

**DAVID S. HABR**

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**PERSONAL CHARACTERISTICS**

A Ph.D. economist with over twenty seven years of applied economic and financial experience in utility regulation with special expertise in rate of return, mergers, and asset transactions. Instrumental in determining the Iowa Office of Consumer Advocate’s overall methodology for class cost of service and rate design. Solid technical background with testimony that is very clear and defensible under cross examination. Formally recognized by the Governor of Iowa for his knowledge and understanding of public utilities’ operations and his fair and balanced judgment.

**PROFESSIONAL EXPERIENCE**

**Habr Economics . . . . . January 2009 – Present**

Established Habr Economics in January 2009 after a long and successful career in public utility regulation. The firm specializes in rate of return, mergers, asset transactions, and general policy issues.

**Consumer Advocate Division,  
Iowa Department of Justice . . . . . November 1987 – December 2008**

Chief, Technical Bureau . . . . . July 1989 to December 2008  
Leadership responsibility for the Consumer Advocate Division’s technical staff. Staff’s expertise includes accounting, economics, finance, and electrical engineering. Members testify on matters ranging from the cost of capital, rate design, and transmission line location to optimal programs for demand side management. Disputed amounts have ranged from \$1 million to over \$100 million.

- É Testified as an expert witness in over 45 cases on the cost of common equity, the overall cost of capital, and other economic and financial matters including utility mergers, asset acquisitions, and competitive market analysis. Testimony successfully defended under strenuous cross examination.
- É Initiated studies on electric restructuring which demonstrated that electric deregulation could cost Iowa customers a minimum of \$200 million per year. These un-refuted results helped in the efforts which lead to restructuring being rejected in Iowa.
- É Achieved consensus in settlement negotiations, represented the Office in public forums, Public Consumer Advocate Sector representative on Midwest Independent System Operator Advisory Committee, drafted legislation, and prepared and managed the OCA’s \$3 million annual budget.
- É Identified and hired the professional staff needed to expand from a six to a 17 person technical staff in 1989. Staff educational level ranges from B.A.’s to Ph.D.’s. At December 31, 2008 staff’s average time with the Office was 19 years.

Head, Technical Section . . . . . November 1987 July 1989  
Hired to establish the Consumer Advocate's initial six person technical staff and advise the Consumer Advocate and legal staff on economic matters. Staff's main goal was to provide the attorneys with technical assistance in accounting, economics, engineering, financial, and rate design matters.

- É Testified as an expert witness on the cost of common equity, the overall cost of capital, and other economic or financial matters.
- É Integrated the use of bond betas to develop a ðrisk premiumö method of estimating common equity cost rates based on the Capital Asset Pricing Model.

**Utilities Division,**

**Iowa Department of Commerce . . . . . September 1981 – November 1987**

Utility Specialist . . . . . September 1981 November 1987

- É Determined cost of common equity and overall cost of capital for various utility companies. Presented the analysis as written testimony and was subject to cross-examination on the testimony. By 1987, I had generated annual savings to Iowa customers in excess of \$50 million.
- É Completed article integrating brokerage fees and flotation cost in the discounted cash flow model which was accepted for publication in the January 1988 issue of the National Regulatory Research Institute Quarterly Bulletin. Presented a paper on the role of double leverage in determining the cost of capital for the utility subsidiary of a holding company at the 1987 winter meeting of the National Association of Regulatory Utility CommissionersøEconomics and Finance Subcommittee.
- É Refined and improved the accuracy of the computer program used to calculate the weighted cost of capital for rate case presentation.

**Private Consulting Practice . . . . . September 1980 – September 1981**

- É Estimated damages in two antitrust cases; helped develop a brief in a third antitrust case. Testified on a rate design issue for an independent telephone equipment supplier. Testified on alternative benefit payment methods before the Iowa Industrial Commission.

