

FRANK C. GRAVES

Principal

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Mr. Frank C. Graves is a Principal of The Brattle Group who specializes in regulatory and financial economics, especially for electric and gas utilities, and in litigation matters related to securities litigation, damages from breached energy contracts, and risk management.

He has over 35 years of experience assisting utilities in forecasting, valuation, financial planning, and risk management for many kinds of long range investment and service design decisions, such as generation and network capacity expansion, fuel and gas supply procurement and hedging, pricing and cost recovery mechanisms, cost and performance benchmarking, renewable asset selection and contracting, and new business models for distributed energy technologies. He has testified before many state regulatory commissions and the FERC as well as in state and federal courts and arbitration proceedings on such matters as the prudence of investment and contracting decisions, risk management, cost of capital, costs and benefits of new services, policy options for industry restructuring, adequacy of market competition, and competitive implications of proposed mergers and acquisitions.

In the area of financial economics, he has assisted and testified in civil cases in regard to contract damages estimation, securities litigation suits, special purpose audits of non-standard business transactions and their accounting, tax disputes, risk management, and cost of capital estimation, and he has testified in criminal cases regarding corporate executives' culpability for securities fraud.

He received an M.S. with a concentration in finance from the M.I.T. Sloan School of Management in 1980, and a B.A. in Mathematics from Indiana University in 1975.

Mr. Graves is also a professional violinist and chairperson of the Dean's Advisory Council to the Jacobs School of Music at Indiana University

AREAS OF EXPERTISE

- Utility Planning and Operations
- Financial Analysis and Commercial Litigation
- Regulated Industry Policy and Restructuring
- Energy Market Competition

PROFESSIONAL AFFILIATIONS

- IEEE Power Engineering Society
- Mathematical Association of America
- American Finance Association

Recent Activities

Client Engagements

- Electric resource planning is a much harder and different problem under deep decarbonization goals than it was for the past few decades. Finding an economic mix of enough clean energy to serve annual energy requirements, and electrifying then fitting/shifting load to the times when that clean energy will be most available, have become much more important than efficient choices for capacity adequacy. Mr. Graves is involved in IRP studies and in technology assessments of what emerging clean energy mechanisms will be most likely to succeed, or what it would take for them to do so.
- Mr. Graves has lead a study of how ambitious economy-wide decarbonization policies in New York are creating a possible “death spiral” risk for natural gas distribution companies, due to potential demand contraction from electrifying end-uses traditionally served by natural gas at the same time as the industry requires capital investments in safety upgrades to aging infrastructure. He has developed cost-benefit models of alternative pricing mechanisms for serving electric power generators, as well as systems dynamics models of the feedbacks and tipping points in gas distribution that may ensue unless significant regulatory innovations are allowed.
- Economic recovery from the stresses of the Covid pandemic involves significant opportunities for infrastructure improvements. For the Coalition for Green Capital, Mr. Graves lead a Brattle team collaborating with The Analysis Group to develop a proposal for a \$100 billion “green accelerator” package that would be provide funding and risk-sharing to debottleneck energy industry improvements that would reduce GHG emissions, provide quick economic stimulus, and improve equity to disadvantaged communities and customer segments. It is a portion of the infrastructure bills being considered by Congress. Relatedly, he prepared an assessment of expected economic harm from low income rental evictions from ending the Covid moratorium on rent liabilities, on behalf of the National Low Income Housing Coalition.
- Liability for wildfire damages drove PG&E to bankruptcy in 2020. Mr. Graves was part of an advisory team that helped appraise and explain the financial benefits to alternative means of compensating victims as part of the debtor’s Plan of Reorganization, including securitized debt or contingent payments tied to future financial stability of the company.
- With improvements in performance and cost of microgeneration, as well as low cost natural gas, many hospitals, universities, and similar campuses are considering combined heat and power supply as an alternative to utility energy services. Mr. Graves has helped several such entities evaluate potential benefits of CHP, including choosing the preferred size and mix of technology and design of risk sharing terms in financial and operating contracts for the CHP systems.

Testimony

In an arbitration matter involving alleged lost productivity at a wind farm due to wake effects from another upstream wind fleet, Mr. Graves provided rebuttal testimony on the claimed damages. Capacity and energy values, as well as risks and drivers of uncertainty for the likely output quantities

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were presented, explaining how prices and utilization of the facilities were likely to change over a twenty-year horizon in a deeply decarbonizing power system.

For PacifiCorp before the Oregon Public Utility Commission (Docket UE-374, February 2020), Mr. Graves prepared testimony on the difficulties in forecasting short-term power system balancing and trading transactions and the resulting tendency for these to be underestimated in projected operating costs, hence under-collected in rates. Based on a comparison to other states practices, he proposed that such costs be allowed to be fully recovered on a flow-through basis without risk-sharing, subject to prudence.

On behalf of Public Service Company of New Mexico, presented testimony before the New Mexico Public Regulation Commission on the merits of replacing the San Juan Generating Station coal units with a fleet of renewables, storage and gas-fired peakers, and on the reasons for appropriateness of allowing full recovery of sunk costs despite early retirement. Case No. 19-00018-UT, November 15, 2019.

For Dominion Energy Kewaunee, Mr. Graves filed expert testimony in the U.S. Court of Federal Claims (Case No. 18-808 C, July 25, 2019) in regard to the ability of the plaintiff (Kewaunee Nuclear) to have had all its spent nuclear fuel removed by the U.S. DoE, had the government met its obligations to perform under the Standard Contract with the nuclear industry. His modeling of tradeable rights for position in the waste removal queue showed why the government ought to be liable for damages from otherwise unnecessary storage costs at the site. Similar testimonies were filed on behalf of NorthStar for Vermont Yankee (Aug. 2019) and on behalf of Duke Power in regard to the Crystal River nuclear plant (Sept. 2019).

For Nicor Gas, a natural gas distribution company, Mr. Graves co-authored testimony on the cost of equity capital utilizing a broad spectrum of risk-pricing methods and explaining how financial leverage affects it. Testimony was filed with the Illinois Commerce Commission, Docket 18-xxxx, November 9, 2018.

For the electric transmission division of Pacific Gas & Electric, Mr. Graves presented testimony and co-authored an accompanying report on the cost of capital impacts from the extreme risks arising from potential liability for damages caused by large wildfires in California. Testimony before the FERC, Docket ER19-000, Exhibit PGE-0019, October 1, 2018.

For the Government of Colombia, written and oral testimony in regard to apparent misrepresentations of coal mine development costs and expected profitability by Glencore Corporation that adversely affected royalty payments for Colombia. Heard in the International Court of Arbitration, ICSID Case No ARB/16/6, Washington DC, June 2018.

Publications

“Future of Gas Series, Transitioning Gas Utilities to a Decarbonized Future” three Brattle presentations (Assessing Risks, Aug 2021; Evaluating Strategies, Sept 2021; Setting Regulations, Nov 2021) with Long Lam, Kasparas Spokas, Josh Figueroa, Tess Counts, and Shreeshankar Agarwal

“Brattle Issue Brief on ERCOT’s Power Outage”, March 2021, with Sam Newell, Jesse Cohen, and

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Sophie Leamon.

“2020 CAISO Blackouts and Beyond: The Future of California Resource Planning” with John Tsoukalis and Sophie Leamon for LSI’s Electric Power in the West Conference, January 2021.

“Clean Energy and Sustainability Accelerator – Opportunities for Long Term Deployment” on recommended targets and mechanisms for use of a \$100 billion economic recovery and decarbonization program for the Biden administration. With Bob Mudge, Roger Lueken, and Tess Counts. Prepared for the Coalition for Green Capital, January 14, 2021.

“Emerging Value of Carbon Capture for Utilities” with Kasparas Spokas and Katie Mansur, Public Utilities Fortnightly, October 2020, p. 36-41

“Impacts and Implications of COVID-19 for the Energy Industry” for Energy Bar Association’s Virtual Fall Conference, October 13, 2020. (Also several presentations with co-authors Bob Mudge, Tess Counts, Josh Figueroa, Lily Mwalenga, and Shivangi Panon the same topic at earlier dates, for public release and other conferences.)

