

**BEFORE THE  
OKLAHOMA CORPORATION COMMISSION**

**IN THE MATTER OF THE APPLICATION)  
OF EMPIRE DISTRICT ELECTRIC CO. )  
FOR APPROVAL OF A GENERAL RATE )  
CHANGE FOR ELECTRIC SERVICE )**

**CAUSE NO.  
2003-121**

**DIRECT TESTIMONY OF  
DAVID A. SCHLISSEL**

**ON BEHALF OF THE  
OKLAHOMA ATTORNEY GENERAL**

**JULY 2, 2003**

**REGARDING STATE LINE PLANT CONSTRUCTION COSTS  
AND  
UNFILLED EMPLOYEE POSITIONS**

1 **Q. Please state your name, position and business address.**

2 A. My name is David A. Schlissel. I am a Senior Consultant at Synapse Energy  
3 Economics, Inc, 22 Pearl Street, Cambridge, MA 02139.

4 **Q. On whose behalf are you testifying in this case?**

5 A. I am testifying on behalf of the Oklahoma Attorney General.

6 **Q. Please describe Synapse Energy Economics.**

7 A. Synapse Energy Economics ("Synapse") is a research and consulting firm  
8 specializing in energy and environmental issues, including electric generation,  
9 transmission and distribution system reliability, market power, electricity market  
10 prices, stranded costs, efficiency, renewable energy, environmental quality, and  
11 nuclear power.

12 **Q. Please summarize your educational background and recent work experience.**

13 A. I graduated from the Massachusetts Institute of Technology in 1968 with a  
14 Bachelor of Science Degree in Engineering. In 1969, I received a Master of  
15 Science Degree in Engineering from Stanford University. In 1973, I received a  
16 Law Degree from Stanford University. In addition, I studied nuclear engineering  
17 at the Massachusetts Institute of Technology during the years 1983-1986.

18 Since 1983 I have been retained by governmental bodies, publicly owned utilities,  
19 and private organizations in 24 states to prepare expert testimony and analyses on  
20 engineering and economic issues related to electric utilities. My clients have  
21 included the Staff of the California Public Utilities Commission, the Staff of the  
22 Arizona Corporation Commission, the Staff of the Kansas State Corporation  
23 Commission, the Arkansas Public Service Commission, municipal utility systems  
24 in Massachusetts, New York, Texas, and North Carolina, and the Attorney  
25 General of the Commonwealth of Massachusetts.

1 I have testified before state regulatory commissions in Arizona, New Jersey,  
2 Connecticut, Kansas, Texas, New Mexico, New York, Vermont, North Carolina,  
3 South Carolina, Maine, Illinois, Indiana, Ohio, Massachusetts, Missouri, and  
4 Wisconsin and before an Atomic Safety & Licensing Board of the U.S. Nuclear  
5 Regulatory Commission.

6 A copy of my current resume is attached as Exhibit DAS-1.

7 **Q. What is the purpose of your testimony?**

8 A. Synapse was retained by the Oklahoma Attorney General to assist in its review of  
9 the Empire District Electric Company's ("Empire") application for a rate increase.  
10 This testimony presents the results of our investigations on the issues of State  
11 Line Combined Cycle Plant's construction costs and unfilled employee positions.

12 **Q. Are you recommending any adjustments to the costs associated with**  
13 **Empire's capacity additions?**

14 A. Yes. In its response to Data Request PUD-16, Empire stated that it had agreed to  
15 reduce its capital costs to reflect a write-off of \$4.1 million associated with the  
16 construction of the State Line Combined Cycle Unit. This \$4.1 million write-off  
17 stems from \$8.3 million in costs related to Empire's contract with the Fru-Con  
18 Construction Company. As part of its Missouri rate case, Empire agreed to write-  
19 off this \$8.3 million "without admitting any imprudence on its part, and solely for  
20 the purpose of disposing of this issue."

21 **Q. How did Empire calculate this \$4.1 million write-off?**

22 A. Empire owns only 60 percent of the State Line Combined Cycle Unit. Given that  
23 the \$8.3 million corresponds to costs associated with the entire unit, Empire is  
24 only accountable for 60 percent of the \$8.3 million, which equates to \$4.98  
25 million. In addition, as explained in Empire's response to Data Request PUD-  
26 215, there were additional AFUDC charges associated with the \$8.3 million in the  
27 written-off costs. Consequently, the \$47,142 in AFUDC charges associated with  
28 Empire's 60 percent share of State Line also should be written-off, thereby  
29 increasing Empire's share of the adjustment from \$4.98 million to \$5,027,142.