**Mitchell & Mitchell Economists, Ltd. . . . . October 1979 – August 1980**

- É Organized and developed the economics group. Secured and completed contract with Northwestern Bell to develop a revenue forecasting model. Secured and completed contract with City of Des Moines to conduct a feasibility study for the Neighborhood Business Revitalization Program.

**Drake University . . . . . September 1973 – June 1979**

- É Taught graduate and undergraduate courses in the economics program. Courses included Managerial Economics (M.B.A. Program), Government Regulation of Business, Public Utilities, and Transportation.
- É Served on University Business Affairs Committee for four years; committee chair 1978-79. Faculty advisor to local chapter of Omicron Delta Epsilon (economics honor society) 1973-79.

**EDUCATION**

**Ph.D.** (Economics) . . . . . Washington State University

Dissertation: "The Returns to Advertising: An Analysis of the Relationship Between Advertising and Liquor Sales in the State of Washington"

**M.A.** (Economics) . . . . . University of Nebraska Lincoln

**B.A.** (Economics) . . . . . University of Nebraska Lincoln

**PROFESSIONAL ACTIVITIES**

**Activities and Memberships:** Developed and taught an antitrust economics class at the Drake Law School Fall 1981 and taught the macroeconomics class in the Drake M.B.A. program Spring and Fall 1987. Member of the National Association of State Utility Consumer Advocates' Economics and Finance Committee 1990 – 2008 and the NARUC Ad Hoc Committee on Diversification (1986 – 1987).

**References:**

John Perkins, Consumer Advocate  
Iowa Office of Consumer Advocate  
515-281-7021

James Wilson, V.P. Regulatory Relations (Ret~~o~~d)  
MidAmerican Energy Company  
515-707-0807

Ben Stead, Attorney  
Iowa Office of Consumer Advocate  
515-281-5297

Jennifer Easler, Attorney  
Iowa Office of Consumer Advocate  
515-281-8268

**Regulatory Proceedings in Which Dr. Habr Has Filed Testimony**

1. Northwestern Bell Telephone Company (Iowa State Commerce Commission Docket No. RPU-81-40, Direct January 1982), Cost of equity issues.
2. Northwestern Bell Telephone Company (Iowa State Commerce Commission Docket No. RPU-82-49, Direct March 1983), Rate of Return.
3. MCI Telecommunications Corporation (Iowa State Commerce Commission Docket No. RPU-84-2, Direct 1984), Competitiveness of Long Distance Markets.
4. Northwestern Bell Telephone Company (Iowa State Commerce Commission Docket No. RPU-84-7, Direct June 1984), Rate of Return.
5. INVESTIGATION INTO COMPETITION IN COMMUNICATIONS SERVICES AND FACILITIES (Iowa State Commerce Commission Docket No. INU-84-6, October 1984), Workable Competition and Cost Allocation.
6. Peoples Natural Gas Company (Iowa State Commerce Commission Docket No. RPU-84-42, Direct December 1984), Capital Structure.
7. Union Electric Company (Iowa State Commerce Commission Docket No. RPU-85-9, Direct August 1985), Flotation Costs.
8. Iowa Public Service Company -- Gas (Iowa State Commerce Commission Docket No. RPU-85-14, Direct September 1985), Rate of Return.
9. INVESTIGATION INTO COMPETITION IN MTS, WATS, AND PL SERVICES (Iowa State Commerce Commission Docket No. INU-83-3, October 1985), Workable Competition.
10. Iowa Electric Light and Power Company ó Gas (Iowa State Commerce Commission Docket No. RPU-85-31, Direct February 1986), Rate of Return.
11. Iowa Electric Light and Power Company ó Electric (Iowa Utilities Board Docket No. RPU-86-7, Direct July 1986), Capital Structure.
12. Peoples Natural Gas Company, A Division of Utilicorp United, Inc. (Iowa Utilities Board Docket No. RPU-86-11, Direct September 1986), Rate of Return.
13. Great River Gas Company (Iowa Utilities Board Docket No. RPU-86-12, Direct September 1986), Rate of Return.
14. Iowa Power and Light Company ó Electric (Iowa Utilities Board Docket No. RPU-87-2, Direct, June 1987, Rebuttal, October 1987), Capital Structure.