“System Dynamics Modeling: An Approach to Planning and Developing Strategy in the Changing Electricity Industry” (with Toshiki Bruce Tsuchida, Philip Q Hanser, and Nicole Irwin), Brattle White Paper, April 2019.

“California Megafires: Approaches for Risk Compensation and Financial Resiliency Against Extreme Events” (with Robert S. Mudge and Mariko Geronimo Aydin), Brattle White Paper, October 1, 2018.

“Retail Choice: Ripe for Reform?” (with Agustin Ros, Sanem Sergici, Rebecca Carroll and Kathryn Haderlein), Brattle White Paper, July 2018.

“Resetting FERC RoE Policy; a Window of Opportunity” (with Robert Mudge and Akarsh Sheilendranath), Brattle White Paper, May 2018

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Financial Analysis and Commercial Litigation

- Liability for wildfire damages drove PG&E to bankruptcy in 2020. Mr. Graves was part of an advisory team that helped appraise and explain the financial benefits to alternative means of compensating victims as part of the debtor's Plan of Reorganization, including securitized debt or contingent payments tied to future financial stability of the company.
- A public power utility faced viability-threatening financial distress after a major baseload power plant project proved uneconomic when only partly completed. Mr. Graves led a team that reassessed the decision path that resulted in this outcome, in order to identify what expenditures or contract commitments might be deemed imprudent. He developed system and financial models of the company under alternative resource plans, which also informed how much financial burden would ensue from different kinds of penalties.
- Wildfires in California have become catastrophic in the past 5 years, creating both financial turmoil for the utilities and controversy over how to insure and manage this problem. Mr. Graves has been extensively involved in estimating the expected, growing cost of this problem and the design of mechanisms to insure it and compensate investors for the likelihood of uncompensated costs from fire damages.
- Despite well settled financial economics, there is great regulatory controversy surrounding how or whether to make adjustments in cost of capital measurements for differences in leverage between the proxy firms used to estimate the rate and the capital structure of the target utility. Mr. Graves has lead analyses of how to demonstrate the need for this adjustment, with testimony given to explain the foundations.
- For the government of Colombia, Mr. Graves testified in arbitration about misrepresentations that occurred in the negotiation of royalties over coal mining production. Those negotiations resulted in a royalty scheme that was much more favorable to the coal company than would have been acceptable to Colombia had more realistic representations occurred. He showed that the mining companies own studies projected much higher value and more favorable operating conditions for the facility, and that alternative schedules for running the mine would have produced more value than was asserted possible by its owners.
- For the co-owners of the SONGS nuclear power plant that had become inoperable due to failed and irreparable steam generators, Mr. Graves provided written and oral testimony in arbitration over what damages had been incurred by the utilities from having to replace the nuclear plant with new generation, purchased power, and transmission upgrades, as well as accelerated decommissioning liabilities. His report evaluated the impacts of the lost plant on the entire western power market, including how it would change the needs and costs for emission allowances in the California GHG market. He estimated that damages were nearly \$7 billion dollars.

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- For an international energy company seeking to expand its operations in the US, Mr. Graves lead an assessment of the market performance risks facing a possible acquisition target, in order to determine what contingencies or market shifts were critical to it being an attractive target. Uncertain long run wholesale energy conditions, tightening environmental regulations, and disruptive technology development prospects were considered.
- For an international technology firm that had experienced a recent bankruptcy, Mr. Graves assisted in the design of a study of how the remaining valuable assets could be deemed assignable to disparate country-specific claims. Company operating practices for research and development risk and profit sharing were evaluated to identify an equitable approach.
- For a merchant power company with a prematurely terminated development contract, Mr. Graves co-lead a team to value the lost contract. The contract included several different kinds of revenue streams of different risks, for which Brattle developed different discount rates and debt carrying-capacity assessments. The case was settled with a very large award consistent with the Brattle valuations.
- Holding company utilities with many subsidiaries in different states face differing kinds of regulatory allowances, balancing accounts with differing lags and allowed returns for cost recovery, possibly different capital structures, as well as different (and varying) operating conditions. Given such heterogeneity, it can be difficult to determine which subsidiaries are performing well vs. poorly relative to their regulatory and operational challenges. Mr. Graves developed a set of financial reporting normalization adjustments to isolate how much of each subsidiary's profitability was due to financial, vs. managerial, vs. non-recurring operational conditions, so that meaningful performance appraisal was possible.
- Many banks, insurance firms and capital management subsidiaries of large multinational corporations have entered into long term, cross border leases of properties under sale and leaseback or lease in, lease out terms. These have been deemed to be unacceptable tax shelters by the IRS, but that is an appealable claim. Mr. Graves has assisted several companies in evaluating whether their cross border leases had legitimate business purpose and economic substance, above and beyond their tax benefits, due to likelihood of potentially facing a role as equity holder with ownership risks and rewards. He has shown that this is a case-specific matter, not per se determined by the general character of these transactions.
- For a private energy hedge fund providing risk management contracts to industrial energy users, a breach of contract from one industrial customer was disputed as supposedly involving little or no loss because the fund had not been forced to liquidate positions at a loss that corresponded precisely to the abruptly terminated contract. Mr. Graves provided analysis demonstrating how the portfolio loss was borne, but other fund management metrics used to control positions, and other unrelated hedging positions, also changed roughly concurrently in a manner that disguised the way the economic damage was realized over time. The case was settled on favorable terms for Mr. Graves' client.

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- Many utilities have regulated and unregulated subsidiaries, which face different types and degrees of risk. Mr. Graves lead a study of the appropriate adjustments to corporate hurdle rates for the various lines of business of a utility with many types of operations.
- A company that incurred Windfall Tax liabilities in the U.K. regarded those taxes as creditable against U.S. income taxes, but this was disputed by the IRS. Mr. Graves lead a team that prepared reports and testimony on why the Windfall Tax had the character of a typical excess profits tax, and so should be deemed creditable in the U.S. The tax courts concurred with this opinion and allowed the claimed tax deductions in full.
- For a defendant in a sentencing hearing for securities' fraud, Mr. Graves prepared an analysis of how the defendant's role in the corporate crisis was confounded by other concurrent events and disclosures that made loss calculations unreliable. At trial, the Government stipulated that it agreed with Mr. Graves' analysis.
- For the U.S. Department of Justice, Mr. Graves prepared an event study quantifying bounds on the economic harm to shareholders that had likely ensued from revelations that Dynegy Corporation's "Project Alpha" had been improperly represented as a source of operating income rather than as a financing. The event study was presented in the re-sentencing hearing of Mr. Jamie Olis, the primary architect of Project Alpha.
- For a utility facing significant financial losses from likely future costs of its Provider of Last Resort (POLR) obligations, Mr. Graves prepared an analysis of how optimal hindsight coverage of the liability would have compared in costs to a proposed restructuring of the obligation. He also reviewed the prudence of prior, actual coverage of the obligation in light of conventional risk management practices and prevailing market conditions of credit constraints and low long-term liquidity.
- Several banks were accused of aiding and abetting Enron's fraudulent schemes and were sued for damages. Mr. Graves analyzed how the stock market had reacted to one bank's equity analyst's reports endorsing Enron as a "buy," to determine if those reports induced statistically significant positive abnormal returns. He showed that individually and collectively they did not have such an effect.
- Mr. Graves lead an analysis of whether a corporate subsidiary had been effectively under the strategic and operational control of its parent, to such an extent that it was appropriate to "pierce the corporate veil" of limited liability. The analysis investigated the presence of untenable debt capitalization in the subsidiary, overlapping management staff, the adherence to normal corporate governance protocols, and other kinds of evidence of excessive parental control.

