

QUALIFICATIONS OF LARRY W. BAILEY

CASE NO. U-12970

PART I

1 Q. Please state your name and business address.

2 A. My name is Larry W. Bailey. My address is 6545 Mercantile Way, Lansing,
3 MI.

4 Q. By whom are you employed and what is your current title?

5 A. The Michigan Public Service Commission (MPSC) employs me. My title is
6 Supervisor of the Tariff Section of the MPSC's Electric Division.

7 Q. Would you briefly describe your educational background?

8 A. I received a Bachelor of Science degree in the Social Sciences, with a minor
9 in Natural Science, from Michigan State University in June 1968. In
10 December 1972, I received a Masters degree in the Social Sciences from
11 Michigan State University. As part of my Masters degree program I prepared
12 a master thesis entitled, "Non-verbal Manifestations of Personality" based on
13 research that I conducted.

14 Q. Would you please discuss your work experience in public utility regulation?

15 A. In November 1974, the Michigan Public Service Commission hired me to
16 work in the Office of Tariff Analysis as a Tariff Analyst. During the last 20
17 plus years, I have advanced to the supervisor's position in the Tariff Section
18 of the Electric Division.

19 Q. During your employment at the Commission, have you received additional
20 training and/or education in public utility regulation and rate design?

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1 A. Yes. Besides staff seminars on various aspects of utility regulation, I have
2 also attended several courses, seminars and conferences relating to these
3 matters.

4 Q. Have you previously testified before this Commission?

5 A. Yes. I have testified before this Commission on many occasions.

6 Q. What was the nature of your testimony in these cases?

7 A. I have testified in a variety of cases including rate cases, purchased power
8 reconciliations, tariff cases, and retail wheeling cases. In rate case
9 proceedings, my testimonies have covered the following areas: 1) Electric
10 utility cost of service studies, 2) Adjustment clause design, 3) Sales and bill
11 frequency distribution analysis, 4) Revenue calculation and analysis, 5) Rate
12 design and rate restructuring, and 6) Tariff provision changes and
13 modifications.

14 Q. Please list the various cases in which you have filed testimony at the MPSC.

15 A.

<u>DATE</u>	<u>COMPANY</u>	<u>CASE</u>	<u>SUBJECT</u>
May 1976	Southeastern Michigan REC	U-5086	Rate
Nov. 1976	Detroit Edison Company	U-4807	Reconciliation
April 1977	Lake Superior District Power Co.	U-5357	Rate
May 1977	Detroit Edison Company	U-4807	Reconciliation
July 1977	Consumers Power Company	U-5331	Rates

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August 1977	Consumer Power Company	U-4840 & U-4621	Reconciliaton
Nov. 1977	Detroit Edison Company	U-5108	Reconciliation
Dec. 1977	Fruitbelt Electric Coop.	U-5594	Clause
Jan 1978	Detroit Edison Company	U-5502	Rate
March 1979	Wisconsin Electric Power Co.	U-5996	Rate
May 1979	Detroit Edison Company	U-6006	Rate
August 1979	Consumers Power Company	U-5979	Rate
August 1979	Upper Peninsula Power Co.	U-6121	Rate
Feb. 1980	I&M Electric Company	U-6148	Rate
August 1980	Consumers Power Company	U-5331	Reconciliation
Oct. 1980	Detroit Edison Company	U-6488	Rate
Dec. 1980	Consumers Power Company & Detroit Edison Company	U-6590	Tariff
Feb. 1981	Edison Sault Electric Co.	U-6354	Reconciliation
July 1981	Upper Peninsula Power Co.	U-6458	Reconciliation
Sept. 1981	Consumers Power Company	U-5979	Reconciliation
March 1982	Consumers Power Company	U-6923	Rate
May 1982	Detroit Edison Company	U-6949	Rate
Feb. 1984	Detroit Edison Company	U-7660	Rate
Sept. 1984	Consumers Power Company	U-7830	Rate