15. Iowa Public Service Company ó Gas (Iowa Utilities Board Docket No. RPU-87-3, Direct December 1987), Rate of Return.
16. Iowa Public Service Company ó Electric (Iowa Utilities Board Docket No. RPU-87-6, Direct April 1988, Rebuttal August 1988), Rate of Return, Weather Normalization.
17. Iowa Southern Utilities Company and Ottumwa Water Works (Iowa Utilities Board Docket No. AEP-88-1, Direct May 1989, Rebuttal May 1989), Capacity and Energy Rates for a Small Hydro.
18. DEREGULATION OF INTERLATA INTEREXCHANGE MESSAGE TELECOMMUNICATIONS SERVICES (MTS), WIDE AREA TELECOMMUNICATIONS SERVICE (WATS), CHANNEL SERVICE (PRIVATE LINE), AND CUSTOM NETWORK SERVICE (Iowa Utilities Board Docket No. INU-88-2, September 1988), Strength of Competitive Market Forces.
19. Iowa Southern Utilities Company (Iowa Utilities Board Docket No. RPU-89-7, Direct February 1990, Rebuttal April 1990), Rate of Return.
20. Iowa Electric Light and Power Company ó Electric (Iowa Utilities Board Docket No. RPU-89-9, Direct April 1990, Rebuttal May 1990), Cost of Common equity, Double Leverage.
21. Iowa Resources, Inc. and Midwest Energy Company (Iowa Utilities Board Docket No. SPU-90-5, Direct June 1990, Rebuttal June 1990), Utility Holding Company Merger.
22. Iowa Electric Light and Power Company ó Gas (Iowa Utilities Board Docket No. RPU-90-7, November 1990), Cost of Common Equity, Double Leverage.
23. Iowa Southern Utilities Company ó Electric (Iowa Utilities Board Docket No. RPU-90-8, Direct August 1990, Rebuttal January 1991), Rate of Return.
24. Rochester Telephone Co. et al (Iowa Utilities Board Docket No. SPU-91-3, Direct June 1991, Rebuttal June 1991), Merger Analysis.
25. Midwest Gas, a Division of Iowa Public Service Company (Iowa Utilities Board Docket No. RPU-91-5, Direct October 1995, Rebuttal of Intervenor November 1991, Rebuttal December 1991), Cost of Common Equity, Acquisition Adjustment.
26. Iowa Public Service Company ó Electric (Iowa Utilities Board Docket No. RPU-91-6, Direct August 1991, Rebuttal January 1992), Cost of Common Equity.
27. Iowa Southern Utilities Company ó Electric (Iowa Utilities Board Docket No. RPU-91-8, Direct September 1991, Rebuttal February 1992, Additional Rebuttal April 1992), Cost of Common Equity.