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- As a tax-revenue enhancement measure, the IRS was considering a plan to recapture deferred taxes associated with generation assets that were divested or reorganized during state restructurings for retail access. Mr. Graves prepared a white paper demonstrating the unfairness and adverse consequences of such a plan, which was instrumental in eliminating the proposal.
- For a major electronics and semiconductor firm, Mr. Graves critiqued and refined a proposed procedure for ranking the attractiveness of research and development projects. Aspects of risk peculiar to research projects were emphasized over the standards used for budgeting an already proven commercial venture.
- In a dispute over damages from a prematurely terminated long-term power tolling contract, Mr. Graves presented evidence for the plaintiff power plant on why calculating the present value of those damages required the use of two distinct discount rates: one (a low rate) for the revenues lost under the low-risk terminated contract and another, much higher rate, for the valuation of the replacement revenues in the risky, short-term wholesale power markets. The amount of damages was dramatically larger under a two-discount rate calculation, which was the position adopted by the court.
- The energy and telecom industries, especially in the late 1990s and early 2000s, were plagued by allegations regarding trading and accounting misrepresentations, such as wash trades, manipulations of mark-to-market valuations, premature recognition of revenues, and improper use of off-balance sheet entities. In many cases, this conduct has preceded financial collapse and subsequent shareholder suits. Mr. Graves lead research on accounting and financial evidence, including event studies of the stock price movements around the time of the contested practices, and reconstruction of accounting and economic justifications for the way asset values and revenues were recorded.
- Dramatic natural gas price increases in the U.S. often put natural gas and electric utilities in the position of having to counter claims that they should have hedged more of their fuel supplies at times in the past. For several companies, Mr. Graves developed testimony to rebut this hindsight criticism and risk management techniques for fuel (and power) procurement for utilities to apply in the future to avoid prudence challenges.
- As a means of calculating its stranded costs, a utility used a partial spin-off of its generation assets to a company that had a minority ownership from public shareholders. A dispute arose as to whether this minority ownership might be depressing the stock price, if a “control premium” was being implicitly deducted from its value. Using event studies and structural analyses, Mr. Graves identified the key drivers of value for this partially spun-off subsidiary, and he showed that value was not being impaired by the operating, financial and strategic restrictions on the company. He also reviewed the financial economics literature on empirical evidence for control premiums, which he showed reinforced the view that no control premium de-valuation was likely to be affecting the stock.
- A large public power agency was concerned about its debt capacity in light of increasing competitive pressures to allow its resale customers to use alternative suppliers. Mr. Graves lead

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a team that developed an Economic Balance Sheet representation of the agency's electric assets and liabilities in market value terms, which was analyzed across several scenarios to determine safe levels of debt financing. In addition, new service pricing and upstream supply contracting arrangements were identified to help reduce risks.

- Wholesale generating companies intuitively realize that there are considerable differences in the financial risk of different kinds of power plant projects, depending on fuel type, length and duration of power purchase agreements, and tightness of local markets. However, they often are unaware of how if at all to adjust the hurdle rates applied to valuation and development decisions. Mr. Graves lead a Brattle analysis of risk-adjusted discount rates for generation; very substantial adjustments were found to be necessary.
- A major telecommunications firm was concerned about when and how to reenter the Pacific Rim for wireless ventures following the economic collapse of that region in 1997-99. Mr. Graves lead an engagement to identify prospective local partners with a governance structure that made it unlikely for them to divert capital from the venture if markets went soft. He also helped specify contracting and financing structures that create incentives for the venture to remain together should it face financial distress, while offering strong returns under good performance.
- There are many risks associated with operations in a foreign country, related to the stability of its currency, its macro economy, its foreign investment policies, and even its political system. Mr. Graves has assisted firms facing these new dimensions to assess the risks, identify strategic advantages, and choose an appropriate, risk-adjusted hurdle rate for the market conditions and contracting terms they will face.
- The glut of generation capacity that helped usher in electric industry restructuring in the US led to asset devaluations in many places, even where no retail access was allowed. In some cases, this has led to bankruptcy, especially of a few large rural electric cooperatives. Mr. Graves assisted one such coop with its long term financial modeling and rate design under its plan of reorganization, which was approved. Testimony was provided on cost-of-service justifications for the new generation and transmission prices, as well as on risks to the plan from potential environmental liabilities.
- Power plants often provide a significant contribution to the property tax revenues of the townships where they are located. A common valuation policy for such assets has been that they are worth at least their book value, because that is the foundation for their cost recovery under cost-of-service utility ratemaking. However, restructuring throws away that guarantee, requiring reappraisal of these assets. Traditional valuation methods, e.g., based on the replacement costs of comparable assets, can be misleading because they do not consider market conditions. Mr. Graves testified on such matters on behalf of the owners of a small, out-of-market coal unit in Massachusetts.
- Stranded costs and out-of-market contracts from restructuring can affect municipalities and cooperatives as well as investor-owned utilities. Mr. Graves assisted one debt-financed utility in an evaluation of its possibilities for reorganization, refinancing, and re-engineering to

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improve financial health and to lower rates. Sale and leaseback of generation, fuel contract renegotiation, targeted downsizing, spin-off of transmission, and new marketing programs were among the many components of the proposed new business plan.

- As a means of reducing supply commitment risk, some utilities have solicited offers for power contracts that grant the right but not the obligation to take power at some future date at a predetermined price, in exchange for an initial option premium payment. Mr. Graves assisted several of these utilities in the development of valuation models for comparing the asking prices to fair market values for option contracts. In addition, he has helped these clients develop estimates of the critical option valuation parameters, such as trend, volatility, and correlations of the future prices of electric power and the various fuel indexes proposed for pricing the optional power.
- For the World Bank and several investor-owned electric utilities, Mr. Graves presented tutorial seminars on applying methods of financial economics to the evaluation of power production investments. Techniques for using option pricing to appraise the value of flexibility (such as arises from fuel switching capability or small plant size) were emphasized. He has applied these methods in estimating the value of contingent contract terms in fuel contracts (such as price caps and floors) for natural gas pipelines.
- Mr. Graves prepared a review of empirical evidence regarding the stock market's reaction to alternative dividend, stock repurchase, and stock dividend policies for a major electric utility. Tax effects, clientele shifting, signaling, and ability to sustain any new policies into the future were evaluated. A one-time stock repurchase, with careful announcement wording, was recommended.
- For a division of a large telecommunications firm, Mr. Graves assisted in a cost benchmarking study, in which the costs and management processes for billing, service order and inventory, and software development were compared to the practices of other affiliates and competitors. Unit costs were developed at a level far more detailed than the company normally tracked, and numerical measures of drivers that explained the structural and efficiency causes of variation in cost performance were identified. Potential costs savings of 10-50 percent were estimated, and procedures for better identification of inefficiencies were suggested.
- For an electric utility seeking to improve its plant maintenance program, Mr. Graves directed a study on the incremental value of a percentage point decrease in the expected forced outage rate at each plant owned and operated by the company. This defined an economic priority ladder for efforts to reduce outage that could be used in lieu of engineering standards for each plant's availability. The potential savings were compared to the costs of alternative schedules and contracting policies for preventive and reactive maintenance, in order to specify a cost reduction program.
- Mr. Graves conducted a study on the risk-adjusted discount rate appropriate to a publicly-owned electric utility's capacity planning. Since revenue requirements (the amounts being discounted) include operating costs in addition to capital recovery costs, the weighted average cost of capital for a comparable utility with traded securities may not be the correct rate for

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every alternative or scenario. The risks implicit in the utility's expansion alternatives were broken into component sources and phases, weighted, and compared to the risks of bonds and stocks to estimate project-specific discount rates and their probable bounds.

