

Original
A Proposal To Perform
A
Management Audit Of
Consolidated Edison Company
For
New York Public Service Commission

March 13, 2008



March 13, 2008

Jaclyn A. Brillling
Secretary
New York State Department of Public Service
3 Empire State Plaza
Albany, NY 12223-1350

Dear Ms. Brillling,

Vantage Consulting, Inc. is pleased to respond to the 'Request for Proposal' to perform an Management Audit of Consolidated Edison Company (CECONY) for the New York Public Service Commission (Commission).

In preparing this proposal, we wish to emphasize our willingness to work with the Commission to reach the required results in an efficient, cost effective, and non-intrusive manner. Our firm is staffed by professional consultants who have conducted numerous similar assignments with great success

This proposal shall remain valid throughout the length of the project. We will comply with all conditions and provisions as stated in the RFP. We will stand behind our findings, conclusions, and recommendations by testifying, upon request by the Commission, in any hearing before the Commission. Vantage Consulting Inc., will comply with all applicable New York ordinances.

Please feel free to contact us with any questions. I can be reached directly at (305) 744-3440 or by e-mail at wdrabinski@vantageconsulting.com.

Very truly yours,

Walter P. Drabinski
President

Management Audit of CECONY

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1. INTRODUCTION

Vantage Consulting, Inc. (Vantage) is pleased to respond to the request for proposal by the State of New York Public Service Commission (the Commission) to Perform a Comprehensive Management Audit of Consolidated Edison Company (CECONY) New York. Specifically, this audit will include, but not be limited to, an investigation of the Company's construction program planning in relation to the needs of its customers for reliable service and an evaluation of the efficiency of the Company's operations.

A. GENERAL APPROACH

In responding to this Request for Proposal Vantage will try to be brief, yet still provide the information needed to make an informed decision by the Commission. We have made a number of decisions in preparing this proposal. First, our preliminary work plan is relatively brief and is provided in the form of a Work Breakdown Structure (WBS). We have added some additional work steps to the various areas, but agree that a detailed work plan be developed as the first step in the project after orientation and discussions with Staff.

Similarly, while we have specified which consultant will have responsibility for specific tasks and work steps, we are also identifying additional personnel for the assignment should the work load change or should changes in personnel be required. We have identified our proposed project team by work area, and will further designate specific resources once the work plan is further defined.

Our "not -to-exceed" cost proposal is valid throughout the length of the project and is based on our understanding of the work we are likely to encounter and our years of experience performing similar assignments. We understand that any testimony will be billed as additional costs at the individual rates of the Consultants used.

Vantage prepared this proposal based upon the RFP, the Guide for Consultants Submitting Proposal for Management and Operations Audits and other public documents. These public documents include the recently prepared review of CECONY's Electric Emergency Outage Response Program dated 10/24/07. Information from that report that is included in this proposal was not deemed confidential.

We should note that neither Vantage Consulting, Inc., nor any of its consultants have any conflicts of interest with Consolidated Edison.

B. RELATED EXPERIENCE

This is exactly the type of assignment Vantage focuses on. During the last sixteen years, Vantage has performed numerous general management audits, as well as focused audits that address reliability, budgeting, communications, new technology implementation, etc. Further, some of the consultants that have joined our team most recently, come with direct experience in the areas addressed here. Specific examples of recent Vantage assignments include:

Consolidated Edison – As the Commission well knows, our recent assignment addressed many areas associated with budgeting, capital planning, best practices and reliability;

Islands of St. Vincent and Curacao – The Governments of these two islands retained Vantage to investigate widespread reliability problems and to propose solutions. Our consultants, working within the restraints of the infrastructure available, made numerous recommendations regarding capital and O&M spending, maintenance practices, and other strategic- and mission-related business practices;

Entergy – Vantage was retained by the five regulatory bodies that had responsibility for Entergy’s operations. Our review addressed budgeting, planning, risk management and all associated interactions between all of the jurisdictions;

Electrify Supply Procurement – Vantage is currently monitoring the state-wide procurement of electricity in Maryland and that of Alleghany Power in Virginia;

Hedging Strategy and Risk Management – Vantage is currently auditing the risk management and hedging strategies of the four New Jersey LDC and developing an improved hedging program;

General Management Audits – Vantage consultants have reviewed the areas to be addressed on this assignment during the course of conducting over 50 general and focused management audits. A list of these assignments is included later in the proposal.

We appreciate that the scope of this assignment is designed such that each element of work flows into the next, with an eventual feedback to the beginning. This recognition that corporate mission, objectives and goals are the basis for planning and then, based on forecasting, result in capital and O&M budgets. Layered onto these planning and budgeting requirements is the need for appropriate work force management along with performance and results management.

Vantage believes that our final report must tell the story from the top down, with findings and conclusions that build upon one another and recommendations that are linked and result in achieving the ultimate response and change.

C. PROJECT TEAM

In selecting a project team, we recognized that this assignment would require a combination of skill sets that must be integrated for maximum effectiveness. For inclusion on the team, our consultants must have the following prerequisites: relevant experience in the task assigned; experience working with other members of the team; and superior analytical and writing skills. In addition, our teams must be capable of working with the Commission Staff on an on-going basis. Using these criteria, we selected the following team.

Name	Title	Office Location
Walter P. Drabinski, BSEE, MBA	Project Director	Cudjoe Key, FL.
Dr. Howard Axelrod, PhD, BSEE, MSEE, MBA	Senior Consultant	Albany, NY.
Chuck Buechel, BS, MA	Senior Consultant	Lexington, KY
Jim Letzelter, BSEE, MBA	Senior Consultant	Albany, NY
Mary Lovell, BSCE, MBA	Senior Consultant	Dallas, TX
Robert Wilkinson, CPA, MBA	Senior Consultant	Jackson, MS
Michael Boismenu, BSEE, MBA, PE (NYS)	Senior Engineer	Dunkirk, NY
Doug Tulley, BSEE	Senior Engineer	Albany, NY
Jacqueline Squilletts	Project Administrator	Cudjoe Key, FL

Walter Drabinski. Mr. Drabinski has managed many regulatory related projects and has extensive experience in all elements of utility practice. He will be the Project Director on this assignment. His recent assignments have included the following.

- Currently assisting the Maryland Public Service Commission with state-wide SOS process, including testimony on related restructuring cases.
- Assisted the Delaware PSC in their SOS RFP Process. Vantage assessed proposed collateral from each bidder prior to approval as a qualified bidder and oversaw the bid evaluation process to ensure compliance with regulatory requirements. Vantage then presented all results to the Commission for their approval.
- Assisted Maryland Public Service Commission with Order 8908 hearings to establish the SOS process for all four Maryland electric utilities. Reviewed settlement, assisted in hearings, and helped write final order.
- Provided testimony in PJM case related to a new power plant in New Jersey. Specific work addressed intricacies of PJM procedures and accounting.

- Project Director on recent operational audit of California ISO for FERC. Addressed market design, governance, and other operational issues.
- Performed an unbundling and cost of service study of Public Service Electric & Gas' generation, transmission, and distribution prior to restructuring. Also analyzed stranded costs and the prudence of construction projects.
- While with Niagara Mohawk Power Company he was construction manager on 115KV and 345KV transmission lines. Later, became Electrical Maintenance Supervisor responsible for fossil, nuclear, and hydro facilities in Oswego, NY.
- Assisted in research into ISO and Transco formation for a group of utilities.

Dr. Howard Axelrod. Dr Axelrod has more than 30 years of experience in management consulting, strategic planning and marketing for electric and gas utilities. With proficiencies in economics, marketing, and power systems planning, he provides a multi-disciplinary approach to resolving complex business and regulatory issues. He has performed numerous studies and led in the development of strategies addressing such issues as competitive restructuring, strategic business and market planning, organizational development, and business risk analysis. Dr. Axelrod also provides training seminars on risk and uncertainty assessment for such applications as power contract management, generation portfolio assessment, energy trading and derivative valuation and new business ventures.

Dr. Axelrod currently serves as the Executive Director of CCAS (Coalition for the Commercial Application of Superconductors), a technology-based trade organization. Dr. Axelrod is working closely with developers of advanced transmission and distribution technologies as well as the DOE and its associated national laboratories. He was Professor of Economics (Adjunct) at Rensselaer Polytechnic Institute (1980 -1982) and Russell Sage College (1982 -1983). He was also a guest lecturer at Colgate University on Energy and the Environment (1998).

Dr. Axelrod has extensive regulatory and consumer advocacy experience. He served as a senior staff advisor to NYPSC Chairmen Joseph Swidler and Dr. Alfred Kahn and then as the Director of Utility Intervention for the New York Consumer Protection Board. He also served as the Governor's chief energy economist on the Shoreham Commission. Dr. Axelrod managed the intervention of over 300 electric, gas and telephone rate cases as well as numerous state mandated electric generation planning proceedings.

Recent assignments include the following.

- Currently assisting the Maryland Commission with statewide SOS process.
- For the *New York Independent System Operator's Board of Directors*, Dr. Axelrod performed an enterprise risk management review which addressed all aspects of the ISO operations as well as organizational and operational requirements for its transition to a regional transmission organization.

- For *Edison Electric Institute*, Dr. Axelrod supported the assessment of issues relating to Standard Market Design with an emphasis on resource adequacy and transmission planning. He also facilitated the development of EEI's principles associated with regional transmission organizations.
- For *Santee Cooper Power*, Dr. Axelrod prepared an economic analysis of decommissioning expenses associated with the W. C. Summer nuclear plant. This study supported Santee Cooper's compliance with FASB 143 requirements for long lived assets by deriving the livelihoods associated with each decommissioning scenario.
- For *NOAA*, Dr. Axelrod recently completed an assessment of the impact of weather forecasting on natural gas procurement strategies for large commercial customers.
- For a major *Northeast utility*, Dr. Axelrod has supported the development of its restructuring plan as well as the assessment of all the major restructuring plans in New York, Pennsylvania, Massachusetts and New Jersey.
- For a *DTE (Detroit Edison)*, Dr. Axelrod trained its strategic planning staff to evaluate risk and uncertainty associated with the company's portfolio of regulated and competitive business ventures.
- For a *New England based electric cooperative*, Dr. Axelrod supported the development of a financial risk model to be used to assess the uncertainty of the New England energy markets.
- For several *regulatory clients*, Dr. Axelrod provided technical and analytical support relating to the development of the Regional Transmission Organization, Desert Star, the Translink ITC and transmission expansion planning at the New England ISO.
- For *The Energy Authority (TEA)*, jointly owned by Jacksonville Electric Authority, the Municipal Electric Authority of Georgia and Santee-Cooper, Dr. Axelrod served as senior energy economist and performed an independent assessment of the Authority's settlement and operating procedures. TEA is a FERC approved electric marketer and operates the largest "customer-owned" electric trading floor in the United States. Dr. Axelrod also served as a strategic advisor providing independent and objective assessment of TEA's operating procedures and risk management activities.

Chuck Buechel Mr. Buechel lends a unique regulatory and theoretical perspective to our team. He has worked on numerous consulting engagements for state and federal regulatory commissions as well as investor-owned and co-operative utilities. He has worked on over a dozen Vantage assignments, including the recent project with the Delaware and Maryland PSC on their SOS bidding process. His assignments have included the following.

- Senior Consultant on recent operational audit of California ISO for FERC. Addressed market design, governance and other operational issues.

