

1 affected by factors such as the Commission's decision last year to terminate the
2 accelerated recovery portion of the Company's CIBS program, the highly capital
3 intensive nature of the natural gas business, and the lack of mechanisms that allow for
4 timely recovery of capital investments between rate cases. The majority of necessary
5 capital investments do not generate additional revenue, therefore it is vital that the
6 Company, Staff, and the OCA work cooperatively toward a rate plan that recognizes the
7 need for capital investments and timely recovery of those costs. Otherwise, there will not
8 be a reasonable opportunity for the Company to earn what the Commission determines to
9 be a reasonable rate of return without frequent rate case filings, which are time
10 consuming and costly undertakings.

11 **Q. Does the fact that the Company has been on a fairly frequent rate case cycle indicate**
12 **that the Company's O&M costs are increasing in a manner that is driving the pace**
13 **of those filings?**

14 A. No, to the contrary, and as I stated earlier the Company's O&M expenses have remained
15 relatively flat since the last rate case as EnergyNorth has effectively managed these costs
16 and kept them in check.

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.