Utility Planning and Operations

- Uncertainty over the pace and extent of potential distributed energy resources (DERs) adoption by customers makes load forecasting and system planning much more complex, possibly involving future “tipping points” when DER use could accelerate rapidly. However, statistical histories on these improving technologies are not yet very informative as to when or why such a shift might occur. Mr. Graves has assisted several distribution utilities with a new, behavior-based modeling technique for long range system planning that simulates possible paths to DER adoption, utilizing system dynamics methods that recognize feedbacks between electricity prices, customers’ propensities to use DERs, declining technology costs, cost shifting to non-users, load shapes, and financial performance.
- Many large high-tech firms are selling power supply services relying entirely on renewable resources. This can only be done for average or cumulative power needs, but the resulting green energy production will not match the time pattern of those firms’ demand. Mr. Graves lead a team evaluating how much risk is borne by a utility from offering such service over many years, when it will have to balance a significant green supply (such as rooftop and utility- scale solar) against its own load and the regional market.
- With improvements in performance and cost of microgeneration, many hospitals, universities, and similar campuses are considering combined heat and power supply as an alternative to utility energy services. Mr. Graves has helped several such entities evaluate potential benefits of CHP, including choosing the preferred size and mix of technology and risk analysis of terms in financial and operating contracts for the CHP systems.
- Many utilities are facing a concern through the expected useful lives of their coal plants are being shortened by low gas prices and increased use of renewables. Mr. Graves helped a utility justify early retirement of a coal plant with full recovery of its stranded costs, when that plant could be replaced more economically with new wind plants while the tax incentives for their development were still in effect.
- Mr. Graves developed a valuation and risk analysis model showing that a utility’s RFP for new generation could be better served by deferring new plant construction for a few years via a less costly and less risky transitional market-based power supply contract with price and quantity terms shaped to match the shifting needs over time until supply shortfalls were large enough to justify the investment in a new power plant at efficient scale. The parties negotiated a multi-year contract along these lines in lieu of pursuing the construction alternative that initially came out of the RFP selection.
- In Maryland the electric distribution companies administer SOS (Standard Offer Service) supply procurement and accounting to backup customers who do not use a competitive retail power supplier. The utilities are authorized to recover both the direct and financing costs of

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that service plus a return on equity. Mr. Graves developed a method for sizing an appropriate equity return for the SOS risks and administrative services based on analogies to various intermediation businesses on the internet, such as eBay, PayPal, and others—in which, like SOS intermediation, the businesses do not take ownership for the products conveyed. Testimony was provided.

- Mr. Graves co-lead a team of Brattle analysts to assess the relative influence of different factors that were affected by the “Polar Vortex” cold snap of early 2014 that caused dramatic spikes in local power and gas prices in parts of the mid-Atlantic and northeastern US. The risks of similar recurring events were assessed in light of pending expansions of the electric and gas transmission grids, as well as likely coal plant retirements.
- For the Board of Directors or executive management teams of several utilities, Mr. Graves has lead strategic retreats on disruptive issues facing the electric industry in the future and how a utility should choose which risks and opportunities to embrace vs. avoid.
- Air quality and other power plant environmental regulations are being tightened considerably in the period from about 2014-2018. Mr. Graves has co-developed a market and financial model for determining what power plants are most likely to retire vs. retrofit with new environmental controls, and how much this may alter their profitability. This has been used to help several power market participants assess future capacity needs, as well as to adjust their price forecasts for the coming decade.
- Successful merchant power plant development and financing depends in part on obtaining a long term power purchase agreement. Mr. Graves directed a study of what pricing points and risk-sharing terms should be attractive to potential buyers of long-term power supply contracts from a large baseload facility.
- Many utilities are pursuing smart meters and time-of-use pricing to increase customer ability to consume electricity economically. Mr. Graves has led a study of the costs and benefits of different scales and timing of installation of such meters, to determine the appropriate pace. He has also evaluated how various customer incentives to increase conservation and demand response might be provided over the internet, and how much they might increase the participation rates in smart meter programs.
- Wind resources are a critical part of the generation expansion plans and contracting interests of many utilities, in order to satisfy renewable portfolio standards and to reduce long run exposure to carbon prices and fuel cost uncertainty. Mr. Graves has applied Brattle’s risk modeling capabilities to simulate the impacts of on- and off-shore wind resources on the potential range of costs for portfolios of wholesale power contracts designed to serve retail electricity loads. These impacts were compared to gas CCs and CTs and to simply buying more from the wholesale market to identify the most economical supply strategy.
- For a municipal utility with an opportunity to invest in a nuclear power plant expansion, Mr. Graves lead an analysis of how the proposed plant fit the needs of the company, what market and regulatory (environmental) conditions would be required for the plant to be more economical than conventional fossil-fired generation, and how the development risks could be

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shared among co-owners to better match their needs and risk tolerances. He also assessed the market for potential off-take contracts to recover some of the costs and capacity that would be available for a few years, ahead of the needs of the municipal utility.

- The potential introduction of environmental restrictions or fees for CO₂ emissions has made generation expansion decisions much more complex and risky. He helped one utility assess these risks in regard to a planned baseload coal plant, finding that the value of flexibility in other technologies was high enough to prefer not building a conventional coal plant.
- Mr. Graves helped design, implement, and gain regulatory approvals for a natural gas procurement hedging program for a western U.S. gas and electric utility. A model of how gas forward prices evolve over time was estimated and combined with a statistical model of the term structure of gas volatility to simulate the uncertainty in the annual cost of gas at various times during its procurement, and the resulting impact on the range of potential customer costs.
- Generation planning for utilities has become very complex and risky due to high natural gas prices and potential CO₂ restrictions of emission allowances. Some of the scenarios that must be considered would radically alter system operations relative to current patterns of use. Mr. Graves has assisted utilities with long range planning for how to measure and cope with these risks, including how to build and value contingency plans in their resource selection criteria, and what kinds of regulatory communications to pursue to manage expectations in this difficult environment.
- For a Midwestern utility proposing to divest a nuclear plant, Mr. Graves analyzed the reasonableness of the proposed power buyback agreement and the effects on risks to utility customers from continued ownership vs. divestiture. The decommissioning funds were also assessed as to whether their transfer altered the appropriate purchase price.
- Several utilities with coal-fired power plants have faced allegations from the U.S. EPA that they have conducted past maintenance on these plants which should be deemed “major modifications”, thereby triggering New Source Review standards for air quality controls. Mr. Graves has helped one such utility assess limitations on the way in which GADS data can be used retrospectively to quantify comparisons between past actual and projected future emissions. For another utility, Mr. Graves developed retrospective estimates of changes in emissions before and after repairs using production costing simulations. In a third, he reviewed contemporaneous corporate planning documents to show that no increase in emissions would have been expected from the repairs, due to projected reductions in future use of the plant as well as higher efficiency. In all three cases, testimony was presented.
- The U.S. Government is contractually obligated to dispose of spent nuclear fuel at commercial reactors after January 1998, but it has not fulfilled this duty. As a result, nuclear facilities that are shutdown or facing full spent fuel pools are facing burdensome costs and risks. Mr. Graves prepared developed an economic model of the performance that could have reasonably been expected of the government, had it not breached its contract to remove the spent fuel.

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- Capturing the full value of hydroelectric generation assets in a competitive power market is heavily dependent on operating practices that astutely shift between real power and ancillary services markets, while still observing a host of non-electric hydrological constraints. Mr. Graves led studies for several major hydro generation owners in regard to forecasting of market conditions and corresponding hydro schedule optimization. He has also designed transfer pricing procedures that create an internal market for diverting hydro assets from real power to system support services firms that do not yet have explicit, observable market prices.
- Mr. Graves led a gas distribution company in the development of an incentive ratemaking system to replace all aspects of its traditional cost of service regulation. The base rates (for non-fuel operating and capital costs) were indexed on a price-cap basis (RPI-X), while the gas and upstream transportation costs allowances were tied to optimal average annual usage of a reference portfolio of supply and transportation contracts. The gas program also included numerous adjustments to the gas company's rate design, such as designing new standby rates so that customer choice will not be distorted by pricing inefficiencies.
- An electric utility with several out-of-market independent power contracts wanted to determine the value of making those plants dispatchable and to devise a negotiating strategy for restructuring the IPP agreements. Mr. Graves developed a range of forecasts for the delivered price of natural gas to this area of the country. Alternative ways of sharing the potential dispatch savings were proposed as incentives for the IPPs to renegotiate their utility contracts.
- For an electric utility considering the conversion of some large oil-fired units to natural gas, Mr. Graves conducted a study of the advantages of alternative means of obtaining gas supplies and gas transportation services. A combination of monthly and daily spot gas supplies, interruptible pipeline transportation over several routes, gas storage services, and "swing" (contingent) supply contracts with gas marketers was shown to be attractive. Testimony was presented on why the additional services of a local distribution company would be unneeded and uneconomic.
- A power engineering firm entered into a contract to provide operations and maintenance services for a cogenerator, with incentives fees tied to the unit's availability and operating cost. When the fees increased due to changes in the electric utility tariff to which they were tied, a dispute arose. Mr. Graves provided analysis and testimony on the avoided costs associated with improved cogeneration performance under a variety of economic scenarios and under several alternative utility tariffs.
- Mr. Graves has helped several pipelines design incentive pricing mechanisms for recovering their expected costs and reducing their regulatory burdens. Among these have been Automatic Rate Adjustment Mechanisms (ARAMs) for indexation of operations and maintenance expenses, construction-cost variance-sharing for routine capital expenditures that included a procedure for eliciting unbiased estimates of future costs, and market-based prices capped at replacement costs when near-term future expansion was an uncertain but probable need.