- Senior Consultant on an assignment for the Public Service Commission of Delaware to oversee the evaluation of bids received by the Utility in response to its request for service requirements contracts to ensure compliance with regulatory requirements.
- Provided testimony on behalf of the Kentucky Public Service Commission before the Federal Energy Regulatory Commission regarding regulatory concerns associated with American Electric Power's membership in PJM.
- Lead consultant to the Arizona Corporation Commission to provide advice regarding the continuing efforts to implement industry restructuring.
- Assisted in the audits of San Diego Gas & Electric, Southern California Edison and Public Service Electric & Gas compliance with affiliate rules and codes of conduct as a result of restructuring requirements.
- Since becoming a consultant, he has assisted a number of utilities in developing performance-based ratemaking proposals. These include San Diego Gas & Electric, Louisville Gas & Electric, Kentucky Utilities and Mississippi Power. He has worked with a number of utilities in developing regulatory plans and strategies to address their distribution systems in a deregulated environment.
- He was a Senior Consultant in the PSE&G Restructuring Plan for the New Jersey Board of Public Utilities where he analyzed unbundling of T&D and generation.
- On the Entergy Affiliate Transactions Audit he addressed organizational issues of a holding company.
- Recently assisted with the merger of Kentucky Utilities and Louisville Gas & Electric, acting as the regulatory advisor for approval.
- State regulatory coordinator for the successful bankruptcy restructuring of Big Rivers Electric Cooperative Corp.

Jim Letzelter Mr. Letzelter has over 17 years of consulting and management experience. He specializes in power market risk analysis, power market structure assessment and model development & implementation. Mr. Letzelter is a frequently sought speaker for high profile industry forums and is well published. He has been recognized in Business Week, the Chicago Tribune, Miami Herald, LA Times and many other media channels as well as a Congressional Budget Office study on Global Warming. Mr. Letzelter helps his clients to meet the challenges of the ever-changing energy industry through visionary thinking and promotion of innovative offerings – merging analytical excellence with strategic thinking. Jim brings an energetic, visionary, and motivational mindset to the clients he serves.

Mr. Letzelter is currently assisting with the SOS monitoring of the Maryland procurement process and is responsible for calculating the PAT. He has conducted financial analysis on a number of traditional and green power facilities in the mid-Atlantic region and has extensive experience with PJM rules and markets.

Ms. Mary Lovell - Ms. Lovell has twenty-four years of experience in the gas industry as a utility executive, consultant and teacher. Her career includes extensive experience on both sides of the city gate. Her analytical and leadership experience includes working in local distribution companies and pipelines in strategic, regulatory, supply and marketing functions. Ms. Lovell, who has an MBA from Harvard, addressed supply, marketing, financial and accounting issues for pipelines and distribution companies when FERC changed the competitive structure in the early 1980's and has remained an expert on federal policy since then. She has also worked with, and developed, procurement strategies in numerous states. As a former Senior Vice President with Atmos Energy, she worked at all of their affiliates on procurement and strategy issues. Other experience related to this assignment includes:

- Provided testimony and depositions in state and federal regulatory proceedings. Topics include open access transportation, business organization, allocation of shared services costs, rate design and gas supply and transportation contracts;
- Project Manager on an engagement which analyzed over \$1 billion worth of client's purchased gas adjustments and compliance over a 36-month period marked by changing processes, systems, and people. Created work plan, directed staff, managed client expectations, created deliverables. Issued report to client within six months of project start date. Co-manager of business process transformation engagement;
- Leader in pipeline rate department during time of historic industry restructuring by FERC and reorganizations due to acquisitions. Company filed numerous rate and certificate applications which addressed the dynamic business and regulatory environment. Issues such as Orders 380, 436, 636 were addressed. Gas contract obligations and the recovery of related costs were also litigated. Analyzed Company's cost of service, cost classification, allocation and rate design, depreciation and negative salvage, cost of capital and capital structure for regulatory filings.

Mr. Robert. Wilkinson, CPA - Mr. Wilkinson has over 29 years of consulting experience serving major corporations, state and local governments, financial institutions, regulatory bodies, and electric, gas, telephone, and water utilities. He specializes in financial management, accounting, budgeting, affiliate transactions, cost allocations, and strategic and long-range planning. Mr. Wilkinson has participated in several recent assignments in which he investigated one or more of the following areas: financial management, affiliate transactions, cost allocations, corporate planning, external relations, cross-subsidization among corporate entities, financial forecasting, and capital structure.

Mr. Wilkinson held the position of Manager of Consulting Services for Ernst & Young, where he managed and coordinated numerous audit engagements, including internal control reviews. He also served as the Director of Resource Planning for Gulf South Research Institute and has been an Associate Professor and Instructor of Accounting at five different universities. Mr.

Wilkinson received his M.B.A. from Louisiana State University, holds a B.S. in Accounting, and is a Certified Public Accountant in Mississippi.

- Entergy Corporation - Affiliate transactions review and investigation of the areas of cross-subsidization of non-regulated affiliates, improper disclosure of proprietary information, and cost allocation methods and procedures among regulated and non-regulated affiliates.
- Peoples Natural Gas Company - Reviewed financial management, capital structure, cost allocations, accounting systems and procedures, and external relations.
- Mississippi Power & Light Company - Reviewed financial management, capital structure, cost allocations, accounting systems, and external relations.
- U.S. West, Inc. - Affiliate transactions/regulatory impact review among entities in the U.S. West System for the three State Steering Committees.
- New England Telephone Company - Affiliate transactions review of financial management, capital structure, cost allocations, accounting systems, and procedures between NYNEX and New England Telephone Company.
- Western Kentucky Gas Company - Reviewed financial management, capital structure, cost allocations, accounting systems and procedures, and external relations.
- West Texas Utilities Company - Reviewed financial management, capital structure, cost allocations, accounting systems and procedures, and external relations.
- Advanced Technologies, Inc. - Affiliate transactions/regulatory impact review of financial management, capital structure, cost allocations, and accounting systems and procedures among entities and customers of Advanced Technologies, Inc.

Mr. Mike Boismenu –Mr. Boismenu has extensive utility design and operating experience. For this assignment, we will call upon his past experience with Niagara Mohawk as Director of Value Engineering. In this capacity he provided leadership and direction for a multi-disciplined team of Company and Industry recognized experts. This work was followed by a period with NRG in which he served as manager of the Dunkirk Power Plant and then as Regional Manager for all NRG assets. Some highlights that are relevant to this assignment include the following.

- Senior Engineer on evaluation of Con Edison outage management. Reviewed Best Practices, relay and cable issues and operations.
- Formerly, Director of Standards for Niagara Mohawk with responsibilities that included development of programs that addressed Value Engineering, Engineering Standards, Reliability Engineering and Strategic Asset Management.

- Conceptualized and directed the development of an Automated Distribution Station Design System. Resulted in a significant reduction in electric station engineering and design time.
- Directed the automation of the Company's Engineering Standards resulting in a significant improvement in the Line Department's performance.

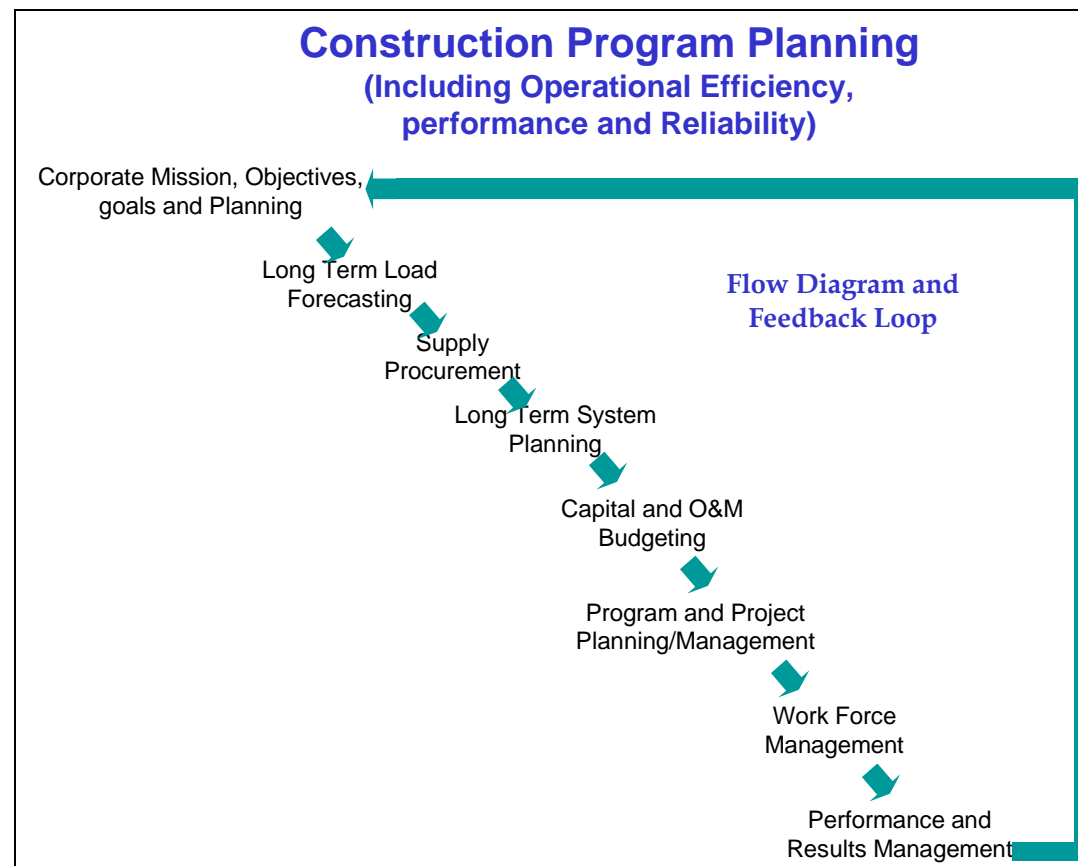
Douglas Tulley - Mr. Tully is an electric utility veteran with diverse work experiences in Field Operations. (Construction, maintenance, operations and emergency restoration). Supervisor/Manager responsibilities have included: Electric Substations, Hydro Electric Generation, Relay & Telecommunications, Meter & Test, Field Service, Underground Network, Heavy Construction, Crane & Rigging Services, Street Lighting, Substation Design, and Electric & Gas Distribution Design. As Manager, Energy Services - Western Division. He was responsible for a number of Field Operating units in Niagara Mohawk's, a National Grid Company, largest division. Key achievements included:

- Reorganization and efficiency improvements helped reduce staffing and department expenses approximately 30%;
- Lost Work Day Cases were reduced to zero in several departments. Recipient of several corporate and divisional awards;
- Worked on three major external audit/consultant teams charged with improving service reliability, operating efficiencies and customer satisfaction in New York Operations.
- Assisted a major Japanese utility company in the development of a comprehensive Enterprise Asset Management solution across a large fleet of nuclear generating assets, including required business process, organization and enabling technology.
- Assisted power industry executives both in Europe and in North America with the transition to restructured power markets, including valuation of assets, financial analysis of market structure alternatives, acquisition/divestiture of assets, and definition and implementation of new business processes for the restructured environment.

2. DEVELOPMENT OF WORK PLAN AND PRELIMINARY WBS

This section of the proposal develops the preliminary work plan for this assignment. The work plan acknowledges that the framework is based on a series of elements or functions that are generally sequential in nature and that can be viewed as a flow diagram or feedback loop. This framework is illustrated in the feedback loop shown below.