1 In calculating the amount by which it reduced its capital costs in Oklahoma,  
2 Empire first took this \$5,027,142 figure and multiplied it by a Missouri  
3 jurisdiction adjustment of 81.3%, resulting in \$4,087,066. Then, in allocating the  
4 write-off to its Oklahoma customers, Empire applied its Oklahoma allocator to  
5 this \$4,087,066 figure.

6 **Q. Do you agree with Empire's application of the 81.3% Missouri jurisdictional**  
7 **adjustment to calculate its Oklahoma write-off?**

8 A. No. In calculating the percentage of the write-off owed to its Oklahoma  
9 customers, Empire has no reason to employ a Missouri jurisdiction adjustment.  
10 Instead of applying its Oklahoma allocator to the \$4.1 million associated with  
11 Empire's Missouri jurisdiction, Empire should have applied its Oklahoma  
12 allocator to the total \$5,027,142 amount.

13 **Q. How has the misapplication of the Missouri jurisdictional adjustment**  
14 **affected Empire's Oklahoma application?**

15 A. As stated in Empire's response to Data Request AG 2-38, the Oklahoma allocator  
16 for production plant is 2.6427%. The application of this allocator to the  
17 appropriate write-off of \$5,027,142 results in a disallowance of \$132,852.28, in  
18 contrast to the disallowance of \$108,008.90 mistakenly adopted by Empire. As  
19 such, I am recommending that Empire increase the write-down associated with  
20 construction of the State Line combined cycle unit by \$24,843.38. Exhibit DAS-2  
21 provides the calculations supporting this recommended adjustment.

22 **Q. Are you recommending any adjustments to the costs associated with**  
23 **Empire's Salaries and Wages?**

24 A. Yes. In determining its payroll expenses, Empire included the salaries associated  
25 with 16 positions that were authorized but unfilled as of March 1, 2003. In  
26 response to Data Request AG 2-39, Empire identified the sum of these salaries to  
27 be \$606,671. It is expected that Empire will have some unfilled positions at any  
28 particular time. However, it is unknown whether or not these positions will be  
29 filled, and thus whether or not the money supporting the salaries of these positions

**Direct Testimony of David A. Schlissel**  
**Cause No. 2003-121**

1           will be used to the benefit of ratepayers. For this reason, I am recommending that  
2           the costs associated with these vacant positions be disallowed. This adjustment  
3           would reduce Empire's request by \$8,016.25.

4   **Q.    Does this complete your testimony?**

5   A.    Yes.

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# **EXHIBIT DAS-1**

# David A Schlissel

Senior Consultant  
Synapse Energy Economics  
22 Crescent Street, Cambridge, MA 02138  
(617) 661-3248 • fax: 661-0599

## SUMMARY

I have worked for twenty-eight years as a consultant and attorney on complex management, engineering, and economic issues, primarily in the field of energy. This work has involved conducting technical investigations, preparing economic analyses, presenting expert testimony, providing support during all phases of regulatory proceedings and litigation, and advising clients during settlement negotiations. I received undergraduate and advanced engineering degrees from the Massachusetts Institute of Technology and Stanford University and a law degree from Stanford Law School

## PROFESSIONAL EXPERIENCE

**Electric Industry Restructuring and Deregulation** - Investigated whether generators have been intentionally withholding capacity in order to manipulate prices in the new spot wholesale market in New England. Evaluated the reasonableness of nuclear and fossil plant sales and auctions of power purchase agreements. Analyzed stranded utility costs in Massachusetts and Connecticut. Examined the reasonableness of utility standard offer rates and transition charges.

**System Operations and Reliability Analysis** - Investigated the causes of distribution system outages and inadequate service reliability. Evaluated the impact of a proposed merger on the reliability of the electric service provided to the ratepayers of the merging companies. Assessed whether new transmission and generation additions were needed to ensure adequate levels of system reliability. Scrutinized utility system reliability expenditures. Reviewed natural gas and telephone utility repair and replacement programs and policies.

**Power Plant Operations and Economics** - Investigated the causes of more than one hundred power plant and system outages, equipment failures, and component degradation, determined whether these problems could have been anticipated and avoided, and assessed liability for repair and replacement costs. Reviewed power plant operating, maintenance, and capital costs. Evaluated utility plans for and management of the replacement of major power plant components. Assessed the adequacy of power plant quality assurance and maintenance programs. Examined the selection and supervision of contractors and subcontractors. Evaluated the reasonableness of contract provisions and terms in proposed power supply agreements.

**Nuclear Power** - Examined the impact of industry restructuring and nuclear power plant life extensions on decommissioning costs and collections policies. Evaluated utility decommissioning cost estimates. Assessed the potential impact of electric industry deregulation on nuclear power plant safety. Reviewed nuclear waste storage and disposal costs. Investigated the potential safety consequences of nuclear power plant structure, system, and component failures.