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- For a major industrial gas user, he prepared a critique of the transportation balancing charges proposed by the local gas distribution company. Those charges were shown to be arbitrarily sensitive to the measurement period as well as to inconsistent attribution of storage versus replacement supply costs to imbalance volumes. Alternative balancing valuation and accounting methods were shown to be cheaper, more efficient, and simpler to administer. This analysis helped the parties reach a settlement based on a cash-in/cash-out design.
- The Clean Air Act Amendments authorized electric utilities to trade emission allowances (EAs) as part of their approach to complying with SO₂ emissions reductions targets. For the Electric Power Research Institute (EPRI), Mr. Graves developed multi-stage planning models to illustrate how the considerable uncertainty surrounding future EA prices justifies waiting to invest in irreversible control technologies, such as scrubbers or SCRs, until the present value cost of such investments is significantly below that projected from relying on EAs.
- For an electric utility with a troubled nuclear plant, Mr. Graves presented testimony on the economic benefits likely to ensue from a major reorganization. The plant was to be spun off to a jointly-owned subsidiary that would sell available energy back to the original owner under a contract indexed to industry unit cost experience. This proposal afforded a considerable reduction of risk to ratepayers in exchange for a reasonable, but highly uncertain prospect of profits for new investors. Testimony compared the incentive benefits and potential conflicts under this arrangement to the outcomes foreseeable from more conventional incentive ratemaking arrangements.
- Mr. Graves helped design Gas Inventory Charge (GIC) tariffs for interstate pipelines seeking to reduce their risks of not recovering the full costs of multi-year gas supply contracts. The costs of holding supplies in anticipation of future, uncertain demand were evaluated with models of the pipeline's supply portfolio that reveal how many non-production costs (demand charges, take-or-pay penalties, reservation fees, or remarketing costs for released gas) would accrue under a range of demand scenarios. The expected present value of these costs provided a basis for the GIC tariff.
- Mr. Graves performed a review and critique of a state energy commission's assessment of regional natural gas and electric power markets in order to determine what kinds of pipeline expansion into the area was economic. A proposed facility under review for regulatory approval was found to depend strongly on uneconomic bypass of existing pipelines and LDCs. In testimony, modular expansion of existing pipelines was shown to have significantly lower costs and risks.
- For several electric utilities with generation capacity in excess of target reserve margins, Mr. Graves designed and supervised market analyses to identify resale opportunities by comparing the marginal operating costs of all this company's power plants not needed to meet target reserves to the marginal costs for almost 100 neighboring utilities. These cost curves were then overlaid on the corresponding curve for the client utility to identify which neighbors were competitors and which were potential customers. The strength of their relative threat or

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attractiveness could be quantified by the present value of the product of the amount, duration, and differential cost of capacity that was displaceable by the client utility.

- Mr. Graves specified algorithms for the enhancement of the EPRI EGEAS generation expansion optimization model, to capture the first-order effects of financial and regulatory constraints on the preferred generation mix.
- For a major electric power wholesaler, Mr. Graves developed a framework for estimating how pricing policies affect the relative attractiveness of capacity expansion alternatives. Traditional cost-recovery pricing rules can significantly distort the choice between two otherwise equivalent capacity plans, if one includes a severe “front end load” while the other does not. Price-demand feedback loops in simulation models and quantification of consumer satisfaction measures were used to appraise the problem. This “value of service” framework was generalized for the Electric Power Research Institute.
- For a large gas and electric utility, Mr. Graves participated in coordinating and evaluating the design of a strategic and operational planning system. This included computer models of all aspects of utility operations, from demand forecasting through generation planning to financing and rate design. Efforts were split between technical contributions to model design and attention to organizational priorities and behavioral norms with which the system had to be compatible.
- For an oil and gas exploration and production firm, Mr. Graves developed a framework for identifying what industry groups were most likely to be interested in natural gas supply contracts featuring atypical risk-sharing provisions. These provisions, such as price indexing or performance requirements contingent on market conditions, are a form of product differentiation for the producer, allowing it to obtain a price premium for the insurance-like services.
- For a natural gas distribution company, Mr. Graves established procedures for redefining customer classes and for repricing gas services according to customers' similarities in load shape, access to alternative gas supplies, expected growth, and need for reliability. In this manner, natural gas service was effectively differentiated into several products, each with price and risk appropriate to a specific market. Planning tools were developed for balancing gas portfolios to customer group demands.
- For a Midwestern electric utility, Mr. Graves extended a regulatory pro forma financial model to capture the contractual and tax implications of canceling and writing off a nuclear power plant in mid-construction. This possibility was then appraised relative to completion or substitution alternatives from the viewpoints of shareholders (market value of common equity) and ratepayers (present value of revenue requirements).
- For a corporate venture capital group, Mr. Graves conducted a market-risk assessment of investing in a gas exploration and production company with contracts to an interstate pipeline. The pipeline's market growth, competitive strength, alternative suppliers, and regulatory exposure were appraised to determine whether its future would support the purchase volumes needed to make the venture attractive.

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- For a natural gas production and distribution company, he developed a strategic plan to integrate the company's functional policies and to reposition its operations for the next five years. Decision analysis concepts were combined with marginal cost estimation and financial pro forma simulation to identify attractive and resilient alternatives. Recommendations included target markets, supply sources, capital budget constraints, rate design, and a planning system. A two-day planning conference was conducted with the client's executives to refine and internalize the strategy.
- For the New Mexico Public Service Commission, he analyzed the merits of a corporate reorganization of the major New Mexico gas production and distribution company. State ownership of the company as a large public utility was considered but rejected on concerns over efficiency and the burdening of performance risks onto state and local taxpayers.

Regulated Industry Policy and Restructuring

- Several states and cities have set goals of deep decarbonization of their local economies, often dubbed “80 by 50” if they aspire to 80% reductions in GHG emissions by 2050. Achieving this will involve radical change in the economy of those regions, potentially with dramatic load growth due to electrification and massive investment in new infrastructure for end-use and power supply and delivery. Mr. Graves has built models that show what types and degree of change could arise, and what they might cost depending on how such transformations are incentivized or enforced.
- As wholesale power and natural gas prices have fallen, interest in “retail choice” for energy supply has increased. At the same time, some state regulatory agencies have become concerned that misleading marketing and non-competitive pricing are too common in the mass market, especially afflicting low income and senior residential customers. Mr. Graves lead a review of such concerns that compared practices and market performance in several states to identify what could be done to improve such services.
- For a group of utilities responding to a state mandate to consider means of encouraging distributed technologies to be assessed and incentivized in parity with central station generation, Mr. Graves and others at Brattle prepared alternative means of incorporating marginal cost and externality value considerations into new cost/benefit assessment tools, procurement mechanisms, and supply contracting.
- For a mid-Atlantic gas distribution utility, Mr. Graves assessed mark to market losses that had occurred from gas supply hedges entered before spot prices declined precipitously. Concerns were voice that this outcome indicated the company’s hedging practices were no longer attune to market conditions, so Mr. Graves developed and lead workshop between the company, intervener groups, and state commission staff to define new appropriate goals, mechanisms and review standards for revised risk management approach.