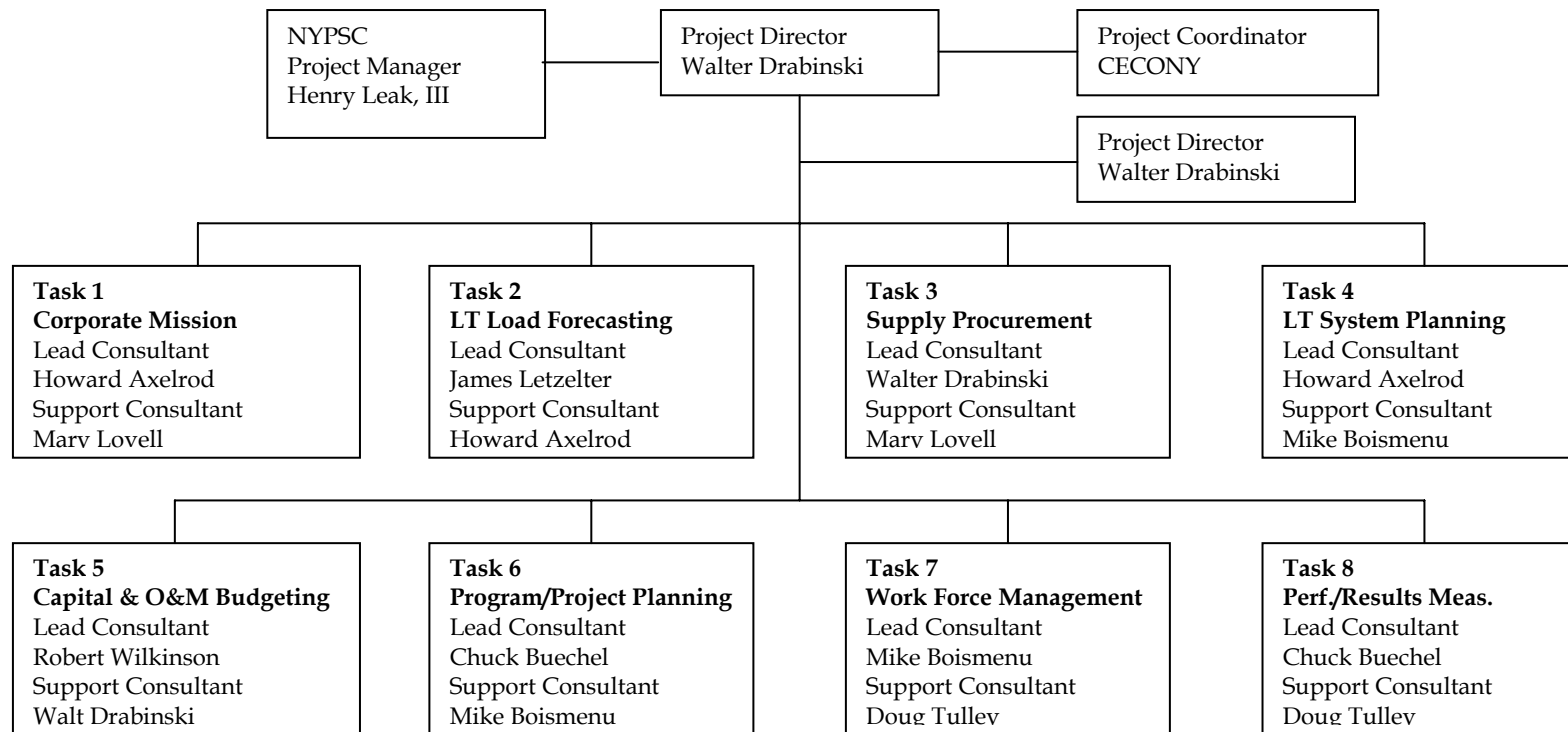
In developing the work plan, we provide two meaningful work products. The first is our view on evaluative criteria for each element of the work flow. This is extremely important since it portrays our view of what is considered adequate or superior performance for a given area. It is expected that we may have different views than the Commission Team and these need to be discussed very early in the process. The second area that is included is our preliminary Work Breakdown Structure (WBS). The WBS is our means of managing the process in a visual manner. It includes the specific work steps for each discrete Task Area, the names of the Consultants with responsibility for the work, initial data requests, initial interviews, and suggested analysis or report detail.



ORGANIZATION OF TASK AREAS AND PROJECT TEAM

- Task 1 - Corporate mission, objectives, goals and planning
- Task 2 - Long-term load forecasting
- Task 3 - Supply Procurement
- Task 4 - Long-term system planning
- Task 5 - Capital and O&M budgeting
- Task 6 - Program and project planning and management
- Task 7 - Work force management
- Task 8 - Performance and results measurement
- Task 9 - Workshop Training

The Project Organization has been developed by first selecting Consultants with the unique credentials necessary for the specific work activity required. Each Task Area has a Lead Consultant and one Support Consultant. This redundancy assures that there is both backup on each Task and two sets of eyes conducting interviews, reviewing data and developing conclusions. The Lead Consultant has the responsibility of linking with the Lead of the Task preceding and succeeding it.



WORK BREAKDOWN STRUCTURE

Task 1 - Corporate Mission, Objectives, Goals and Planning

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> The corporate mission should be developed based upon specific and quantifiable elements of the business that is being undertaken. It should be defined in a clear, concise manner and be easy for management and employees to understand, interpret and convert into meaningful work activities. Objectives and Goals should be designed to reflect the true purpose of CECONY. They should be quantifiable, with performance measures in place. Budgeting and asset allocation priorities should be set using clear and concise metrics, including rates, financial position and future threats. 		<p>Howard Axelrod – Extensive experience working with utility management in developing and communicating corporate missions, establishing objectives and goals and facilitating planning.</p> <p>Mary Lovell – Extensive experience with the natural gas industry, rate, procurement, budgeting, strategy and risk management.</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>Review how Con Edison, Inc. (CEI), the parent, affects budgeting priorities and allocations among the electric, gas and steam businesses?</p> <ul style="list-style-type: none"> Interview senior management and BOD members to gain an understanding of interaction of members with preparation of Corporate Mission, Objectives, Goals and Planning. Review development process for preparing corporate mission and goals. 	Axelrod,		

<ul style="list-style-type: none"> Review Strategic planning process, with emphasis on how it links to Corporate Mission, Objectives, Goals and Planning. 			
<p>Examine CEI budgeting priorities and allocations for CECONY and Orange and Rockland.</p> <ul style="list-style-type: none"> Review minutes of budget meetings. Review process used for ranking projects Review list of constraints placed on budgets 	Axelrod		
<p>Examine the role of the Boards of Directors and executives and senior management in the development of budgeting guidelines and periodic budget reviews and approvals.</p> <ul style="list-style-type: none"> Review any written guidelines or list of responsibilities re. budgeting . Interview BOD members on budget committee. 	Lovell		
<p>Examine if or how CECONY's financial position and the level of its rates are factored into the budgeting process.</p> <ul style="list-style-type: none"> Review interaction between regulatory, financial planning and budget departments. Request any directives that defined budget constraints in recent years. 	Axelrod		
<p>Examine how CECONY executive management use measurable goals to achieve the corporate mission and objectives, and how performance process is handled by</p>	Lovell		

<p>successive levels of management.</p> <ul style="list-style-type: none"> • Review formal goals at each level of the organization. • Review and evaluate performance measures at each level of organization. • Evaluate how performance measures are used for feedback into the budgeting system. 			
<p>Evaluate how CECONY ensures compliance with procedures and practices related to the scope of this audit, e.g., internal controls, Internal Audit function and Sarbanes Oxley Act.</p> <ul style="list-style-type: none"> • Review minutes of BOD meetings and other management correspondence re SOX Act. • Assess level of input into SOX compliance. 	Lovell		
<p>Evaluate how management performance and compensation are aligned with the corporate mission, objectives and goals at all levels within the corporation.</p> <ul style="list-style-type: none"> • Review compensation plans and assess alignment with corporate mission, objectives and goals at all levels within the corporation. • Prepare analysis that shows portion of senior management compensation that is performance related. • Assess performance measures used for compensation and compare with measures used on an operational basis. 	Lovell		

Task 2 - Long-term Load Forecasting

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> • Long-term load forecasting programs should be based on sound methodologies that are proven over time and checked against past history for accuracy • Long-term load forecasting programs should provide consistent and useful data for all financial, regulatory, budgeting and compliance models. 		<p>Jim Letzelter – Works with a number of utilities on long term planning, asset evaluation and energy procurement. Operates Aurora model to estimate energy requirements.</p> <p>Howard Axelrod – Has extensive experience with long-term planning with many utilities and non-profit organizations throughout the U.S.</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>Assess the models used by CECONY to forecast local and system-wide load requirements.</p> <ul style="list-style-type: none"> • Request a complete copy of, or access to, the financial model used for financial, regulatory, budgeting and compliance adherence. • Review all assumptions for relevancy and review sources and change methods in place. • Assess adequacy of models for intended purpose 	Letzelter		
<p>How are demand side management (demand response, etc.) and energy efficiency, and other initiatives considered in the forecasting process?</p>	Axelrod		

<ul style="list-style-type: none"> Review DSM program and energy efficiency, and other initiatives considered in the forecasting process. 			
<p>What types of models, inputs and assumptions does CECONY use to forecast load requirements?</p> <ul style="list-style-type: none"> Request description/ demonstrations of each model used. Review assumption, inputs and outputs for usefulness. 	Letzelter		
<p>How are CECONY's forecasting functions organized? Centralized, decentralized?</p> <ul style="list-style-type: none"> Review organization of forecasting functions 	Letzelter		
<p>How is planning for electric load integrated with gas and steam planning and CECONY's overall business strategy?</p> <ul style="list-style-type: none"> Review how outputs of discrete models are integrated for overall corporate use. 	Axelrod, Letzelter		
<p>Does CECONY have region-specific planning processes?</p> <ul style="list-style-type: none"> Review regional activities 	Letzelter		
<p>How is forecasted load incorporated into rate cases?</p> <ul style="list-style-type: none"> Review process for integrating model results into rate and financial projections. 	Axelrod		

<p>Consider the New York Independent System Operator's (NYISO) role in the State's electric forecasting.</p> <ul style="list-style-type: none">• Interview personnel who interface with NYISO planning personnel.• Review process for integrating ISO requirements into company plans.			