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May 1985	Consumers Power Company Detroit Edison Company	U-8110	Tariff
May 1986	Detroit Edison Company	U-7930	Tariff
June 1987	Consumers Power Company	U-8643	Tariff
Dec. 1988	Detroit Edison Company	U-8789	Rate
June 1990	Consumers Power Company	U-9346	Expense
Feb. 1993	Detroit Edison Company	U-10102	Rate
March 1993	Consumers Power Company & Detroit Edison Company	U-10143 U-10176	Retail Wheeling
March 1993	Wisconsin Electric Company	U-10183	Rate
June 1993	Detroit Edison Company	U-10102	Rate
Oct. 1993	Consumers Power Company	U-10335	Rate
Oct. 1994	Consumers Power Company Detroit Edison Company	U-10143 U-10176	Retail Wheeling
June 1995	Consumers Energy Company	U-10787	Tariff
August 1997	Consumers Energy Company Detroit Edison Company	U-11451 U-11452	Tariff
Sept. 1999	Consumers Energy Company	U-11560	Complaint
Sept. 1999	Detroit Edison Company	U-11999	Tariff
Sept. 1999	Detroit Edison Company	U-11495	Complaint
Feb. 2001	Detroit Edison Company	U-12489	Tariff
Feb. 2001	Consumers Energy Company	U-12488	Tariff

TESTIMONY OF LARRY W. BAILEY

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PART II

1 Q. What is the purpose of your testimony in this proceeding?

2 A. The purpose of my testimony in this proceeding is to address the issue of the
3 unbundling of Consumers Energy 's residential rate structures.

4 Q. Please explain the basis for your testimony and proposal.

5 A This proceeding arises from 2000 PA 141 Section 10.b (2). This section of PA 141
6 reads as follows:

7 **Sec. 10b.**

8 **(2)** No later than 1 year from the effective date of the amendatory act that added
9 this section, each electric utility shall file an application with the commission to
10 unbundle its existing commercial and industrial rate schedules and separately identify
11 and charge for their discrete services. No earlier than 1 year from the effective date of
12 the amendatory act that added this section, the commission may order the electric
13 utility to file an application to unbundle existing residential rate schedules. The
14 commission may allow the unbundled rates to be expressed on residential billings in
15 terms of percentages in order to simplify residential billing. The commission shall
16 allow recovery by electric utilities of all just and reasonable costs incurred by electric
17 utilities to implement and administer the provisions of this subsection.

18
19 Consumers Energy, in compliance with Section 10b(2) of PA 141, filed the
20 required application to unbundle its commercial and industrial rate schedules.

21 This proceeding addresses that application. In its application, Consumers Energy
22 did not file unbundled residential rate schedules nor were they ordered to do so
23 by the Commission.

24 Q. Given this state of affairs do you have a proposal regarding a future unbundling of
25 residential rate schedules by Consumer Energy?

26 A. Yes. I would recommend that the Commission, in its order in this proceeding,
27 direct Consumers Energy to file an application to unbundle its residential rate

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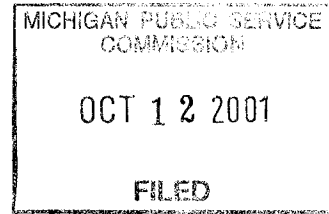
PART II

1 schedules. Further, I would recommend that the Commission require that the
2 unbundling of the residential rate schedules be conducted in a matter consistent
3 with the Commission determinations regarding unbundling made in this
4 proceeding. I believe that the use of a consistent approach to the unbundling of all
5 rate schedules enhances the value and comparability of the end products.
6 Application of differing unbundling methodologies to the different classes of
7 service could well lead to problems in the future especially if those who follow
8 need to reconcile the differences in methodology.

9 Q. Does this conclude your testimony?

10 A. Yes.

PROOF OF SERVICE

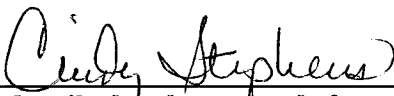


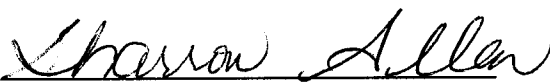
STATE OF MICHIGAN)

County of Ingham)

Case No. U-12970

Cindy Stephens, being duly sworn, deposes and says that on October 12, 2001, A.D. she served a copy of the attached Qualifications and Testimony, by mailing copies thereof by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.


Subscribed and sworn to before me
this 12th day of October, A.D., 2001.


Notary Public Ingham County, Michigan
My Commission expires August 16, 2004

SERVICE LIST FOR DOCKET # U - 12970-
DATE OF PREPARATION: 10/12/2001

CASE #

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