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- For a major participant in the Japanese power industry contemplating reorganization of that country's electric sector following Fukushima, Mr. Graves lead a research project on the performance of alternative market designs around the US and around the world for vertical unbundling, RTO design, and retail choice.
- For several utilities facing the end of transitional "provider of last resort" (or POLR) prices, Mr. Graves developed forecasts and risk analyses of alternative procurement mechanisms for follow-on POLR contracts. He compared portfolio risk management approaches to full requirements outsourcing under various terms and conditions.
- For a large municipal electric and gas company considering whether to opt-in to state retail access programs, Mr. Graves lead an analysis of what changes in the level and volatility of customer rates would likely occur, what transition mechanisms would be required, and what impacts this would have on city revenues earned as a portion of local electric and gas service charges.
- Many utilities experienced significant "rate shock" when they ended "rate freeze" transition periods that had been implemented with earlier retail restructuring. The adverse customer and political reactions have led to proposals to annual procurement auctions and to return to utility-owned or managed supply portfolios. Mr. Graves has assisted utilities and wholesale gencos with analyses of whether alternative supply procurement arrangements could be beneficial.
- The impacts of transmission open access and wholesale competition on electric generators risks and financial health are well documented. In addition, there are substantial impacts on fuel suppliers, due to revised dispatch, repowerings and retirements, changes in expansion mix, altered load shapes and load growth under more competitive pricing. For EPRI, Mr. Graves co-authored a study that projected changes in fuel use within and between ten large power market regions spanning the country under different scenarios for the pace and success of restructuring.
- As a result of vertical unbundling, many utilities must procure a substantial portion of their power from resources they do not own or operate. Market prices for such supplies are quite volatile. In addition, utilities may face future customer switching to or from their supply service, especially if they are acting as provider of last resort (POLR). This problem is a blending of risk management with the traditional least-cost Integrated Resource Planning (IRP). Regulatory standards for findings of prudence in such a hybrid environment are often not well understood or articulated, leaving utilities at risk for cost disallowances that can jeopardize their credit-worthiness. Mr. Graves has assisted several utilities in devising updated procurement mechanisms, hedging strategies, and associated regulatory guidelines that clarify the conditions for approval and cost recovery of resource plans, in order to make possible the expedited procurement of power from wholesale market suppliers.
- Public power authorities and cooperatives face risks from wholesale restructuring if their sales-for-resale customers are free to switch to or from supply contracting with other wholesale suppliers. Such switching can create difficulties in servicing the significant debt capitalization

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of these public power entities, as well as equitable problems with respect to non-switching customers. Mr. Graves has lead analyses of this problem, and has designed alternative product pricing, switching terms and conditions, and debt capitalization policies to cope with the risks.

- As a means of unbundling to retain ownership but not control of generation, some utilities turned to divesting output contracts. Mr. Graves was involved in the design and approval of such agreements for a utility's fleet of generation. The work entailed estimating and projecting cost functions that were likely to track the future marginal and total costs of the units and analysis of the financial risks the plant operator would bear from the output pricing formula. Testimony on risks under this form of restructuring was presented.
- Mr. Graves contributed to the design and pricing of unbundled services on several natural gas pipelines. To identify attractive alternatives, the marginal costs of possible changes in a pipeline's service mix were quantified by simulating the least-cost operating practices subject to the network's physical and contractual constraints. Such analysis helped one pipeline to justify a zone-based rate design for its firm transportation service. Another pipeline used this technique to demonstrate that unintended degradations of system performance and increased costs could ensue from certain proposed unbundling designs that were insensitive to system operations.
- For several natural gas pipeline companies, Mr. Graves evaluated the cost of equity capital in light of the requirements of FERC Order 636 to unbundle and reprice pipeline services. In addition to traditional DCF and risk positioning studies, the risk implications of different degrees of financial leverage (debt capitalization) were modeled and quantified. Aspects of rate design and cost allocation between services that also affect pipeline risk were considered.
- Mr. Graves assisted several utilities in forecasting market prices, revenues, and risks for generation assets being shifted from regulated cost recovery to competitive, deregulated wholesale power markets. Such studies have facilitated planning decisions, such as whether to divest generation or retain it, and they have been used as the basis for quantifying stranded costs associated with restructuring in regulatory hearings. Mr. Graves has assisted a leasing company with analyses of the tax-legitimacy of complex leasing transactions by reviewing the extent and quality of due diligence pursued by the lessor, the adequacy of pre-tax returns, the character, time pattern, and degree of risk borne by the buyer (lessor), the extent of defeasance, and compliance with prevailing guidelines for true-lease status.

Market Competition

- Mr. Graves assisted a nuclear plant owner with an assessment of whether a proposed merger of a company in whom it had a partial investment interest would alter the co-owner's incentives to manage the plant for maximum stand-alone value of the asset. Structural and behavioral models of the relevant market were developed to determine that there would be no material changes in incentive or ability to affect the value of the asset.

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- Mr. Graves has testified on the quality of retail competition in Pennsylvania and on whether various proposals for altering Default Service might create more robust competition.
- Regulatory and legal approvals of utility mergers require evidence that the combined entity will not have undue market power. Mr. Graves assisted several utilities in evaluating the competitive impacts of potential mergers and acquisitions. He has identified ways in which transmission constraints reduce the number and type of suppliers, along with mechanisms for incorporating physical flow limits in FERC's Delivered Price Test (DPT) for mergers. He has also assessed the adequacy of mitigation measures (divestitures and conduct restrictions) under the DPT, Market-Based Rates, and other tests of potential market power arising from proposed mergers.
- A major concern associated with electric utility industry restructuring is whether or not generation markets are adequately competitive. Because of the state-dependent nature of transmission transfer capability between regions, itself a function of generation use, the quality of competition in the wholesale generation markets can vary significantly and may be susceptible to market power abuse by dominant suppliers. Mr. Graves helped one of the largest ISOs in the U.S. develop market monitoring procedures to detect and discourage market manipulations that would impair competition.
- Vertical market power arises when sufficient control of an upstream market creates a competitive advantage in a downstream market. It is possible for this problem to arise in power supply, in settings where the likely marginal generation is dependent on very few fuel suppliers who also have economic interests in the local generation market. Mr. Graves analyzed this problem in the context of the California gas and electric markets and filed testimony to explain the magnitude and manifestations of the problem.
- The increased use of transmission congestion pricing has created interest in merchant transmission facilities. Mr. Graves assisted a developer with testimony on the potential impacts of a proposed line on market competition for transmission services and adjacent generation markets. He also assisted in the design of the process for soliciting and ranking bids to buy tranches of capacity over the line.
- Many regions have misgivings about whether the preconditions for retail electric access are truly in place. In one such region, Mr. Graves assisted a group of industrial customers with a critique of retail restructuring proposals to demonstrate that the locally weak transmission grid made adequate competition among numerous generation suppliers very implausible.
- Mr. Graves assisted one of the early ISOs with its initial market performance assessment and its design of market monitoring tests for diagnosing the quality of prevailing competition.

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Electric and Gas Transmission

- Substantial fleets of wind-based generation can impose significant integration costs on power systems. Mr. Graves assisted in assessing what additional amounts and costs for ancillary services would be needed for a Western utility with a large renewable fleet. The approach included a statistical analysis of how wind output was correlated with demand, and how much forecasting error in wind output was likely to be faced over different scheduling horizons. Benefits of geographic diversity of the wind fleet were also assessed.
- For a utility seeking FERC approval for the purchase of an affiliate's generating facility, Mr. Graves analyzed how transmission constraints affecting alternative supply resources altered their usefulness to the buyer.
- As part of a generation capacity planning study, he lead an analysis of how congestion premiums and discounts relative to locational marginal prices (LMPs) at load centers affected the attractiveness of different potential locations for new generation. At issue was whether the prevailing LMP differences would be stable over time, as new transmission facilities were completed, and whether new plants could exacerbate existing differentials and lead to degraded market value at other plants.
- Mr. Graves assisted a genco with its involvement in the negotiation and settlement of "regional through and out rates" (RTOR) that were to be abolished when MISO joined PJM. His team analyzed the distribution of cost impacts from several competing proposals, and they commented on administrative difficulties or advantages associated with each.
- For the electric utility regulatory commission of Colombia, S.A., Mr. Graves led a study to assess the inadequacies in the physical capabilities and economic incentives to manage voltages at adequate levels. The Brattle team developed minimum reactive power support obligations and supplement reactive power acquisition mechanisms for generators, transmission companies, and distribution companies.
- Mr. Graves conducted a cost-of-service analysis for the pricing of ancillary services provided by the New York Power Authority.
- On behalf of the Electric Power Research Institute (EPRI), Mr. Graves wrote a primer on how to define and measure the cost of electric utility transmission services for better planning, pricing, and regulatory policies. The text covers the basic electrical engineering of power circuits, utility practices to exploit transmission economies of scale, means of assuring system stability, economic dispatch subject to transmission constraints, and the estimation of marginal costs of transmission. The implications for a variety of policy issues are also discussed.
- The natural gas pipeline industry is wedged between competitive gas production and competitive resale of gas delivered to end users. In principle, the resulting basis differentials between locations around the pipeline ought to provide efficient usage and expansion signals, but traditional pricing rules prevent the pipeline companies from participating in the marginal value of their own services. Mr. Graves worked to develop alternative pricing mechanisms and

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service mixes for pipelines that would provide more dynamically efficient signals and incentives.