Task 3 - Supply Procurement

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> • Successful supply procurement should include dependable inputs, appropriate risk assessment, current evaluation of market forces and short- and long-term projections that address unknowns and other risks. 		<p>Mary Lovell – Has broad experience on the natural gas side of business working for both pipe line and LDC companies. Currently addressing hedging strategies of NJ LDCs as part of a Vantage Assignment.</p> <p>Walter Drabinski – Has spent most of his career in the supply side of electric utility structure. Currently monitors procurement in Maryland and Virginia</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>Identify and evaluate supply portfolio principles, goals and objectives for mass market default customers.</p> <ul style="list-style-type: none"> • Review all policies and procedures used for portfolio development. 	Lovell		
<p>Identify and evaluate risk management strategies and practices.</p> <ul style="list-style-type: none"> • Review risk management program in place. • Assess historical success in mitigating market fluctuations through appropriate risk management activities. 	Lovell		

<p>Review supply procurement strategies, policies, processes, and methods.</p> <ul style="list-style-type: none"> Review procurement strategies, policies, processes, and methods currently in place, as well as changes in recent years to reflect changing markets. 	Drabinski		
<p>What are CECONY's financial and physical hedging practices?</p> <ul style="list-style-type: none"> Review current hedging program. Summarize both financial and physical hedging program in place. 	Lovell		
<p>Examine CECONY use of performance benchmarking with other utilities.</p> <ul style="list-style-type: none"> Review all benchmarking taking place relative to supply portfolio development and risk management. 	Drabinski		
<p>Review portfolio performance goals.</p> <ul style="list-style-type: none"> Assess portfolio goals and results for the last five years. 	Drabinski		
<p>Evaluate portfolio oversight and controls.</p> <ul style="list-style-type: none"> Review oversight organization. Review all meeting minutes and presentations 	Lovell		

regarding oversight.			
<p>What is the role of demand management/response, energy efficiency, and migration of retail customers to competitive suppliers in the portfolio and procurement processes?</p> <ul style="list-style-type: none"> • In conjunction with work in previous task, assess how demand management/response, energy efficiency, and migration of retail customers to competitive suppliers is accounted and planned for. 	Lovell		

Task 4 - Long-Term System Planning

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> • There should be a well defined process in place, with competent personnel who collect the appropriate information, on a timely basis and analyze it with well tested models. • Management should be in the loop as new policies or strategies for system planning are considered. 		<p>Howard Axelrod – Extensive experience working with utility management in developing and communicating corporate missions, establishing objectives and goals and facilitating planning.</p> <p>Mike Boismenu – has extensive utility based experience with engineering, standards, and operations. Has had responsibility at the division level for a number of utilities..</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>Assess infrastructure planning and engineering functions.</p> <ul style="list-style-type: none"> • Interview planning and engineering department personnel to understand planning and engineering functions. • Review all current plans. • Assess changes in plans based on recent reliability and restoration problems. 	Boismenu		
<p>Examine the priorities, guidance and other instructions for evaluations, tradeoffs and decision making.</p> <ul style="list-style-type: none"> • Review interface between management and engineering planners as they deal with tradeoffs 	Axelrod		

<p>and project evaluation.</p> <ul style="list-style-type: none"> Review any models or processes used to address evaluations, tradeoffs and decision making. 			
<p>Examine the development of forecasts for local area networks and infrastructure requirements.</p> <ul style="list-style-type: none"> Review all current analysis associated with local area network and infrastructure requirements. Determine if inputs to forecasts are reasonable. 	Boismenu		
<p>How are alternative resources such as distributed generation and demand response initiatives considered in the planning process?</p> <ul style="list-style-type: none"> Review all plans for alternative generation processes that may affect distribution growth solutions. 	Axelrod		
<p>How are other load and infrastructure factors, such as advanced metering, smart grid, and energy efficiency initiatives considered in the planning process?</p> <ul style="list-style-type: none"> Review impact of other load and infrastructure factors, such as advanced metering, smart grid, and energy efficiency initiatives considered in the planning process. 	Boismenu		
<p>How are the needs developed for major projects (e.g., substations, breakers, switches, transmission feeders,</p>	Boismenu		

<p>secondary system, etc.)?</p> <ul style="list-style-type: none"> • Review bottoms up assessment of substations, breakers, switches, transmission feeders, secondary system and other distribution system components. • Determine what calculations are made on the above systems to determine repair vs. replace decisions. 			
<p>What is the process and criteria for making decisions regarding replace versus repair, including how the overall construction program planning (CPP) process is affected?</p> <ul style="list-style-type: none"> • Review any models or ranking programs that assist in repair/replace decisions. • Determine if appropriate risk assessment is included in decisions. 	Axelrod		
<p>What are the effects on the planning process of: (a) network versus radial systems; (b) underground versus overhead systems; (c) reliability versus new business tradeoffs; and (d) regional (e.g., Bronx/Westchester) versus central planning dynamics?</p> <ul style="list-style-type: none"> • Each of these elements must be examined from the point of view as to how it impacts central planning. • Develop a flow chart as to how planning is addressed for each of the above. 	Boismenu		
<p>To what extent are benefit/cost analyses and risk analysis considered in the decision-making process including whether</p>	Axelrod		

<p>the level of consideration is appropriate and effective? Include an examination of the specific types of benefit/cost and risk analysis methodology being used.</p> <ul style="list-style-type: none">• Determine how risk analysis is integrated into planning process.• Determine what risk factors are considered.			
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Task 5 - Capital and O&M budgeting

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> • Capital and O&M budgeting should be addressed with the appropriate balance of input from all levels. • The mechanics of establishing budgets, prioritizing projects and estimating costs should be done with a consistent and proven methodology. • There should be no diversion of assets without proper assessment of all impacts. 		<p>Robert Wilkinson – Has 38 years of experience in these areas with utilities throughout the U.S.</p> <p>Walter Drabinski – Has analyzed these areas on numerous audits, including the recent assessment of Con Edison’s outage management and storm restoration audit</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>What are the roles of Consolidated Edison, Inc. and CECONY Boards of Directors and executive and senior management? At what point and to what extent do they get involved in the capital and operation and maintenance budgets? What level of detail do the Boards see? What are the Boards responsibilities? What is the relationship between CECONY and O&R regarding budget priorities?</p> <ul style="list-style-type: none"> • Interview all levels of management to assess involvement in each part of the budgeting process. Review decisions made by senior management and the BOD. 	Drabinski		
<p>Evaluate the construction/capital priority setting process.</p> <ul style="list-style-type: none"> • Review, along with work done above, the setting of priorities for construction and capital spending. 	Wilkinson		

<p>How does optimization of repair versus replace decisions impact infrastructure/capital expenditures?</p> <ul style="list-style-type: none"> • Review repair/replace policies, as addressed above, and determine how it impacts infrastructure concerns such as reliability and business intrusion. 			
<p>How is incremental O&M associated with new construction factored into the budgeting process?</p> <ul style="list-style-type: none"> • Conduct a historical evaluation of O&M versus new construction. • Assess how policies in place impact this relationship. 			
<p>How do allowed revenues/rates and financing opportunities or constraints affect budget levels and priorities?</p> <ul style="list-style-type: none"> • Develop an analysis of rate related revenue as it has impacts on budget levels. • Assess results of ongoing rate case and its direct and verifiable impact on budgets. 			
<p>Compare planned/budgeting expenditures, rate case proposed expenditures, and actual expenditures.</p> <ul style="list-style-type: none"> • Review and track planned/budgeting expenditures, rate case proposed expenditures, and actual expenditures. 			

<ul style="list-style-type: none"> Assess reasons for any deviations. 			
<p>Define and evaluate the capital budgeting process, including project authorization, project appropriation, increase/decrease of authorization/appropriation, capital budget status reporting, validation in advance of appropriation, funding control, etc.</p> <ul style="list-style-type: none"> Review process in place for approval of capital budget. Review authorization levels and degree to which there are disagreements. 			
<p>Evaluate CECONY's use of budgeting guidelines, practices and procedures, including "zero-based" and other alternative methods.</p> <ul style="list-style-type: none"> Review policies re. zero based versus incremental changes to historical levels based on new business and inflation. Review any alternative practices that have been considered and rejected for relevancy. 			
<p>Examine the roles of and relationships between regional and centralized planning and budgeting functions.</p> <ul style="list-style-type: none"> Review responsibilities and authority between Divisions and central engineering department. 			
<p>What is CECONY's methodology for prioritizing and</p>			

<p>determining which capital projects get approved? Include an examination of CECONY's modeling software for capital and operation and maintenance budgeting.</p> <ul style="list-style-type: none"> • Review modeling software, as well as any written practices in place. 			
<p>How are expenditures managed and controlled? What methodologies are used to control and manage total company, program and project capital costs in the near and long term?</p> <ul style="list-style-type: none"> • Review all periodic reports that address budget to actual and causes for deviations. 			
<p>What is the annual process for reviewing and determining whether total capital and O&M planned expenditures are adequate? Evaluate cost control systems and processes from both a top-down and bottom-up perspective. Are there sufficient controls in place to ensure that increases and decreases to the construction budget/expenditures are justified and appropriately approved?</p> <ul style="list-style-type: none"> • Compare results of financial models to capital requests and assess methods used for determining final expenditure levels. • Review revisions to the budgets for the last five years to see how, when and with what approval changes were made. 			
<p>Examine the bottom-up and top-down processes for developing the budgets for capital/construction classifications</p>			

and categories. <ul style="list-style-type: none">• Review system of classifying budget components.			
How are budget forecasts incorporated into rate case revenue requirements? <ul style="list-style-type: none">• Review workup process for rate case projections.			

Task 6 - Program and Project Planning and Management

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> • There should be a very clear and concise means of moving from proposed plans to approved budget projects. • Prioritization and approval of projects should be well documented and clear. 		<p>Chuck Buechel – Has worked with both utilities and as a regulator on issues of program and project planning and management</p> <p>Robert Wilkinson – Has broad experience on project assessments.</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>How do capital and O&M plans and budgets convert to specific programs and projects?</p> <ul style="list-style-type: none"> • Review process for allocating budgeted funds to specific programs and projects. 	Wilkinson		
<p>How are programs and projects prioritized and approved over various time horizons?</p> <ul style="list-style-type: none"> • Review planning timeline as it applies to budgeting. 	Buechel		
<p>Define and review program and project planning, design, estimating, engineering, costing, scheduling and execution.</p> <ul style="list-style-type: none"> • Work with all other consultants to develop an overall assessment of program and project planning, design, estimating, engineering, costing, 	Buechel		

scheduling and execution elements.			
<p>How are materials, equipment, transportation and other logistical support planned and managed for programs and projects?</p> <ul style="list-style-type: none"> • Review through policy and procedures and field investigations the means of procuring and distributing materials, equipment, transportation and other logistical support. 	Wilkinson		
<p>How are tradeoffs analyzed and decisions made in order to optimize the use of in-house workforce versus contractor labor?</p> <ul style="list-style-type: none"> • Review policies and procedures for optimizing the use of in-house workforce versus contractor labor. 	Buechel		
<p>Examine contractor and engineering bidding practices.</p> <ul style="list-style-type: none"> • Review procedures for selecting outside contractors and engineers. • Review specific samples of this selection process, including change orders and cost control. 	Buechel		
<p>Evaluate how construction contractor projects are planned and managed.</p> <ul style="list-style-type: none"> • Review procedures and interview personnel responsible for planning and managing contractors and construction projects. 	Buechel		
Evaluate quality assurance and quality control at the program	Buechel		

<p>and project level.</p> <ul style="list-style-type: none"> • Review QA/QC programs 			
<p>Examine contractor management, project/program management, including accountability, goals, objectives, and performance measurement.</p> <ul style="list-style-type: none"> • Review all programmatic system sin place for managing contractors. 			
<p>Examine CECONY methodology for tracking costs, work units and work quality for specific programs and projects. What are the typical variances between original budgeted and actual capital expenditures and work units? How does CECONY track and minimize the variances in order to improve the cost control, efficiency/productivity and work quality?</p> <ul style="list-style-type: none"> • Review all project tracking programs in place. • Analyze budgeted to actual reports and graph results. • Determine at what level of variance management actions are taken. 			