**Economic Analysis** - Analyzed the costs and benefits of energy supply options. Examined the economic and system reliability consequences of the early retirement of major electric generating facilities. Quantified replacement power costs and the increased capital and operating costs due to identified instances of mismanagement.

**Expert Testimony** - Presented the results of management, technical and economic analyses as testimony in more than seventy proceedings before regulatory boards and commissions in twenty one states, before two federal regulatory agencies, and in state and federal court proceedings.

**Litigation and Regulatory Support** - Participated in all aspects of the development and preparation of case presentations on complex management, technical, and economic issues. Assisted in the preparation and conduct of pre-trial discovery and depositions. Helped identify and prepare expert witnesses. Aided the preparation of pre-hearing petitions and motions and post-hearing briefs and appeals. Assisted counsel in preparing for hearings and oral arguments. Advised counsel during settlement negotiations.

## **TESTIMONY**

### **New Jersey Board of Public Utilities (Docket No. ER02080614) – January 2003**

The prudence of Rockland Electric Company's power purchases during the period August 1, 1999 through July 31, 2002.

### **New York State Board on Electric Generation Siting and the Environment (Case No. 00-F-1356) – September and October 2002 and January 2003**

The need for and the environmental benefits from the proposed 300 MW Kings Park Energy generating facility.

### **Arizona Corporation Commission (Docket No. E-01345A-01-0822) – March 2002**

The reasonableness of Arizona Public Service Company's proposed long-term power purchase agreement with an affiliated company.

### **New York State Board on Electric Generation Siting and the Environment (Case No. 99-F-1627) – March 2002**

Repowering NYPA's existing Poletti Station in Queens, New York.

### **Connecticut Siting Council (Docket No. 217) – March 2002**

Whether the proposed 345-kV transmission line between Plumtree and Norwalk substations in Southwestern Connecticut is needed and will produce public benefits.

### **Vermont Public Service Board (Case No. 6545) – January 2002**



Whether the proposed sale of the Vermont Yankee Nuclear Plant to Entergy is in the public interest of the State of Vermont and Vermont ratepayers.

**Connecticut Department of Public Utility Control (Docket 99-09-12RE02) – December 2001**

The reasonableness of adjustments that Connecticut Light and Power Company seeks to make to the proceeds that it received from the sale of Millstone Nuclear Power Station.

**Connecticut Siting Council (Docket No. 208) – October 2001**

Whether the proposed cross-sound cable between Connecticut and Long Island is needed and will produce public benefits for Connecticut consumers.

**New Jersey Board of Public Utilities (Docket No. EM01050308) - September 2001**

The market power implications of the proposed merger between Conectiv and Pepco.

**Illinois Commerce Commission Docket No. 01-0423 – August, September, and October 2001**

Commonwealth Edison Company's management of its distribution and transmission systems.

**New York State Board on Electric Generation Siting and the Environment (Case No. 99-F-1627) - August and September 2001**

The environmental benefits from the proposed 500 MW NYPA Astoria generating facility.

**New York State Board on Electric Generation Siting and the Environment (Case No. 99-F-1191) - June 2001**

The environmental benefits from the proposed 1,000 MW Astoria Energy generating facility.

**New Jersey Board of Public Utilities (Docket No. EM00110870) - May 2001**

The market power implications of the proposed merger between FirstEnergy and GPU Energy.

**Connecticut Department of Public Utility Control (Docket 99-09-12RE01) - November 2000**

The proposed sale of Millstone Nuclear Station to Dominion Nuclear, Inc.

**Illinois Commerce Commission (Docket 00-0361) - August 2000**

The impact of nuclear power plant life extensions on Commonwealth Edison Company's decommissioning costs and collections from ratepayers.

**Vermont Public Service Board (Docket 6300) - April 2000**

Whether the proposed sale of the Vermont Yankee nuclear plant to AmerGen Vermont is in the public interest.

**Massachusetts Department of Telecommunications and Energy (Docket 99-107, Phase II) - April and June 2000**

The causes of the May 18, 1999, main transformer fire at the Pilgrim generating station.

**Connecticut Department of Public Utility Control (Docket 00-01-11) - March and April 2000**

The impact of the proposed merger between Northeast Utilities and Con Edison, Inc. on the reliability of the electric service being provided to Connecticut ratepayers.

**Connecticut Department of Public Utility Control (Docket 99-09-12) - January 2000**

The reasonableness of Northeast Utilities plan for auctioning the Millstone Nuclear Station.

**Connecticut Department of Public Utility Control (Docket 99-08-01) - November 1999**

Generation, Transmission, and Distribution system reliability.

**Illinois Commerce Commission (Docket 99-0115) - September 1999**

Commonwealth Edison Company's decommissioning cost estimate for the Zion Nuclear Station.

**Connecticut Department of Public Utility Control (Docket 99-03-36) - July 1999**

Standard offer rates for Connecticut Light & Power Company.