- Mr. Graves analyzed the spatial and temporal patterns of marginal costs on gas and electric utility transmission networks using optimization models of production costs and network flows. These results were used by one natural gas transmission company to design receipt-point-based transmission service tariffs, and by another to demonstrate the incremental costs and uneven distribution of impacts on customers that would result from a proposed unbundling of services.

TESTIMONY

For Public Service Company of New Mexico, Mr. Graves presented rebuttal and sur-rebuttal (March 15, 2021) testimonies before the NMPSC (Case No. 21-00017-UT) on whether ownership of a share of the Four Corners power plant had been imprudently sustained in the past decade, and if so, what customer harm (damages) may have ensued. He presented analyses that supplemented past resource planning and that compared the realized costs of the Four Corners alternative to the gas plant that critics of the Company plan felt should have been chosen.

For Alta Windpower, testimony in regard to whether locations of adjacent wind farms was causing interference and if so, how much harm to output was occurring (JAMS Case No.1220065657, January 16, 2021).

For PacifiCorp before the Oregon Public Utility Commission (Docket UE-374, February 2020), Mr. Graves prepared testimony on the difficulties in forecasting short-term power system balancing and trading transactions and the resulting tendency for these to be underestimated in projected operating costs, hence under-collected in rates. Based on a comparison to other states practices, he proposed that such costs be allowed to be fully recovered on a flow-through basis without risk-sharing, subject to prudence.

On behalf of Public Service Company of New Mexico, presented testimony before the New Mexico Public Regulation Commission on the merits of replacing the San Juan Generating Station coal units with a fleet of renewables, storage and gas-fired peakers, and on the reasons for allowing full recovery of the coal plant's sunk costs despite early retirement. Case No. 19-00018-UT, November 15, 2019.

On behalf of both Southern California Edison and Pacific Gas & Electric Company, presented direct and rebuttal testimony co-authored with Robert Mudge in regard to cost of wildfire risk under AB 1054, a state policy to create a fire insurance mechanism. Applications 19-04-014 and 19-04-015, September 4, 2019.

For Dominion Energy Kewaunee, Mr. Graves filed expert testimony in the U.S. Court of Federal Claims (Case No. 18-808 C, July 25, 2019) in regard to the ability of the plaintiff (Kewaunee Nuclear) to have had all its spent nuclear fuel removed by the U.S. DoE, had the government met its obligations to perform under the Standard Contract with the nuclear industry. Modeling shows why the government ought to be liable for damages from otherwise unnecessary storage costs at the site. Similar testimonies were filed on behalf of NorthStar for Vermont Yankee (Aug. 2019) and on behalf of Duke Power in regard to the Crystal River nuclear plant (Sept. 2019).

For Nicor Gas, a natural gas distribution company, Mr. Graves co-authored testimony on the cost of equity capital utilizing a broad spectrum of risk-pricing methods and explaining how financial leverage affects it. Testimony was filed with the Illinois Commerce Commission, Docket 18-xxxx, November 9, 2018.

For the electric transmission division of Pacific Gas & Electric, Mr. Graves presented testimony and co-authored an accompanying report on the cost of capital impacts from the extreme risks arising from potential liability for damages caused by large wildfires in California. Testimony before the FERC, Docket

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ER19-_-000, Exhibit PGE-0019, October 1, 2018.

For the Government of Colombia, written and oral testimony in regard to apparent misrepresentations of coal mine development costs and expected profitability by Glencore Corporation that adversely affected royalty payments for Colombia. Heard in the International Court of Arbitration, ICSID Case No ARB/16/6, Washington DC, June 2018.

Before the Pennsylvania Public Utility Commission, written direct testimony for Philadelphia Gas Works, Docket No. R-2017-2586783, June 2017, regarding financial benchmarking of the company vs. investor owned and public agency peers, and the need for a rate increase to maintain financial metrics and cover future costs.

Direct testimony in regard to a claim for a share of lime consumption reduction costs obtained by Plum Point as one of SMEPA's power plant operator/suppliers, on behalf of SMEPA, before the American Arbitration Association in the matter of Southwest Mississippi Electric Power Association vs. Plum Point Energy Associates, Case No. 01-15-0002-6062, September 2016.

Direct, Rebuttal and Supplementary Rebuttal reports regarding damages from loss of a nuclear generation facility, on behalf of Southern California Edison Company, Edison Material Supply LLC., San Diego Gas and Electric Company and City of Riverside before the International Chamber of Commerce in the matter of Southern California Edison v. Mitsubishi Nuclear Energy Systems, Inc. and Mitsubishi Heavy Industries, Ltd., Case No. 19784/AGF/RD, July 27, 2015 (direct), January 19, 2016 (rebuttal) and March 14, 2016 (supplemental).

Direct report re determination of an appropriate level of return needed for Standard Offer Service (SOS), on behalf of Delmarva Power & Light Company and Potomac Electric Power Company before the Maryland Public Service, Case Nos. 9226 and 9232, July 24, 2015.

Direct testimony in regard to the prudence of its gas hedging, on behalf of Hope Gas, Inc., before the West Virginia Public Service Commission, Case No. 12-1070-G-30C, June 24, 2013.

Direct testimony on behalf of Public Service Company of New Mexico before the NM Public Regulation Commission re appropriate profit incentives for energy conservation activities, Case No. 12-00317-UT, October 5, 2012.

Rebuttal testimony on behalf of Rocky Mountain Power Company before the Public Service Commission of Utah in regard to hedging practices for natural gas supply, Docket 11-035-200, July 2012.

Rebuttal testimony on behalf of Rocky Mountain Power Company before the Public Service Commission of Wyoming in regard to gas supply hedging and loss-sharing, Docket No. 20000-405-ER-11, June 2012.

Direct testimony on behalf of Ohio Power Company before the PUC of Ohio in regard to performance of PJM capacity markets, in Ohio Power's application for its ESP service charges, Case No. 10-2929-EL-UNC, March 30, 2012.

Expert report and oral testimony on behalf of Pepco Holdings, Inc. before the Maryland Public Service Commission in regard to inadequacies in the MD PSC's RFP for new combined cycle generation development in SWMAAC, Case No. 9214, January 31, 2012.

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Direct testimony on behalf of Columbus Southern Power Company and Ohio Power Company before the Public Utilities Commission of Ohio in the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company, Case No. 10-2929 -EL-UNC, August 31, 2011.

Rebuttal report on spent nuclear fuel removal on behalf of Yankee Atomic Electric Company, Connecticut Yankee Atomic Power Company, Maine Yankee Atomic Power Company before the United States Court of Federal Claims, Nos. 07-876C, No. 07-875C, No. 07-877C, August 5, 2011.

Direct Testimony on rehearing regarding the allowance of swaps in Rocky Mountain Power's fuel adjustment cost recovery mechanism, on behalf of Rocky Mountain Power before the Public Service Commission of the State of Utah, July 2011.

Comments and Reply Comments on capacity procurement and transmission planning on behalf of New Jersey Electric Distribution Companies before the State of New Jersey Board of Public Utilities in the Matter of the Board's Investigation of Capacity Procurement and Transmission Planning, NJ BPU Docket No. EO11050309, June 17, 2011; July 12, 2011.