Task 7 - Work Force Management

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> An effective work force management program should be developed with sound principles, should be easy to implement and tract, and reports should be he basis for taking actions. 		<p>Mike Boismenu – Has developed and operated work force management programs at utilities.</p> <p>Doug Tulley – Has field experience implementing work force management programs.</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>Examine how planning and execution of programs and projects are converted into short-term and day-to-day work planning and management.</p> <ul style="list-style-type: none"> Review all work planning and management tools used by field personnel for short-term projects. Review development of reports form short term tools. 			
<p>Evaluate work management systems that are used to schedule and manage field crews, including transportation, equipment, and materials.</p> <ul style="list-style-type: none"> Review all work management tools, reports, models and other systems. Sample reports and determine if action is taken when deviations are identified. 			

<p>Review the roles and responsibilities of project managers, supervisors, inspectors, etc.</p> <ul style="list-style-type: none"> • Interview project managers, inspectors and other management personnel to ascertain their duties. • Review job descriptions for above. 			
<p>How does CECONY manage quality assurance and quality control?</p> <ul style="list-style-type: none"> • Review QA/QC program as it applies to construction management. 			
<p>How does CECONY measure and manage employee availability, utilization, efficiency, productivity and effectiveness?</p> <ul style="list-style-type: none"> • Review all system in place for measuring and managing employee resources. 			
<p>How are work program and project schedules managed on a day-to-day basis?</p> <ul style="list-style-type: none"> • Review development and revision of daily work schedules. • Determine how they are integrated into larger resource schedules. 			
<p>How does information about rework, failures, repair history, etc. get translated into corrective actions, infrastructure aging</p>			

<p>analysis, repair versus replace decisions, etc?</p> <ul style="list-style-type: none">• Review process for integrating rework, failures, repair history, into corrective actions, infrastructure aging analysis, repair versus replace decisions.			
<p>How do workforce and work management systems feed back into performance improvement opportunities?</p> <ul style="list-style-type: none">• Review feedback mechanisms that provide input to management systems.			

Task 8 - Performance and Results Measurement Planning

Evaluative Criteria		Consultants Assigned	
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as Con Edison.</p> <ul style="list-style-type: none"> • An effective system for performance and results measurement must use clear and easily measured incides, that have a high correlation to work requirements • Planning associated with performance measurement should readily accept results and then translate these results into actionable changes in policy or asset allocation. 		<p>Chuck Buechel – Has extensive experience developing and tracking performance and results for utility operations.</p> <p>Doug Tulley, - Relied and implemented these type of reports while working at a large utility.</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
<p>How does CECONY’s performance (reliability, productivity, etc.) feed back to its corporate mission, objectives and goals so that CECONY can improve its processes, redirect resources, and change priorities? At what point and to what extent are the Boards involved in this feedback loop?</p> <ul style="list-style-type: none"> • After reviewing all performance measurement systems determine how they interface with senior level mission statements, objectives and goals. 	Buechel		
<p>Are managers held accountable for performance improvements, e.g., cost savings and productivity gains anticipated from specific capital and O&M programs and projects, specific corporate goals, etc.?</p> <ul style="list-style-type: none"> • Determine in what way performance results affect managers performance evaluations. 	Buechel		

<p>Are there impediments that tend to constrain performance improvements and necessary changes?</p> <ul style="list-style-type: none"> • Ascertain whether there are any structural or communication barriers that are impediments to improvements and changes. 	<p>Tulley</p>		
<p>Are there additional performance measures or indicators that are needed to facilitate the corporate mission, objectives and goals? For example, in addition to lagging indicators, are there appropriate leading indicators, metrics and measures that will help improve performance?</p> <ul style="list-style-type: none"> • Provide a list of additional or alternate measures that should be considered. • 	<p>Tulley</p>		

Task 9 – Work Shop Training

<ul style="list-style-type: none"> The workshop subjects will be determined after the audit starts but, for example, one workshop may be focused on optimum (or “best”) practices and processes that utilities use to assess operational risks associated with the delivery of the commodity, how risk assessment impacts the long-term corporate construction and O&M decisions, and how budgeting priorities are managed. We are particularly interested in developing in-house Staff skills that will allow the Department to analyze these practices and processes as part of our regulatory oversight responsibilities. Please provide a separate cost estimate for this work. 		<p>Consultants Assigned</p> <p>Howard Axelrod – Extensive experience working with utility management in developing and communicating corporate missions, establishing objectives and goals and facilitating planning.</p>	
Work Requirements and Associated Steps	Consultant Assigned	Preliminary Data Requests and Analysis	Interviews/Site Visit/Field Work
Develop and conduct workshops as needed	Team members as needed		

3. APPROACH, METHODS, PROCEDURES, AND PROJECT MANAGEMENT

A. PROJECT CONTROLS

We use several proven project management techniques that will enable us to manage this project while enhancing communications among the project team members, Staff and Company management while assuring confidentiality of key data.

CONFIDENTIALITY

Vantage recognizes that all information collected from the work processed under this contract must be treated with care to preserve any issues of confidentiality. Vantage and all employees involved on this assignment will sign the Non-disclosure and Use of Information Agreement upon award of the project. Further, Vantage will utilize its internal controls to assure all materials are handled in a manner that prevents inappropriate dissemination. Internal controls consist of:

- Vantage's PC-based network database system is secured through a series of passwords for each project. Only selected project consultants have the ability to access the information in the database system;
- All data stored at the Vantage office is kept in locked file drawers;
- All information used by consultants is collected at the end of the project and stored with other working papers, notes and drafts in a secure room;
- The Vantage network can be accessed through direct dial-up using a modem and passwords. The consultant or client is permitted access to limited areas of the network infrastructure, depending on security provisions. Using a password, the individual can upload or download files from prescribed sub-directories. The advantage of this system is that an individual can access any files needed without having them sent;
- Vantage also can use encryption software to ensure that the transmittal of files across the internet is secure. This method allows an individual to send or receive files that are encrypted. Only individuals with the same software and codes can then decode the files.

INFORMATION REQUEST MANAGEMENT SYSTEM

Throughout the course of the review, the team may submit a number of information requests. Efficiently managing outstanding information requests and those documents received are crucial to the success of the project. We use a PC-based system designed to

increase the efficiency of handling of all information requests. A copy of our information request form is provided below.

After the initial submittal, information requests will be submitted on separate forms and faxed or e-mailed to the Staff and Company Project Manager. Questions regarding definition of the requests by the Company will be facilitated by telephone discussions. In order to facilitate the timely completion of this fixed-price project, we anticipate receiving a response to most information requests within 10 working days.

Exhibit III-1 - Information Request Form

<p>Management Audit of Consolidated Edison Company of New York, Inc.</p> <p>INFORMATION REQUEST FORM</p>	
<p>SECTION 1 - CONSULTANT</p>	
<p><u>REQUEST #:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<p><u>DESCRIPTION OF INFORMATION REQUIRED:</u></p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<p><u>PRIORITY:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<p><u>SOURCE REFERENCE:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<p><u>REQUESTED FROM:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<p><u>REQUESTED BY:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<p><u>WORKPLAN AREA:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
<p>SECTION 2 - ADMINISTRATOR</p>	
<p><u>DATE REQUESTED:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<p><u>COMMENTS:</u></p> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>
<p><u>DATE DUE:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<p><u>ACTUAL DATE RECEIVED:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<p>SECTION 3 - COMPANY</p>	
<p><u>DOCUMENT TITLE:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<p><u>DOCUMENT RESTRICTION OR COMMENTS:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
<p><u>DESIGNATION #:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<p><u>PERSON RESPONSIBLE, TEL. #:</u></p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>

Exhibit III-2 - Interview Request Form

Management Audit of Consolidated Edison Company of New York, Inc. INTERVIEW REQUEST FORM	
SECTION 1 - CONSULTANT	
<u>INTERVIEW NUMBER:</u>	<u>CLIENT:</u>
<u>INTERVIEWEE:</u>	<u>TITLE OR FUNCTION:</u>
<u>REQUESTED BY:</u>	<u>OTHER CONSULTANTS/ ATTENDEES:</u>
<u>REQUESTED FROM:</u>	<u>INTERVIEW LENGTH:</u>
<u>TIME REQUESTED:</u>	<u>WORKPLAN AREA/TOPIC:</u>
SECTION 2 - ADMINISTRATOR	
<u>DATE SENT TO COMPANY:</u>	<u>ACTUAL DATE & TIME:</u>
<u>COMMENTS:</u>	
SECTION 3 - COMPANY	
<u>INTERVIEWEE/TITLE:</u>	<u>DATE:</u>
<u>LOCATION:</u>	<u>TIME:</u>

REPORT DOCUMENTATION

We have extensive procedures and PC-based software systems that permit us to:

- Footnote, annotate, and cross-reference the task, draft, and final testimony to our working papers and the detailed work plan, resulting in a complete documentation trail;
- Schedule and track interviews through a PC-based database system;
- Track the request and receipt of information requests through a PC-based database. Numerous summary and detailed reports permit project management and allow the client to assess company response rates.

Footnotes serve as the basis for annotating our reports, which we use to identify the source of information that supports a statement of fact, finding, conclusion, or recommendation. As policy, we require that every fact, quote, result of analysis, or other statement that can be challenged be footnoted.

PROJECT DELIVERABLES

Deliverables for this project include both verbal and written updates as well as specific written report drafts, ultimately concluding with a final report. Specific expectations of deliverables will include:

- Regular verbal briefings of the Staff by the Project Director;
- Orientation meeting with Staff and ConEd personnel;
- Meetings regarding the detailed work plan development;
- Mid project briefing meeting(s) with Staff to review progress and findings to date; (One or more will be scheduled depending on circumstances.)
- Draft Report for delivery to the Staff for initial review;
- Updated Draft Report for ConEd to review;
- Final Draft Report with ConEd input considered;
- Final Report for submittal to Staff
- Work papers from project.

4. SCHEDULES AND BUDGETS

SCHEDULE

Our schedule follows.

ID	Task Name	Duration	Start	Finish	Apr '08	Jul '08	Oct '08	Jan '09	Apr '09	Jul '09
1										
2	Audit Schedule	416 days?	Mon 5/19/08	Mon 12/21/09						
3	Contract Award	51 days?	Mon 5/19/08	Mon 7/28/08						
4	Sign contract and Admin	15 days?	Tue 7/29/08	Mon 8/18/08						
5	Orientation, DR's and Initial Interviews	20 days?	Tue 8/19/08	Mon 9/15/08						
6	Revise Work Plan	22 days?	Tue 9/16/08	Wed 10/15/08						
7	Fied Inspections and Data analysis	77 days?	Thu 10/16/08	Fri 1/30/09						
8	Detailed Work Plan Approved	10 days	Mon 2/2/09	Fri 2/13/09						
9	Continue Analysis, Field Work and Survey Dat	90 days	Mon 2/16/09	Fri 6/19/09						
10	Prepare Task Reports on Work WBS Sections	60 days	Mon 6/22/09	Fri 9/11/09						
11	Complete Draft Report	1 day?	Mon 9/14/09	Mon 9/14/09						
12	Submit Draft Report to Staff for Review	20 days	Tue 9/15/09	Mon 10/12/09						
13	Submit Draft to Con Ed for Factual Accuracy	20 days	Tue 10/13/09	Mon 11/9/09						
14	Complete Draft Report and Submit to con Ed fo	20 days	Tue 11/10/09	Mon 12/7/09						
15	Submit Final Report to Staff	10 days	Tue 12/8/09	Mon 12/21/09						

PROJECT COST

HOURS, FEES, AND EXPENSES

The rates provided below are standard hourly rates, based on an eight-hour day. These rates will remain in effect for the length of the project and testimony (180 days).