**Connecticut Department of Public Utility Control (Docket 99-03-35) - July 1999**

Standard offer rates for United Illuminating Company.

**Connecticut Department of Public Utility Control (Docket 99-02-05) - April 1999**

Connecticut Light & Power Company stranded costs.

**Connecticut Department of Public Utility Control (Docket 99-03-04) - April 1999**

United Illuminating Company stranded costs.

**Maryland Public Service Commission (Docket 8795) - December 1998**

Future operating performance of Delmarva Power Company's nuclear units.

**Maryland Public Service Commission (Dockets 8794/8804) - December 1998**

Baltimore Gas and Electric Company's proposed replacement of the steam generators at the Calvert Cliffs Nuclear Power Plant. Future performance of nuclear units.

**Indiana Utility Regulatory Commission (Docket 38702-FAC-40-S1) - November 1998**

Whether the ongoing outages of the two units at the D.C. Cook Nuclear Plant were caused or extended by mismanagement.

**Arkansas Public Service Commission (Docket 98-065-U) - October 1998**

Entergy's proposed replacement of the steam generators at the ANO Unit 2 Steam Generating Station.

**Massachusetts Department of Telecommunications and Energy (Docket 97-120) - October 1998**

Western Massachusetts Electric Company's Transition Charge. Whether the extended 1996-1998 outages of the three units at the Millstone Nuclear Station were caused or extended by mismanagement.

**Connecticut Department of Public Utility Control (Docket 98-01-02) - September 1998**

Nuclear plant operations, operating and capital costs, and system reliability improvement costs.

**Illinois Commerce Commission (Docket 97-0015) - May 1998**

Whether any of the outages of Commonwealth Edison Company's twelve nuclear units during 1996 were caused or extended by mismanagement. Whether equipment problems, personnel performance weaknesses, and program deficiencies could have been avoided or addressed prior to plant outages. Outage-related fuel and replacement power costs.

**Public Service Commission of West Virginia (Case 97-1329-E-CN) - March 1998**

The need for a proposed 765 kV transmission line from Wyoming, West Virginia, to Cloverdate, Virginia.

**Illinois Commerce Commission (Docket 97-0018) - March 1998**

Whether any of the outages of the Clinton Power Station during 1996 were caused or extended by mismanagement.

**Connecticut Department of Public Utility Control (Docket 97-05-12) - October 1997**

The increased costs resulting from the ongoing outages of the three units at the Millstone Nuclear Station.

**New Jersey Board of Public Utilities (Docket ER96030257) - August 1996**

Replacement power costs during plant outages.

**Illinois Commerce Commission (Docket 95-0119) - February 1996**

Whether any of the outages of Commonwealth Edison Company's twelve nuclear units during 1994 were caused or extended by mismanagement. Whether equipment problems, personnel performance weaknesses, and program deficiencies could have been avoided or addressed prior to plant outages. Outage-related fuel and replacement power costs.

**Public Utility Commission of Texas (Docket 13170) - December 1994**

Whether any of the outages of the River Bend Nuclear Station during the period October 1, 1991, through December 31, 1993, were caused or extended by mismanagement.

**Public Utility Commission of Texas (Docket 12820) - October 1994**

Operations and maintenance expenses during outages of the South Texas Nuclear Generating Station.

**Wisconsin Public Service Commission (Cases 6630-CE-197 and 6630-CE-209) - September and October 1994**

The reasonableness of the projected cost and schedule for the replacement of the steam generators at the Point Beach Nuclear Power Plant. The potential impact of plant aging on future operating costs and performance.

**Public Utility Commission of Texas (Docket 12700) - June 1994**

Whether El Paso Electric Company's share of Palo Verde Unit 3 was needed to ensure adequate levels of system reliability. Whether the Company's investment in Unit 3 could be expected to generate cost savings for ratepayers within a reasonable number of years.

**Arizona Corporation Commission (Docket U-1551-93-272) - May and June 1994**

Southwest Gas Corporation's plastic and steel pipe repair and replacement programs.

**Connecticut Department of Public Utility Control (Docket 92-04-15) - March 1994**

Northeast Utilities management of the 1992/1993 replacement of the steam generators at Millstone Unit 2.

**Connecticut Department of Public Utility Control (Docket 92-10-03) - August 1993**  
Whether the 1991 outage of Millstone Unit 3 as a result of the corrosion of safety-related plant piping systems was due to mismanagement.

**Public Utility Commission of Texas (Docket 11735) - April and July 1993**  
Whether any of the outages of the Comanche Peak Unit 1 Nuclear Station during the period August 13, 1990, through June 30, 1992, were caused or extended by mismanagement.