28. Iowa Electric Light and Power Company ó Electric (Iowa Utilities Board Docket No. RPU-91-9, Direct January 1992, Rebuttal of Intervenor February 1992, Rebuttal March 1992), Cost of Common Equity.
29. Iowa Electric Light and Power Company and Union Electric Company (Iowa Utilities Board Docket No. SPU-92-7, Direct April 1992), Asset Purchase Analysis.
30. Iowa Power, Inc. ó Electric (Iowa Utilities Board Docket No. RPU-92-2, Direct June 1992, Direct June 1992, Rebuttal of Intervenor July 1992), Cost of Common Equity.
31. Peoples Natural Gas Company, A Division of UtiliCorp United, Inc. (Iowa Utilities Board Docket No. RPU-92-6, Direct August 1992), Cost of Common Equity.
32. Iowa Southern Utilities Company ó Gas (Iowa Utilities Board Docket No. RPU-92-8, Direct October 1992), Cost of Common Equity.
33. Iowa Electric Light and Power Company ó Gas (Iowa Utilities Board Docket No. RPU-92-9, Direct October 1992, Rebuttal of Intervenor November 1992), Cost of Common Equity.
34. ENERGY POLICY ACT OF 1992 (Iowa Utilities Board Docket No. INU-93-1, Rebuttal July 1993, Surrebuttal, July 1993), Purchase Power and the Cost of Capital, Financial Leverage Used by EWGs.
35. Interstate Power Company (Iowa Utilities Board Docket No. ECR-93-1, Direct September 1993, Rebuttal October 1993), Rate of Return for Unrecovered Energy Efficiency Expenditures, Cost of Capital for Avoided Cost Calculations.
36. Midwest Power Systems (Iowa Utilities Board Docket No. ECT-93-2, Direct November 1993, Rebuttal January 1994), Rate of Return for Unrecovered Energy Efficiency Expenditures, Appropriate Method for Determining the Annualized Recovery of the Expenditures.
37. Interstate Power Company ó Electric (Iowa Utilities Board Docket No. RPU-93-6, Direct November 1993, Rebuttal January 1994), Cost of Common Equity.
38. U S West Communications, Inc. (Iowa Utilities Board Docket No. RPU-93-9, Direct August 1993, Rebuttal February 1994), Rate of Return.
39. IES Utilities, Inc. ó Electric and Gas (Iowa Utilities Board Docket No. ECR-94-2, Direct October 1994), Rate of Return to Apply to Deferred Unamortized Energy Efficiency Balances.

40. IES Utilities, Inc. ó Electric (Iowa Utilities Board Docket No. RPU-94-2, Direct October 1994, Rebuttal of Intervenor, November 1994, Rebuttal December 1994, Rebuttal Related to Duane Arnold Depreciation, January 1995, Supplemental January 1995), Cost of Common Equity, Acquisition Adjustment, Economic Depreciation for Duane Arnold, Decommissioning Expenditures for Duane Arnold.
41. Midwest Gas (Iowa Utilities Board Docket No. RPU-94-3, Direct November 1994, Rebuttal of Intervenor, December 1994, Rebuttal January 1995), Cost of Common Equity.
42. Midwest Power (Iowa Utilities Board Docket No. RPU-94-4, Direct January 1995, Rebuttal of Intervenor January 1995, Rebuttal March 1995), Cost of Common Equity.
43. Iowa-Illinois Gas & Electric óGas (Iowa Utilities Board Docket No. TF-94-640, Direct February 1995), Proper Policy for Rates That are Less Than Full Cost.
44. MidAmerican Energy Company (Iowa Utilities Board Docket No. P-831, Direct July 1995), Cost/Benefit Analysis of Proposed Pipeline.
45. Midwest Wind Developers v. Iowa Electric Light and Power Company et al; and Windustries, Inc. v. Iowa Electric Light and Power Company et. al (Iowa Utilities Board Docket No. AEP-95-1 thru 4, Direct September 1995, Rebuttal December 1995), Develop Appropriate kW and kWh rates.
46. Windustries, Inc. v. MidAmerican Energy Company (Iowa Utilities Board Docket No. AEP-95-5, Direct November 1995, Rebuttal December 1995), Develop Appropriate kW and kWh rates.
47. McLeod Telemanagement v. U S WEST Communications, Inc. (Iowa Utilities Board Docket No. FCU-96-1/FCU-96-3, Direct April 1996), Competitive Impact of Not Offering Centrex Plus to New Customers.
48. MidAmerican Energy Company ó Electric (Iowa Utilities Board Docket No. RPU-96-8, Direct August 1996, Rebuttal November 1996), Cost of Common Equity.
49. Lost Nation-Elwood Telephone Company (Iowa Utilities Board Docket No. TCU-96-9, Direct August 1996), Facilities Based Competition.
50. GTE Midwest Incorporated (Iowa Utilities Board Docket No. RPU-96-6, Direct September 1996), Proper Cost Recovery for intraLATA Equal Access.
51. MidAmerican Energy Company (Iowa Utilities Board Docket No. APP-96-1, Direct September 1996, Rebuttal November 1996), Causes of High Payout Ratio and Stranded Costs.