Table 1 provides a summary of our "Not to Exceed" fees and expenses, as well as a breakdown of these fees and expenses. The schedule duration, complexity, and uncertainty as to the scope of each task has led us to propose a preliminary distribution of hours by consultant. After the project is awarded, the Vantage team will meet with the Staff Project Officer to determine the most appropriate hourly distribution for this assignment.

We agree to comply with the retention policy for this Project.

CECONY Management Audit Hour and Fee Estimate						
	Project Manager Drabinski \$275	Senior Consultant \$240	Senior Engr. \$230	Project Admin Squillets \$75	Total Hours	Total Fees
Task 1 - Corporate mission, objectives, etc.	40	280		16	336	\$79,400
Task 2 - Long-term load forecasting	120	280		16	416	\$101,400
Task 3 - Supply Procurement	160	120		16	296	\$74,000
Task 4 - Long-term system planning	40	160	160	16	376	\$87,400
Task 5 - Capital and O&M budgeting	148	200		16	364	\$89,900
Task 6 - Program Planning	24	160	160	16	360	\$83,000
Task 7 - Work force management	24		240	16	280	\$63,000
Task 8 - Performance and results	24	200	200	16	440	\$101,800
Task 9 - Workshop Training	80	80	80	24	264	\$61,400
Project Total Hours	660	1,480	840	152	3,132	
Project Total Fees	\$181,500	\$355,200	\$193,200	\$11,400		\$741,300
Estimated Travel Expenses						
Onsite Percentage	50%					
Hours per trip	24					
Hotel cost per trip	\$450					
Airfare per trip	\$500					
Ground Trans. per trip	\$150					
Per diem per trip	\$200					
Cost per trip	\$1,300					
Number of consultant trips	40					
Travel Expenses	\$52,000					
Total Project Cost	\$793,300					

INVOICING

Invoices will be submitted monthly and are due 10 days after submitted to Company.

Invoice backup will include:

- A breakdown of charges by consultant and expense category;
- Time and expense reports for each consultant and staff person;
- Copies of all pertinent expense receipts. Receipts for all expenses over \$25 will be provided.
- Percentage of work completed.

PERSONAL EXPENSE POLICY

Our overall policy is that individual consultants and the firm be reimbursed for direct expenses incurred in conducting the assignment. In general, our policy provides that:

- Personal mileage is reimbursed at the rate of \$.505 per mile;
- Travel is reimbursed to and from the consultant's home, office, or last work assignment. In cases where a consultant is traveling from another assignment, the cost will be allocated (with documentation) between assignments in an appropriate manner. However, the amount will not be greater than if from the consultant's home;
- Reasonable meals and miscellaneous expenses are charged at cost;
- Communication, copying, and mail costs are charged at cost.

INSURANCE COVERAGE

Vantage carries extensive insurance coverage for assignments of this type, including:

- Personal Liability coverage of \$1,000,000 per occurrence.
- Automobile coverage of \$1,000,000 per occurrence.
- Appropriate workers' compensation and disability insurance for all employees.

5. CONSULTING STAFF ORGANIZATION

A. RESUMES

The following resumes have been provided for your review.

RESUME OF MR. WALTER P. DRABINSKI

AREAS OF SPECIALIZATION

Mr. Drabinski is President of *Vantage Consulting, Inc.* He has more than 32 years of experience in the utility industry as both a utility company manager and a management consultant. His functional expertise includes all aspects of utility strategy, organization, executive and financial management, operations practices, productivity improvement, operations and maintenance, and engineering, environmental and construction management. As a utility manager, Mr. Drabinski held the positions of System Training Director, Fossil Generation; Supervisor, Electrical Maintenance; and Operations Project Engineer for Niagara Mohawk Power Corporation. As a management consulting principal, he has managed more than 75 consulting engagements, including over 30 state regulatory commissioned audits.

SELECTED CONSULTING EXPERIENCE

Maryland Public Service Commission – Provided technical support in hearings and development of a final order relative to developing a formal procedure for addressing Standard Offer Service (SOS) supplies for its four electric utilities.

PJM Power Plant Arbitration – Provided testimony and technical assistance on an arbitration for an independent power plant built in the PJM region. Issues involved interpretation of PJM rules and contractual issues such as commercial operation date and performance guarantees.

St. Vincent Energy Services Ltd. - At the request of the Board of Directors and Prime Minister, Vantage conducted a reviews of system reliability and fuel procurement. Significant findings resulted in a new strategic plan, a reorganization of management and a legal investigation into procurement practices.

Arizona Corporation Commission – Provides assistance to the Commission Staff and Commissioners on all restructuring issues under consideration. This includes development of an ISO. The reorganization of cooperatives and G&Ts for deregulation. Development of solutions regarding high costs resulting from California related issues. Reassessment of deregulation orders based on appellate decisions.

Indiana Power & Light – Vantage is acting as the evaluator, at the request of the Indiana Utility Regulatory Commission for a three year program in which customer service and distribution system reliability are being monitored with penalties for missing targets. A major element of this program is enhanced vegetation control.

Seattle City Light – Conducted a controversial audit of Seattle City Light's financial, risk management and governance structure. Serious issues regarding debt, O&M and Capital expenditures were raised. Major recommendations on risk management were developed.

California Independent System Operator – Project Director on an Independent Operational Audit of the CAISO for the period of 10/01 to 10/02. This assignment was performed at the request of the FERC and led to a series of five global recommendations. Shortly after the

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completion of the audit, Mr. Drabinski testified before the House of Representatives, Subcommittee on Subcommittee on Energy Policy, Natural Resources & Regulatory Affairs.

New Hampshire Public Service Commission – Provide technical and strategic assistance under a long-term contract on transmissions and distribution issues. These have included ISO strategies, local distribution reliability, asset decisions and general regional concerns.

Commonwealth Edison Company – Retained by the Illinois PSC to investigate outages suffered in downtown Chicago during the summer of 1999. The assessment provided a comprehensive analysis of eight separate outages, with details of causes and recommendations for improvement.

Public Service Electric & Gas – Engagement Manager during a long-term engagement with PSE&G. Specific assignments he directed include:

- Developed a 30-year environmental plan, addressing power generation and environmental strategy.
- Assisted in development of innovative rate strategy for Bergen combined cycle unit.
- Worked on a team of utility employees, lobbyists, legislative staff members and the DOE to develop a program for voluntary reduction of CO₂ and global warming initiatives.
- Reviewed gas procurement strategy for 1300 MW of combine cycle generation.
- Conducted a tactical and strategic alternatives study of the company's fleet of 158 combustion turbine generation plants.
- Developed a plan for complying with the 1990 Clean Air Act Amendments.
- Assisted in a study of the 1992 Energy Policy Act; prepared a report that illustrated how it would impact company operations.
- Wrote and supported testimony in the area of fossil generation on behalf of the company in a major rate case.
- Developed protocols for NO_x emission trading within NESCAUM.

FERC – Interfaced with Commission and their staff on issues such as Transco structures, restructuring, and ISOs. Prepared a white-paper that addressed a Transmission PBR as a mechanism for incenting utilities.

PSE&G – Project Manager and Lead Witness for an audit of the Company's Unbundling, Stranded Cost, and Restructuring plans and testimony. On this assignment, under the auspices of the New Jersey Board of Public Utilities, Vantage was the lead firm for a consortium of five consulting firms that addressed numerous critical and cutting edge issues. These included areas such as reconciliation of the regulatory and FERC books, development of cost of service studies, assessment of capital additions proposed for stranded cost recovery, calculation of market prices for energy and capacity, calculation of stranded costs associated with nuclear, fossil and non-utility generation, assessment of securitization as a mitigation option, and development of a comprehensive model that determined the possible rate reduction that could be achieved.

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Pacific Gas & Electric Co. – Project Director for affiliated audit for 2001 and 2002 calendar years to verify compliance with California PUC restructuring requirements. Assignment included assessment of company plan and audit of affiliate transactions. Acted as the lead consultant on areas that addressed Nondiscrimination Standards, Disclosure and Information Standards, and Competitive Services. Recommendations from these reports addressed means of improving compliance.

Public Service Electric & Gas Company – Retained by the New Jersey Board of Public Utilities to assess compliance with all Affiliate Compliance and Code of Conduct Rules enacted as a result of restructuring.

San Diego Gas & Electric – Project Manager on an assignment for the California PUC and SDG&E to review the implementation of Performance Based Ratemaking. This assignment included an assessment of financial, operational, performance and culture changes that were impacted by the two-year experimental program. While involved in this project, Mr. Drabinski developed an understanding of the SDG&E holding company formation and its interaction with the proposed industry restructuring.

California Public Utilities Commission Telco Division (Attestation Exams) – Mr. Drabinski was the Project Director on seven separate assignments for the CPUC during the period of 2000 to 2002. These included:

- Examinations of surcharge collections of “high cost fund” and “teleconnect fund” amounts for AT&T, Verizon, Sprint, and PacBell. In each project significant accounting, interpretational and transmittal errors were discovered, leading to the recovery of amounts well in excess of project costs.
- Examinations of claims requests of “high cost fund” and “teleconnect fund” for Verizon, PacBell, and Roseville. (Pac Bell and Roseville exams will be complete in late 2002.

Louisville Gas & Electric – Project Manager for a comprehensive management and operations review for the Kentucky Public Service Commission. A key element of this audit was the analysis of the Energy Services Company of LG&E Energy, a holding company which was the organizational entity responsible for all regulated generation and non-regulated generation, power marketing, and natural gas transmission activities. This included a special review of affiliated transactions. Acted as Lead Consultant in the areas of power production, fuel procurement, Affiliated Review, Clean Air Act compliance, Energy Policy Act response, and T&D engineering and construction. Assisted in review of strategic planning and power marketing activities. In conjunction with this audit, Mr. Drabinski met with the Commissioners a number of times to discuss issues of industry restructuring and the role the Commission should play.

Louisville Gas and Electric/Kentucky Utilities Merger – Assisted with broad range of issues including regulatory strategy, synergy quantification, testimony development, witness preparation, interrogatory development and responses. System reliability and monitoring was a key element of this complex project.

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Kentucky Utilities Company – Project Manager for a comprehensive management and operations review for the Kentucky Public Service Commission. Acted as Lead Consultant in the areas of power production, fuel procurement, transmission operations, and engineering and construction. Provided numerous recommendations to improve competitiveness of this already low-cost utility. Met with the leadership of the State House of Representatives and Senate to discuss utility competition and industry restructuring.

BellSouth Telecommunications, Inc. – Project Manager on a review of BellSouth performance under an alternative regulation plan for the state of Kentucky. This is the first of nine states in which the Price Regulation Plan is up for renewal and as such is of great interest to the company and regulators.

New England Telephone – Provided assistance with quality control and final reviews of work product while an officer with the lead firm. This project reviewed affiliate transactions between parent and its subsidiaries.

GTE of California and Contel of California (now Verizon) – Audited collection procedures and practices for various surcharge activities. Provided a CPA Opinion Letter. (through a subcontractor.)