**Connecticut Department of Public Utility Control (Docket 91-12-07) - January 1993 and August 1995**  
Whether the November 6, 1991, pipe rupture at Millstone Unit 2 and the related outages of the Connecticut Yankee and Millstone units were caused or extended by mismanagement. The impact of environmental requirements on power plant design and operation.

**Connecticut Department of Public Utility Control (Docket 92-06-05) - September 1992**  
United Illuminating Company off-system capacity sales.

**Public Utility Commission of Texas (Docket 10894) - August 1992**  
Whether any of the outages of the River Bend Nuclear Station during the period October 1, 1988, through September 30, 1991, were caused or extended by mismanagement.

**Connecticut Department of Public Utility Control (Docket 92-01-05) - August 1992**  
Whether the July 1991 outage of Millstone Unit 3 due to the fouling of important plant systems by blue mussels was the result of mismanagement.

**California Public Utilities Commission (Docket 90-12-018) - November 1991, March 1992, June and July 1993**  
Whether any of the outages of the three units at the Palo Verde Nuclear Generating Station during 1989 and 1990 were caused or extended by mismanagement. Whether equipment problems, personnel performance weaknesses and program deficiencies could have been avoided or addressed prior to outages. Whether specific plant operating cost and capital expenditures were necessary and prudent.

**Public Utility Commission of Texas (Docket 9945) - July 1991**  
Whether El Paso Electric Company's share of Palo Verde Unit 3 was needed to ensure adequate levels of system reliability. Whether the Company's investment in the unit could be expected to generate cost savings for ratepayers within a reasonable number of years. El Paso Electric Company's management of the planning and licensing of the Arizona Interconnection Project transmission line.

**Arizona Corporation Commission (Docket U-1345-90-007) - December 1990 and April 1991**  
Arizona Public Service Company's management of the planning, construction and operation of the Palo Verde Nuclear Generating Station. The costs resulting from identified instances of mismanagement.

**New Jersey Board of Public Utilities (Docket ER89110912J) - July and October 1990**  
The economic costs and benefits of the early retirement of the Oyster Creek Nuclear Plant. The potential impact of the unit's early retirement on system reliability. The cost and schedule for siting and constructing a replacement natural gas-fired generating plant.

**Public Utility Commission of Texas (Docket 9300) - June and July 1990**

Texas Utilities management of the design and construction of the Comanche Peak Nuclear Plant. Whether the Company was prudent in repurchasing minority owners' shares of Comanche Peak without examining the costs and benefits of the repurchase for its ratepayers.

**Federal Energy Regulatory Commission (Docket EL-88-5-000) - November 1989**

Boston Edison's corporate management of the Pilgrim Nuclear Station.

**Connecticut Department of Public Utility Control (Docket 89-08-11) - November 1989**

United Illuminating Company's off-system capacity sales.

**Kansas State Corporation Commission (Case 164,211-U) - April 1989**

Whether any of the 127 days of outages of the Wolf Creek generating plant during 1987 and 1988 were the result of mismanagement.

**Public Utility Commission of Texas (Docket 8425) - March 1989**

Whether Houston Lighting & Power Company's new Limestone Unit 2 generating facility was needed to provide adequate levels of system reliability. Whether the Company's investment in Limestone Unit 2 would provide a net economic benefit for ratepayers.

**Illinois Commerce Commission (Dockets 83-0537 and 84-0555) - July 1985 and January 1989**

Commonwealth Edison Company's management of quality assurance and quality control activities and the actions of project contractors during construction of the Byron Nuclear Station.

**New Mexico Public Service Commission (Case 2146, Part II) - October 1988**

The rate consequences of Public Service Company of New Mexico's ownership of Palo Verde Units 1 and 2.

**United States District Court for the Eastern District of New York (Case 87-646-JBW) - October 1988**

Whether the Long Island Lighting Company withheld important information from the New York State Public Service Commission, the New York State Board on Electric Generating Siting and the Environment, and the U.S. Nuclear Regulatory Commission.

**Public Utility Commission of Texas (Docket 6668) - August 1988 and June 1989**

Houston Light & Power Company's management of the design and construction of the South Texas Nuclear Project. The impact of safety-related and environmental requirements on plant construction costs and schedule.

**Federal Energy Regulatory Commission (Docket ER88-202-000) - June 1988**

Whether the turbine generator vibration problems that extended the 1987 outage of the Maine Yankee nuclear plant were caused by mismanagement.

**Illinois Commerce Commission (Docket 87-0695) - April 1988**

Illinois Power Company's planning for the Clinton Nuclear Station.

**North Carolina Utilities Commission (Docket E-2, Sub 537) - February 1988**

Carolina Power & Light Company's management of the design and construction of the Harris Nuclear Project. The Company's management of quality assurance and quality control activities. The impact of safety-related and environmental requirements on construction costs and schedule. The cost and schedule consequences of identified instances of mismanagement.