52. South Slope Cooperative Telephone Company (Iowa Utilities Board Docket No. TCU-96-12, Direct September 1996), Facilities Based Competition.
53. IES Utilities (Iowa Utilities Board Docket No. ECR-96-3, Direct February 1997), Pretax Return for Levelized Recovery of Deferred Energy Efficiency Expenditures.
54. U S WEST Communications, Inc. (Iowa Utilities Board Docket No. RPU-96-9, Direct April 1997, Rebuttal July 1997), Rate of Return.
55. MidAmerican Energy Company ó Electric (Iowa Utilities Board Docket No. TF-97-229, Direct October 1997), Can Other Utility Companies be Forced to Join a Pilot Project.
56. CalEnergy Company and MidAmerican Energy Holdings Company (Iowa Utilities Board Docket No. SPU-98-8, Direct November 1998, Rebuttal December 1998), Merger Analysis.
57. MidAmerican Energy Holdings Company, MidAmerican Energy Company, Teton Formation L.L.C., and Teton Acquisition Corporation (Iowa Utilities Board Docket No. SPU-99-32, Direct January 2000), Merger Analysis.
58. Qwest Corporation (Iowa Utilities Board Docket No. TF-00-250, Direct February 2001), Price Plan Review.
59. MidAmerican Energy Company ó Electric (Iowa Utilities Board Docket No. RPU-01-9, Direct February 2002), Implicit Excess Return on Common Equity.
60. Interstate Power Company ó Electric (Iowa Utilities Board Docket No. RPU-02-3, Direct July 2002, Rebuttal of Intervenor August 2002, Rebuttal November 2002), Cost of Common Equity, Duane Arnold Decommissioning Cost, Nature and Purpose of Test Year.
61. Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom (Iowa Utilities Board Docket No. RPU-02-4, Direct August 2002), Appropriateness of Using Forward Looking Cost Models to Establish Retail Rates.
62. Aquila, Inc. d/b/a Aquila Networks (Iowa Utilities Board Docket No. RPU-02-5, Direct September 2002, Rebuttal November 2002), Cost of Common Equity.
63. Interstate Power and Light Company ó Gas (Iowa Utilities Board Docket No. RPU-02-7, Direct October 2002, Rebuttal of Intervenor November 2002, Rebuttal January 2003), Cost of Common Equity.
64. MidAmerican Energy Company ó Electric (Iowa Utilities Board Docket No. RPU-02-10, Direct March 2003), Cost of Common Equity Issues.

65. Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom (Iowa Utilities Board Docket No. SPU-04-10, Direct May 2006), Analysis of Proposed Initial Public Offering.
66. Qwest Communications Corporation (Iowa Utilities Board Docket No. TCU-03-13, Rebuttal August 2004), Appropriateness of a Telecommunications Company Competing with an Affiliate.
67. Interstate Power and Light Company and FPL Energy Duane Arnold, LLC (Iowa Utilities Board Docket No. SPU-05-15, Direct September 2005, Rebuttal October 2005), Analysis of Proposed Sale of Nuclear Power Plant.
68. Interstate Power and Light Company and ITC Midwest, LLC (Iowa Utilities Board Docket No. SPU-07-11, Direct June 2007, Rebuttal July 2007), Analysis of Proposed Sale of Electric Transmission System.
69. Interstate Power and Light Company (Iowa Utilities Board Docket No. RPU-08-1, Rebuttal October 2008, Additional Supplemental October 2008), Energy Forecast Analysis.