US West – Provided assistance with quality control and final reviews of work product while an officer with the lead firm. This project reviewed affiliate transactions between parent and its subsidiaries. Assisted in development of model for cost allocation analysis.

Pennsylvania Governor Task Force – Provided input to Governor’s office, legislature and PUC on restructuring issues in state. Issues included handling of stranded costs, securitization, the development of competition, and the education of consumers.

Entergy Corporation – Project Manager for a review of affiliated transactions between Entergy Corporation, Entergy Services, Inc., and a myriad of regulated and non-regulated subsidiaries. This engagement, performed for five regulatory agencies, is in response to the 1991 Settlement Agreement with the SEC, at which time the holding company was formed. The results of this audit included reallocation of almost \$5 million and a reconfiguration of reporting requirements.

Sempra Energy (SDG&E and SoCalGas)– Project Director for affiliated audit for 1998 and 1999 calendar years to verify compliance with California PUC restructuring requirements. Assignment included assessment of company plan and audit of affiliate transactions. Acted as the lead consultant on areas that addressed Nondiscrimination Standards, Disclosure and Information Standards, and Competitive Services. Recommendations from these reports addressed means of improving compliance.

Clean Air Action Corporation – Assisted in development of strategy regarding purchase and sale of emission credits throughout the Ozone Transport Region.

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Honeywell/Allied Signal – Provided strategic assistance and research in development of commercial fuel cell. Conducted market research and facilitated meetings with utilities interested in commercial development.

Colonial Chemical Company – Assisted company in identifying candidates for Selective Non-Catalytic Reduction systems to reduce nitrous oxide emissions from power plants.

Public Service Electric & Gas Company – Retained by the New Jersey Board of Public Utilities to assess compliance with all Affiliate Compliance and Code of Conduct Rules enacted as a result of restructuring.

Duquesne Light Company – Project Manager for a comprehensive management and operations review for the Pennsylvania Public Utility Commission. Mr. Drabinski was also the Lead Consultant in the review of executive management, strategic planning, affiliated relations, and financial management.

Choptank Electric Cooperative – Lead Consultant on a management and operations review for this REA in the State of Maryland. Reviewed all aspects of operations including executive management, organization, construction management, electric operations, system planning, materials handling, purchasing, and customer service.

SDG&E, PG&E, SCE, and SCG – Project Manager on an audit of DSM administrative costs. Conducted for the CPUC CACD, this assignment took place during the period where working groups were assessing issues such as access to utility information and the future of DSM. Vantage provided feedback to a number of working groups on the needs of energy service companies.

East Kentucky Power Cooperative – Performed a comprehensive review of all fuel procurement and fuel utilization activities for the Board of Directors. Visited all power plants, coal tipples, and a sampling of mines. Recommendations addressed a broad range of strategic and operational issues.

Dayton Power & Light – Performed a comprehensive review of all fuel procurement and fuel utilization activities for the PUCO. Visited power plants, coal lab, and other fuel and operations related departments. Recommendations addressed a broad range of strategic and operational issues.

Pennsylvania Power & Light – Lead Consultant for a comprehensive management and operations review for the Pennsylvania Public Utility Commission. Reviewed all aspects of customer service activities, including CIS and office operations. Also, reviewed system power & engineering, including fuel supply, T&D engineering, environmental, power plant staffing, and plant operations. Reviewed EMF issues and Clean Air Act Amendments compliance planning.

Centerior Companies (Cleveland Electric Illuminating Company and Toledo Edison) – Project Manager on audit of electric fuel procurement practices and procedures for the Public Utilities Commission of Ohio in 1991. Responsibilities included the review of fuel

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procurement planning, long-term contracts, and spot procurement. Made recommendations regarding coal contracts, interstate wheeling arrangements, and coal transportation costs. Testified twice regarding results of audit report.

Monongahela Power (Allegheny Power Systems) – Performed a comprehensive review of all fuel procurement and fuel utilization activities for the PUCO. Visited power plants, coal lab, and other fuel and operations related departments. Recommendations addressed a broad range of strategic and operational issues.

American Electric Power Company – Project Manager on audit of electric fuel procurement practices and procedures of two AEP subsidiary companies, Ohio Power Company and Columbus Southern Power Company in 1989 and 1990 for the Public Utilities Commission of Ohio. Responsibilities included the review of affiliated mines (surface and deep mines) and fuel procurement planning, long-term contracts, and spot procurement. Made recommendations on strategic planning, purchasing policies, contract analysis, and marketing programs. Testified on four occasions regarding results of audits.

Union Light, Heat and Power – Lead Consultant on a management and operations review for the Kentucky Public Service Commission. Responsibilities included all aspects of customer service and electric operations including: CIS, customer accounting, transmission & distribution, system planning, engineering, and construction. Also, assisted in the review of the financial reporting relationship of the company to its parent, Cincinnati Gas & Electric, with an emphasis on allocation of costs.

West Texas Utilities – Project Manager for a comprehensive management and operations review for the Texas Public Service Commission. Acted as a Lead Consultant in the areas of power production, fuel procurement, and customer services.

Philadelphia Gas Works – Project Manager for a management and operations audit for the Philadelphia Gas Commission. Lead consultant for the review of corporate organization and staffing, customer services, operations, and support functions. Addressed major gas supply planning issues. Managed a series of three follow-up reviews including development of Management Audit Actions Plans, an Audit Compliance Review, and a Review of the 1993 O&M Budget. Testified at numerous Commission hearings on capital budget planning, automatic meter reading, office aggregation, and theft of service.

Maryland Public Service Commission – Consultant for an assignment to review long-term gas purchasing practices of Columbia Gas of Maryland, Baltimore Gas & Electric, and Washington Gas Light. Responsibilities included review of the 1988 plans, recommendations on requirements for future plans, and the training of commission staff personnel relative to conducting similar reviews of future plans.

Kentucky-American Water Company – Project Manager and Lead Consultant for a management and operations review for the Kentucky Public Service Commission. A key element of this audit was the holding company relationship with the many subsidiaries of American Water Works. Investigated the areas of customer service and marketing and engineering/construction.

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El Paso Natural Gas Company – Lead Consultant on a productivity improvement project. Performed an in-depth review of all positions in operating divisions and reorganized operating divisions into profit centers. Developed procedures for in-house vs. outside construction decisions, construction scheduling, and cost data collection. Developed a manpower planning model for restructuring responsibilities and staffing levels. Implemented a workforce management program at gas processing plants, compressor stations, and throughout the gathering system.

Western Kentucky Gas Company – Lead Consultant for a management and operations audit of the customer services function for the Kentucky Public Service Commission. Developed plan for consolidating offices, resulting in significant changes in providing customer service.

National Gas and Oil Company of Ohio – Lead Consultant on audit of fuel procurement practices for the Ohio PUC in 1986. Reviewed purchasing practices, storage activities, sales practices and policies and procedures. Made recommendations on strategic planning, purchasing policies, and marketing programs.

Pennsylvania Power Company – Lead Consultant on a management and operations review for the Pennsylvania Public Utility Commission. Responsibilities included review of customer services with a specific review of collection practices and policies, staffing, T&D, engineering, and system planning. Reviewed organization and staffing for the power production department.

Philadelphia Suburban Water Company – Lead Consultant/Project Manager on a comprehensive management audit for the Pennsylvania Public Utility Commission. Reviewed all aspects of field operations and water production.

East Kentucky Power Cooperative, Inc. – Performed as a subcontractor on a review of the bidding process for a series of combustion turbines. Analysis included reviews of individual proposals and the bidding process.

General Waterworks Company - Pennsylvania Operations – Lead Consultant in a management and operations review. Reviewed compensation, benefits and staffing, executive management, organizational structure, and corporate policies and procedures.

General Waterworks Company - Pine Bluff Arkansas Operations – Project Manager on a management and operations review. Reviewed finance and accounting, staffing, system operations, organizational structure, and corporate policies and procedures.

General Electric Field Engineering group – Lead Consultant for the implementation of a Job Management Program that included seminars, teaching concepts on work breakdown structures, budgeting, performance measurement, and critical path scheduling techniques. Overall program was aimed at improving construction management skills of field personnel.

Ohio Electric Co./Ohio PUC – Lead Consultant on a prudence review of the Beaver Valley Power Station. Areas reviewed included CAPCO organization and financing, construction

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management, project accounting, compatibility of prudence standards, and compliance with Yellow Book standards.

Philadelphia Electric Company – Lead Consultant on a retrospective investigation of the Limerick Nuclear Power Plant. Analyzed the company's financial condition during the construction program and reviewed construction management practices on the project. Prepared testimony for prudence hearings on construction management and financial performance.

Public Service Electric & Gas Co. – Project Manager for a retrospective investigation of the Hope Creek Nuclear Plant. Prepared cost reconciliation that identified reasons for cost overruns. Reviewed construction control tools, productivity results, and analyzed productivity programs for effectiveness. Wrote testimony, answered interrogatories, and assisted in cross-examination of witnesses. Made recommendations on cost tracking systems for future construction projects.

Houston Light & Power – Consultant on South Texas Nuclear Project retrospective analysis. Reviewed construction management procedures and developed testimony for rate case.

Public Service Electric & Gas Co. – Project Manager for a review of the Engineering & Construction Department budgeting and approval process for capital projects at PSE&G. Developed flowcharts and improved methods for processing capital budgeting requests.

OTHER BUSINESS AND PROFESSIONAL EXPERIENCE

System Training Director for Niagara Mohawk Power Corporation. Managed a staff of 11 supervisors and instructors, as well as numerous contractors and part-time training personnel. Developed and implemented a productivity program to improve operating and employee productivity at all fossil power plants. Developed a performance-based progression program for craft personnel and assisted in negotiating contract changes with the International Brotherhood of Electrical Workers. Member of Electric Power Research Institute committee on power plant staffing and training. Chaired Electric Utility Technical Education Council. Developed and taught a seminar on power plant efficiency improvement to operating, management, and regulatory personnel.

Electrical Maintenance Supervisor for Niagara Mohawk Power Corporation. Managed two supervisors and 30 electricians performing electrical construction, maintenance, and repair. Developed and implemented a preventive maintenance program for a six-unit/2000 megawatt power plant. Managed roving maintenance crew, providing personnel, equipment, and expertise to nuclear power plants during outages. Responsibilities included all plant, fuel handling, and pollution control electrical equipment, switchyards, 345 kV overhead and 115 kV underground transmission lines, relay systems, telemetering, and telecommunication systems.

Operation Project Engineer for Niagara Mohawk Power Corporation. Participated in conceptual system design, construction management, and plant start-up of power plants, transmission lines, switchyards and plant electrical equipment. Represented utility during

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acceptance testing, start-up, and turnover of all electrical power systems, auxiliary equipment, and turbine and boiler instrumentation and control systems.