**Ohio Public Utilities Commission (Case 87-689-EL-AIR) - October 1987**

Whether any of Ohio Edison's share of the Perry Unit 2 generating facility was needed to ensure adequate levels of system reliability. Whether the Company's investment in Perry Unit 1 would produce a net economic benefit for ratepayers.

**North Carolina Utilities Commission (Docket E-2, Sub 526) - June 1987**

Fuel factor calculations.

**New York State Public Service Commission (Case 29484) - May 1987**

The planned startup and power ascension testing program for the Nine Mile Point Unit 2 generating facility.

**Illinois Commerce Commission (Dockets 86-0043 and 86-0096) - April 1987**

The reasonableness of certain terms in a proposed Power Supply Agreement.

**Illinois Commerce Commission (Docket 86-0405) - March 1987**

The in-service criteria to be used to determine when a new generating facility was capable of providing safe, adequate, reliable and efficient service.

**Indiana Public Service Commission (Case 38045) - December 1986**

Northern Indiana Public Service Company's planning for the Schaefer Unit 18 generating facility. Whether the capacity from Unit 18 was needed to ensure adequate system reliability. The rate consequences of excess capacity on the Company's system.

**Superior Court in Rockingham County, New Hampshire (Case 86E328) - July 1986**

The radiation effects of low power testing on the structures, equipment and components in a new nuclear power plant.

**New York State Public Service Commission (Case 28124) - April 1986 and May 1987**

The terms and provisions in a utility's contract with an equipment supplier. The prudence of the utility's planning for a new generating facility. Expenditures on a canceled generating facility.

**Arizona Corporation Commission (Docket U-1345-85) - February 1986**

The construction schedule for Palo Verde Unit No. 1. Regulatory and technical factors that would likely affect future plant operating costs.

**New York State Public Service Commission (Case 29124) - January 1986**

Niagara Mohawk Power Corporation's management of construction of the Nine Mile Point Unit No. 2 nuclear power plant.

**New York State Public Service Commission (Case 28252) - October 1985**

A performance standard for the Shoreham nuclear power plant.

**New York State Public Service Commission (Case 29069) - August 1985**

A performance standard for the Nine Mile Point Unit No. 2 nuclear power plant.

**Missouri Public Service Commission (Cases ER-85-128 and EO-85-185) - July 1985**

The impact of safety-related regulatory requirements and plant aging on power plant operating costs and performance. Regulatory factors and plant-specific design features that will likely affect the future operating costs and performance of the Wolf Creek Nuclear Plant.

**Massachusetts Department of Public Utilities (Case 84-152) - January 1985**

The impact of safety-related regulatory requirements and plant aging on power plant operating costs and performance. Regulatory factors and plant-specific design features that will likely affect the future operating costs and performance of the Seabrook Nuclear Plant.

**Maine Public Utilities Commission (Docket 84-113) - September 1984**

The impact of safety-related regulatory requirements and plant aging on power plant operating costs and performance. Regulatory factors and plant-specific design features that will likely affect the future operating costs and performance of the Seabrook Nuclear Plant.

**South Carolina Public Service Commission (Case 84-122-E) - August 1984**

The repair and replacement strategy adopted by Carolina Power & Light Company in response to pipe cracking at the Brunswick Nuclear Station. Quantification of replacement power costs attributable to identified instances of mismanagement.

**Vermont Public Service Board (Case 4865) - May 1984**

The repair and replacement strategy adopted by management in response to pipe cracking at the Vermont Yankee nuclear plant.

**New York State Public Service Commission (Case 28347) - January 1984**

The information that was available to Niagara Mohawk Power Corporation prior to 1982 concerning the potential for cracking in safety-related piping systems at the Nine Mile Point Unit No. 1 nuclear plant.

**New York State Public Service Commission (Case 28166) - February 1983 and February 1984**

Whether the January 25, 1982, steam generator tube rupture at the Ginna Nuclear Plant was caused by mismanagement.

**U.S. Nuclear Regulatory Commission (Case 50-247SP) - May 1983**

The economic costs and benefits of the early retirement of the Indian Point nuclear plants.

**REPORTS, ARTICLES, AND PRESENTATIONS**

*Financial Insecurity: The Increasing Use of Limited Liability Companies and Multi-tiered Holding Companies to Own Electric Generating Plants.* A presentation at the 2002 NASUCA Annual Meeting. November 12, 2002.

*Determining the Need for Proposed Overhead Transmission Facilities.* A Presentation by David Schlissel and Paul Peterson to the Task Force and Working Group for Connecticut Public Act 02-95. October 17, 2002.

*Future PG&E Net Revenues From The Sale of Electricity Generated at its Brayton Point Station.* An Analysis for the Attorney General of the State of Rhode Island. October 2, 2002.