Rebuttal testimony regarding Rocky Mountain Power's hedging practices on behalf of Rocky Mountain Power before the Public Service Commission of the State of Utah, Docket No. 10-035-124, June 2011.

Expert and Rebuttal reports regarding contract termination damages, on behalf of Hess Corporation before the United States District Court for the Northern District of New York, Case No. 5:10-cv-587 (NPM/GHL), April 29, 2011, May 13, 2011.

Expert and Rebuttal reports on spent fuel removal at Rancho Seco nuclear power plant, on behalf of Sacramento Municipal Utility District before the U.S. Court of Federal Claims, No. 09-587C, October 2010, July 1, 2011.

Rebuttal testimony on the Impacts of the Merger with First Energy on retail electric competition in Pennsylvania, on behalf of Allegheny Power before the Pennsylvania Public Utility Commission, Docket Nos. A-2010-2176520 and A-2010-2176732, September 13, 2010.

Expert and Rebuttal reports on the interpretation of pricing terms in a long term power purchase agreement, on behalf of Chambers Cogeneration Limited Partnership before the Superior Court of New Jersey, Docket No. L-329-08, August 23, 2010, September 21, 2010.

Expert and Rebuttal reports on spent fuel removal at Trojan nuclear facility, on behalf of Portland General Electric Company, The City of Eugene, Oregon, and PacifiCorp before the United States Court of Federal Claims No. 04-0009C, August 2010, June 29, 2011.

Rebuttal and Rejoinder testimonies on the approval of its Smart Meter Technology Procurement and Installation Plan before the Pennsylvania Public Utility Commission on behalf of West Penn Power Company d/b/a Allegheny Power, Docket No. M-2009-2123951, October 27, 2009, November 6, 2009.

Supplemental Direct testimony on the need for an energy cost adjustment mechanism in Utah to recover the costs of fuel and purchased power, on behalf of Rocky Mountain Power before the Public Service Commission of Utah, Docket No. 09-035-15, August 2009.

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Expert and Rebuttal reports on spent nuclear fuel removal on behalf of Yankee Atomic Electric Company, Connecticut Yankee Atomic Power Company, Maine Yankee Atomic Power Company before the United States Court of Federal Claims, Nos. 98-126C, No. 98-154C, No. 98-474C, April 24, 2009, July 20, 2009.

Expert report in regard to opportunistic under-collateralization of affiliated trading companies, on behalf of BJ Energy, LLC, Franklin Power LLC, GLE Trading LLC, Ocean Power LLC, Pillar Fund LLC and Accord Energy, LLC before the United States District Court for the Eastern District of Pennsylvania, No. 09-CV-3649-NS, March 2009.

Rebuttal report in regard to appropriate discount rates for different phases of long-term leveraged leases, on behalf of Wells Fargo & Co. and subsidiaries, Docket No. 06-628T, January 15, 2009.

Oral and written direct testimony regarding resource procurement and portfolio design for Standard Offer Service, on behalf of PEPco Holdings Inc. in its Response to Maryland Public Service Commission, Case No. 9117, October 1, 2008 and December 15, 2008.

Direct testimony regarding considerations affecting the market price of generation service for Standard Service Offer (SSO) customers, on behalf of Ohio Edison Company, et al., Docket 08-125, July 24, 2008.

Direct testimony in support of Delmarva's "Application for the Approval of Land-Based Wind Contracts as a Supply Source for Standard Offer Service Customers," on behalf of Delmarva Power & Light Company before the Public Service Commission of Delaware, July 24, 2008.

Oral direct testimony in regard to the Government's performance in accepting spent nuclear fuel under contractual obligations established in 1983, on behalf of plaintiff Dairyland Power Cooperative before the United States Court of Federal Claims (No. 04-106C), July 17, 2008.

Direct testimony for Delmarva Power & Light on risk characteristics of a possible managed portfolio for Standard Offer Service, as part of Delmarva's IRP filings (PSC Docket No. 07-20), March 20, 2008 and May 15, 2008.

Oral direct testimony regarding the economic substance of a cross-border lease-to-service contract for a German waste-to-energy plant on behalf of AWG Leasing Trust and KSP Investments, Inc before U. S. District Court, Northern District of Ohio, Eastern Division, Case No. 1:07CV0857, January 2008.

Expert report (October 15, 2007) and oral testimony (September 21 and 22, 2010) in Commonwealth of Pennsylvania Department of Environmental Protection, et al., v. Allegheny Energy Inc, et al. regarding flaws in the plaintiffs' assessment of emissions attributed to repairs at certain power plants, Civil Action No. 2:05ev1885.

Direct testimony regarding portfolio management alternatives for supplying Standard Offer Service, on behalf of Potomac Electric Power Company and Delmarva Power & Light Company before the Public Service Commission of Maryland, Case No. 9117, September 14, 2007.

Direct testimony in regard to preconditions for effective retail electric competition, on behalf of New West Energy Corporation before the Arizona Commerce Commission, Docket No. E-03964A-06-0168, August 31, 2007.

Direct and rebuttal testimonies regarding the application of OG&E for an order of commission granting

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preapproval to construct Red Rock Generating Facility and authorizing a recovery rider, on behalf of Oklahoma Gas & Electric Company (OG&E) before the Corporation Commission of the State of Oklahoma, Case No. PUD 200700012, January 17, 2007 and June 18, 2007.

Testimony in regard to whether defendant's role in accounting misrepresentations could be reliably associated with losses to shareholders of Royal Ahold, on behalf of defendant Mark Kaiser (executive at US Food Services) before the U.S. District Court of New York SI:04Cr733 (TPG) (Docket No. 07-2365-cr).

Rebuttal testimony on proposed benchmarks for evaluating the Illinois retail supply auctions, on behalf of Midwest Generation EME L.L.C. and Edison Mission Marketing and Trading before the Illinois Commerce Commission Docket No. 06-0800, April 6, 2007.

Direct and rebuttal testimonies on the shareholder impacts of Dynegy's Project Alpha for the sentencing of Jamie Olis, on behalf of the U.S. Department of Justice before the United States District Court, Southern District of Texas, Houston Division, Criminal No. H-03-217, September 12, 2006.

Direct and rebuttal testimony on the need for POLR rate cap relief for Metropolitan Edison and Pennsylvania Electric and the prudence of their past supply procurement for those obligations, on behalf of FirstEnergy Corp before the Pennsylvania Public Utility Commission, Docket Nos. R-00061366 and R-00061367, August 24, 2006.

Direct testimony regarding Deutsche Bank Entities' opposition to Enron Corp's amended motion for class certification, on behalf of the Deutsche Bank Entities before the United States District Court, Southern District of Texas, Houston Division, Docket No. H-01-3624, February 2006.

Expert and Rebuttal reports regarding the non-performance of the U.S. Department of Energy in accepting spent nuclear fuel under the terms of its contract, on behalf of Pacific Gas and Electric Company before the United States Court of Federal Claims, Docket No. 04-0074C, into which has been consolidated No. 04-0075C, November 2005.

Direct testimony regarding the appropriate load caps for a POLR auction, on behalf of Midwest Generation EME, LLC before the Illinois Commerce Commission, Docket No. 05-0159, June 8, 2005.

Affidavit regarding unmitigated market power arising from the proposed Exelon—PSEG Merger, on behalf of Dominion Energy, Inc. before the Federal Energy Regulatory Commission, Docket No. EC05- 43-000, April 11, 2005.

Expert and rebuttal reports and oral testimonies before the American Arbitration Association on behalf of Liberty Electric Power, LLC, Case No. 70 198 4 00228 04, December 2004, regarding damages under termination of a long-term tolling contract.

Oral direct and rebuttal testimony before the United States Court of Federal Claims on behalf of Connecticut Yankee Atomic Power Company, Docket No. 98-154 C, July 2004 (direct) and August 2004 (rebuttal), regarding non-performance of the U.S. Department of Energy in accepting spent nuclear fuel under the terms of its contract.

Direct, supplemental and rebuttal testimony before the Public Service Commission of Wisconsin, on behalf of Wisconsin Public Service Corporation and Wisconsin Power and Light Company, Docket No.

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