May, 2004)

269. Pennsylvania, Philadelphia Gas Works (Docket Nos. R-00049157 and P-00042090) Purchased Gas Cost Rebuttal Testimony for the Pennsylvania Office of Consumer Advocate (May, 2004)

270. Delaware, Chesapeake Utilities Corporation (Docket No. 02-287F) Gas Supply Plan Review for Chesapeake Utilities and the Delaware Public Service Commission (July, 2004).

271. Georgia, Atmos Energy Corporation (Docket No. 18509-U) Procurement and Capacity Plan Testimony for the Georgia Public Service Commission (August, 2004).

272. Georgia, Atlanta Gas Light Company (Docket Nos. 18437-U and 8516-U) Procurement and Capacity Plan Testimony for the Georgia Public Service Commission (August, 2004).

273. New Jersey, NUI Utilities and AGL Resources (Docket No. GM04070721) Terms and Conditions of Merger Testimony for the New Jersey Ratepayer Advocate (September, 2004).

274. Georgia, Atlanta Gas Light Company (Docket No. 18638-U) Business Risk Testimony for the Georgia Public Service Commission (February, 2005).

275. Pennsylvania, Philadelphia Gas Works (Docket No. R-00050264) Purchase Gas Cost Testimony for the Pennsylvania Office of Consumer Advocate (April, 2005).

276. Federal Energy Regulatory Commission, Exelon and Public Service Enterprise Group (Docket No. EC05-43-000) Market Power Testimony by Affidavits for the New Jersey Division of the Ratepayer Advocate (April and May, 2005).

277. Pennsylvania, PECO Energy Company (Docket No. R-00050537) Gas Procurement and Policy Testimony for the Pennsylvania Office of Consumer Advocate (July, 2005).

278. Georgia, Atmos Energy Corporation (Docket No. 20528-U) Gas Supply Plan Testimony for the Georgia Public Service Commission (August, 2005).