*PG&E's Net Revenues From The Sale of Electricity Generated at its Brayton Point Station During the Years 1999-2002.* An Analysis for the Attorney General of the State of Rhode Island. October 2, 2002.

*Financial Insecurity: The Increasing Use of Limited Liability Companies and Multi-Tiered Holding Companies to Own Nuclear Power Plants.* A Synapse report for the STAR Foundation and Riverkeeper, Inc., by David Schlissel, Paul Peterson, and Bruce Biewald, August 7, 2002.

*Comments on EPA's Proposed Clean Water Act Section 316(b) for Cooling Water Intake Structures at Phase II Existing Facilities,* on behalf of Riverkeeper, Inc., by David Schlissel and Geoffrey Keith, August 2002.

*The Impact of Retiring the Indian Point Nuclear Power Station on Electric System Reliability.* A Synapse Report for Riverkeeper, Inc. and Pace Law School Energy Project. May 7, 2002.

*Preliminary Assessment of the Need for the Proposed Plumtree-Norwalk 345-kV Transmission Line.* A Synapse Report for the Towns of Bethel, Redding, Weston, and Wilton Connecticut. October 15, 2001.

*ISO New England's Generating Unit Availability Study: Where's the Beef?* A Presentation at the June 29, 2001 Restructuring Roundtable.

*Clean Air and Reliable Power: Connecticut Legislative House Bill HB6365 will not Jeopardize Electric System Reliability.* A Synapse Report for the Clean Air Task Force. May 2001.

*Room to Breathe: Why the Massachusetts Department of Environmental Protection's Proposed Air Regulations are Compatible with Reliability.* A Synapse Report for MASSPIRG and the Clean Water Fund. March 2001.

*Generator Outage Increases: A Preliminary Analysis of Outage Trends in the New England Electricity Market,* a Synapse Report for the Union of Concerned Scientists, January 7, 2001.

*Cost, Grid Reliability Concerns on the Rise Amid Restructuring,* with Charlie Harak, Boston Business Journal, August 18-24, 2000.

*Report on Indian Point 2 Steam Generator Issues,* Schlissel Technical Consulting, Inc., March 10, 2000.

*Preliminary Expert Report in Case 96-016613, Cities of Wharton, Pasadena, et al v. Houston Lighting & Power Company,* October 28, 1999.

*Comments of Schlissel Technical Consulting, Inc. on the Nuclear Regulatory Commission's Draft Policy Statement on Electric Industry Economic Deregulation,* February 1997.



*Report to the Municipal Electric Utility Association of New York State on the Cost of Decommissioning the Fitzpatrick Nuclear Plant*, August 1996.

*Report to the Staff of the Arizona Corporation Commission on U.S. West Corporation's telephone cable repair and replacement programs*, May, 1996.

*Nuclear Power in the Competitive Environment*, NRRI Quarterly Bulletin, Vol. 16, No. 3, Fall 1995.

*Nuclear Power in the Competitive Environment*, presentation at the 18th National Conference of Regulatory Attorneys, Scottsdale, Arizona, May 17, 1995.

*The Potential Safety Consequences of Steam Generator Tube Cracking at the Byron and Braidwood Nuclear Stations*, a report for the Environmental Law and Policy Center of the Midwest, 1995.

*Report to the Public Policy Group Concerning Future Trojan Nuclear Plant Operating Performance and Costs*, July 15, 1992.

*Report to the New York State Consumer Protection Board on the Costs of the 1991 Refueling Outage of Indian Point 2*, December 1991.

*Preliminary Report on Excess Capacity Issues to the Public Utility Regulation Board of the City of El Paso*, Texas, April 1991.

*Nuclear Power Plant Construction Costs*, presentation at the November, 1987, Conference of the National Association of State Utility Consumer Advocates.

*Comments on the Final Report of the National Electric Reliability Study*, a report for the New York State Consumer Protection Board, February 27, 1981.

## **OTHER SIGNIFICANT INVESTIGATIONS AND LITIGATION SUPPORT WORK**

Assisted the Connecticut Office of Consumer Counsel in reviewing the auction of Connecticut Light & Power Company's power purchase agreements. August and September, 2000.

Assisted the New Jersey Division of the Ratepayer Advocate in evaluating the reasonableness of Atlantic City Electric Company's proposed sale of its fossil generating facilities. June and July, 2000.

Investigated whether the 1996-1998 outages of the three Millstone Nuclear Units were caused or extended by mismanagement. 1997 and 1998. Clients were the Connecticut Office of Consumer Counsel and the Office of the Attorney General of the Commonwealth of Massachusetts.

Investigated whether the 1995-1997 outages of the two units at the Salem Nuclear Station were caused or extended by mismanagement. 1996-1997. Client was the New Jersey Division of the Ratepayer Advocate.

Assisted the Associated Industries of Massachusetts in quantifying the stranded costs associated with utility generating plants in the New England states. May through July, 1996

Investigated whether the December 25, 1993, turbine generator failure and fire at the Fermi 2 generating plant was caused by Detroit Edison Company's mismanagement of fabrication, operation or maintenance. 1995. Client was the Attorney General of the State of Michigan.

Investigated whether the outages of the two units at the South Texas Nuclear Generating Station during the years 1990 through 1994 were caused or extended by mismanagement. Client was the Texas Office of Public Utility Counsel.

Assisted the City Public Service Board of San Antonio, Texas in litigation over Houston Lighting & Power Company's management of operations of the South Texas Nuclear Generating Station.

Investigated whether outages of the Millstone nuclear units during the years 1991 through 1994 were caused or extended by mismanagement. Client was the Office of the Attorney General of the Commonwealth of Massachusetts.

Evaluated the 1994 Decommissioning Cost Estimate for the Maine Yankee Nuclear Plant. Client was the Public Advocate of the State of Maine.

Evaluated the 1994 Decommissioning Cost Estimate for the Seabrook Nuclear Plant. Clients were investment firms that were evaluating whether to purchase the Great Bay Power Company, one of Seabrook's minority owners.

Investigated whether a proposed natural-gas fired generating facility was need to ensure adequate levels of system reliability. Examined the potential impacts of environmental regulations on the unit's expected construction cost and schedule. 1992. Client was the New Jersey Rate Counsel.

Investigated whether Public Service Company of New Mexico management had adequately disclosed to potential investors the risk that it would be unable to market its excess generating capacity. Clients were individual shareholders of Public Service Company of New Mexico.

Investigated whether the Seabrook Nuclear Plant was prudently designed and constructed. 1989. Clients were the Connecticut Office of Consumer Counsel and the Attorney General of the State of Connecticut.

Investigated whether Carolina Power & Light Company had prudently managed the design and construction of the Harris nuclear plant. 1988-1989. Clients were the North Carolina Electric Municipal Power Agency and the City of Fayetteville, North Carolina.

Investigated whether the Grand Gulf nuclear plant had been prudently designed and constructed. 1988. Client was the Arkansas Public Service Commission.

Reviewed the financial incentive program proposed by the New York State Public Service Commission to improve nuclear power plant safety. 1987. Client was the New York State Consumer Protection Board.

Reviewed the construction cost and schedule of the Hope Creek Nuclear Generating Station. 1986-1987. Client was the New Jersey Rate Counsel.

Reviewed the operating performance of the Fort St. Vrain Nuclear Plant. 1985. Client was the Colorado Office of Consumer Counsel.

## **WORK HISTORY**

- 2000 - Present: Senior Consultant, Synapse Energy Economics, Inc.
- 1994 - 2000: President, Schlissel Technical Consulting, Inc.
- 1983 - 1994: Director, Schlissel Engineering Associates
- 1979 - 1983: Private Legal and Consulting Practice
- 1975 - 1979: Attorney, New York State Consumer Protection Board
- 1973 - 1975: Staff Attorney, Georgia Power Project

## **EDUCATION**

- 1983-1985: Massachusetts Institute of Technology  
Special Graduate Student in Nuclear Engineering and Project Management,
- 1973: Stanford Law School,  
Juris Doctor
- 1969: Stanford University  
Master of Science in Astronautical Engineering,
- 1968: Massachusetts Institute of Technology  
Bachelor of Science in Astronautical Engineering,

## **PROFESSIONAL MEMBERSHIPS**

- New York State Bar since 1981
- American Nuclear Society
- National Association of Corrosion Engineers
- National Academy of Forensic Engineers (Correspondent Affiliate)

## **EXHIBIT DAS-2**

## Exhibit DAS-2

Total Write-Off of Construction Costs at the State Line Combined Cycle Unit	\$8,300,000	A
60% of Write-Off Attributable to the Empire District Electric Company	\$4,980,000	B
AFUDC Accrued on the Write-Off	\$47,142	C
Total Write-Off	\$5,027,142	D
Missouri Allocator	81.30%	E
Missouri Allocation of Total Write-Off	\$4,087,066	F
Oklahoma Allocator	2.64%	G
Oklahoma Allocation of Missouri Allocation of Total Write-Off	\$108,009	H
Oklahoma Allocation of Total Write-Off	\$132,852	I
Difference	\$24,843	J

### Sources:

A	Response to PUD-205
B	Response to PUD-205
C	Response to PUD-205
D	B+C
E	Response to PUD-205
F	E x D
G	Response to AG 2-38
H	F x G
I	D x G
J	I - H