TESTIMONY

Testimony was provided in the following cases:

- Case 99-434 Bell South of Kentucky. Audit and modification of Price Regulation Plan.
- Various CPUC Telco cases – Testified on results of attestation exams of Verizon, PacBell, Sprint, AT&T, and Roseville.
- Commonwealth Edison – Testified before Illinois PSC on outages of 1999.
- PSE&G Restructuring hearing. Lead witness on all aspects of unbundling, restructuring, stranded costs, and deregulation issues.
- Case No. 97-105-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Dayton Light Company for the PUC of Ohio.
- Case No. 95-106-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Monongahela Power Company for the PUC of Ohio.
- Case No. 96-106-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Monongahela Power Company for the PUC of Ohio.
- Case 93-02-041 Financial Audit of the Demand-Side Management Pilot Bidding Program Administrative Services of Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company for the California PUC.
- Case D94-08-023 Mid-Point Evaluation of SDG&E's Base Rates Performance Based Ratemaking Mechanism for the California PUC.
- Case No. 94-219-GA-GCR Management Performance Audit of West Ohio Gas Company for the PUC of Ohio.
- Case No. 91-103-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Toledo Edison for the PUC of Ohio.
- Case No. 91-104-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Cleveland Electric Illuminating Company for the PUC of Ohio.
- Case No. 89-100-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Ohio Power Company for the PUC of Ohio.
- Case No. 89-101-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Columbus Southern Company for the PUC of Ohio.
- Case No. 90-100-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Ohio Power Company for the PUC of Ohio.
- Case No. 90-101-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Columbus Southern Company for the PUC of Ohio.

PUBLICATIONS

Primary contributing author of five textbooks developed for the Electric Power Research Institute (EPRI) and the Center for Occupational Research and Development (CORD):

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- Introduction to Instrumentation and Control
- Electronic and Pneumatic Control Devices
- Control Systems I
- Control Systems II
- Power Plant Control System Applications

EDUCATION

MBA, The Wharton School, University of Pennsylvania, (Finance/Management)
BSEE, State University of New York at Buffalo, (Systems Engineering/Power Technology)
Lectured as a visiting executive at Clarkson College on management in a utility company.

PROFESSIONAL AFFILIATIONS

Institute of Electrical and Electronic Engineers
Project Management Institute
American Water Works Association



RESUME OF MR. HOWARD J. AXELROD

AREAS OF SPECIALIZATION

Dr. Howard Axelrod has over 30 years of experience in utility planning, forecasting, and strategic regulatory and market analysis. With proficiencies in power systems planning, regulatory economics, and marketing, he offers a multidisciplinary approach to assessing and solving complex energy issues. Having served on the New York Public Service Commission as special assistant to Chairman Alfred Kahn, and then appointed by Governor Cuomo as Director of the Consumer Protection Board's Utility Intervention program, he has gained considerable insights into the needs of energy consumers and the protections they require, especially as the industry becomes less regulated.

Dr. Axelrod also has extensive knowledge of the regulatory initiatives which foster the restructuring of the electric utility industry in the New England, New York, and PJM regions. He is an active participant in New York's Competitive Opportunities proceeding having served on several committees including the stranded cost computation and recovery, Independent System Operator, and Market Power committees. In New Hampshire, he participated in the state's Retail Pilot Project and helped a major New York utility prepare its market entry in New Hampshire and Massachusetts. As a consultant to the FERC, he supported the development of the Draft Environmental Impact Statement for the Mega-NOPR (FERC Order 888 and 889) for which he analyzed emerging transmission technologies that would enhance competition and also developed the industry structure scenarios used to assess the environmental impact of a competitive energy market.

He is a senior strategic advisor to a number of major electric, gas and telecommunications utilities as they address a range of competitive issues. Dr. Axelrod has participated in a number of Commission and Board sponsored management audits with a focus on executive management, enterprise risk analysis, strategic planning, and marketing. He has also participated in and managed over 200 electric, gas and telecommunications rate applications including the review of cost of service (including affiliate transactions), rate design, and rate of return.

SELECTED CONSULTING EXPERIENCE

Public Service Commission of Maryland - Consultant supervising the various auctions for procurement of power for Maryland's standard offer service (SOS) customers.

Public Service Commission of New York - Consultant supporting an operational audit of Con Edison's reliability and emergency response planning and processes.

For the **New York Power Authority's Board of Trustees**, Dr. Axelrod was lead consultant performing an independent management review of NYPA's Risk Management function.

For the *New York Independent System Operator's Board of Directors*, Dr. Axelrod performed an enterprise risk management review which addressed all aspects of the ISO operations as well as organizational and operational requirements for its transition to a regional transmission organization.

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For *Santee Cooper Power*, Dr. Axelrod prepared an economic analysis of decommissioning expenses associated with the W. C. Summer nuclear plant. This study supported Santee Cooper's compliance with FASB 143 requirements for long lived assets by deriving the livelihoods associated with each decommissioning scenario.

For *Edison Electric Institute*, Dr. Axelrod supported the assessment of issues relating to Standard Market Design with an emphasis on resource adequacy and transmission planning. He also facilitated the development of EEI's principles associated with regional transmission organizations.

For *Omaha Public Power District*, Dr. Axelrod led a two-day training seminar on "Measuring Uncertainty and Mitigating Risk." Such topics included computation of Value at Risk (VAR), portfolio analysis and Monte Carlo modeling.

For a major *Northeast utility*, Dr. Axelrod has supported the development of its restructuring plan as well as the assessment of all the major restructuring plans in New York, Pennsylvania, Massachusetts and New Jersey.

For a *DTE (Detroit Edison)*, Dr. Axelrod trained its strategic planning staff to evaluate risk and uncertainty associated with the company's portfolio of regulated and competitive business ventures.

For a *New England based electric cooperative*, Dr. Axelrod supported the development of a financial risk model to be used to assess the uncertainty of the New England energy markets.

For *Ameritech*, Dr. Axelrod served as a senior marketing advisor to the President of its Information Industry Service and Business Development division. Dr. Axelrod was also retained to facilitate the sale of Ameritech's Energy Connections business unit.

For *Unitil*, Dr. Axelrod is supporting the development of B2B e-commerce based market and business opportunities.

For several *regulatory clients*, Dr. Axelrod provided technical and analytical support relating to the development of the Regional Transmission Organization, Desert Star, the Translink ITC and transmission expansion planning at the New England ISO.

Louisville Gas & Electric Company. - Dr. Axelrod served as Lead Consultant in reviewing all aspects of LG&E's executive management and corporate planning functions, in addition to supporting the review of all gas and electric marketing activities. This review, conducted at the request of the Kentucky Public Service Commission, was an extremely cooperative effort, which resulted in the identification of several strategic opportunities as well as a number of areas for improving performance.

Kentucky Utilities Company. - Dr. Axelrod served as Lead Consultant in reviewing all aspects of KU's executive management and corporate planning functions for this very low cost electric utility. Several recommendations were made for KU to strengthen its marketing activities to take advantage of a changing market.

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New York State Dormitory Authority. - Dr. Axelrod was retained as a senior energy consultant to develop an electric and gas purchasing program for New York's public and private hospitals, university centers, and health care facilities.

The Energy Authority (TEA). - Jointly owned by Jacksonville Electric Authority, the Municipal Electric Authority of Georgia and Santee-Cooper, Dr. Axelrod is serving as senior energy economist and is performing an independent assessment of the Authority's settlement and operating procedures. TEA is a FERC approved electric marketer and operates the largest "customer-owned" electric trading floor in the United States.

Energy Connections (Subsidiary of Commonwealth Energy). - Dr. Axelrod served as a senior marketing advisor and has developed joint electric and telecommunications strategies for electric utilities preparing for retail competition. *Energy Connections*, has created a two way communications platform which provides electric utilities with the ability to offer retail customers both value added services.

Omaha Public Power District. - Dr. Axelrod served as a co-chair of two internal research teams whose responsibility was to investigate and propose business strategies relating to the formation of new utility businesses and an energy service company (ESCO) in preparation for that state's introduction of retail competition. Such new business opportunities included gas acquisitions and expanded telecommunications applications for existing dark fiber capacity. For this assignment, Dr. Axelrod also developed a one-day training program on "Value Marketing and Pricing."

New York. - Dr. Axelrod, representing a major electric and gas utility, was an active participant in the NY PSC's Competitive Opportunities for Electric Service proceedings. As part of this assignment, Dr. Axelrod has performed an in-depth review of each of the electric utility restructuring plans submitted to the PSC, which included a description of their proposed transition strategy.

New Hampshire. - Dr. Axelrod represented a major investor-owned electric utility in the Nation's first statewide retail electric pilot project. He facilitated the formation of a team of active parties who have become one of the leading participants in this pilot project. For this assignment, Dr. Axelrod reviewed all of the procedures established by the Commission including each utility's marketing and customer education program.

F.E.R.C. - Dr. Axelrod was retained as a subcontractor to support the development of the draft environmental impact statement for the NOPR associated with FERC Order 888. His primary role was to develop industry-restructuring scenarios for a competitive electric energy market.

New York State Electric and Gas, Inc. - Dr. Axelrod supported the development of the company's first Gas Integrated Resource Plan for filing with the New York State Public Service Commission in Spring of 1993.

Kansas Power and Light Gas Service. - Dr. Axelrod led in the development of the company's first strategic gas marketing plan. This study included the reorganization of the marketing department; the development of an integrated planning team; and the facilitation

Resume of Dr. Howard Axelrod

of strategic planning sessions addressing marketing tactics, competitive market strengths and weaknesses, and technology assessments.

Omaha Public Power District. - Dr. Axelrod co-chaired two internal study groups whose mission was to identify new business opportunities and value-added services that OPPD could provide in response to retail competition.

Georgia Power. - Dr. Axelrod has performed several strategic assignments related to its integrated resource plan and planning process. Such assignments included:

An organization review of the company's planning process to develop an integrated resource planning approach;

An independent review of GPC's forecasting, conservation, and demand management and marketing programs in relationship to the need for power assessment of Plant Vogtle;

The preparation of an economic impact assessment of Plant Vogtle on the State of Georgia;

The support and development of GPC's first integrated resource plan.

Pennsylvania PUC, audit of Penelec and Met Edison. - Supported the Executive Management and Corporate planning assessment and was Task Leader for focused analysis of power supply planning, bulk power marketing, energy forecasting, and load management.

Pennsylvania PUC, audit of Pennsylvania Power and Light. - Supported the Executive Management and Corporate Planning assessment including integrated planning, and bulk power marketing strategies. He also led a supported focused analysis of decommissioning plans, power pool relations, and transmission inter connects.

Wallingford Utilities. - Howard Axelrod managed the audit of this municipal's electric and water utilities.

Illinois Commerce Commission. - Dr. Axelrod provided executive oversight of RMI's investigation of Commonwealth Edison's distribution reliability.

New York PSC. - Dr. Axelrod provided executive oversight of RMI's investigation of Niagara Mohawk's transmission and distribution system reliability.

New York PS. - Dr. Axelrod was a member of the PSC staff team responsible for the first comprehensive Management audits of Consolidated Edison and Orange and Rockland Utilities.

Georgia Power. - Dr. Axelrod performed an internal investigation of the company's "need for power" associating with the Vogtle Nuclear Plants. Power Supply planning, load forecasting, and conservation was evaluated.

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Northeast Utilities. - Dr. Axelrod performed an internal investigation of the company's "need for power" associated with the Millstone III nuclear plant. Power Supply planning, load forecasting, and conservation were evaluated.

Boston Edison. - Dr. Axelrod performed an independent assessment of the company's integrated resource plan relating to the restart of the Pilgrim Nuclear Plant.

Dr. Axelrod has had numerous assignments in which he supported or led the development of a company's integrated resource plan and/or its demand-side management programs. The following is a list of utility clients.

- Eastern Utilities Associates - Load Forecasting.
- Long Island Lighting Company - DSM Planning.
- Orange and Rockland Utilities - DSM Rate Recovery.
- KPL - Gas Services - Gas Marketing and DSM.
- Kansas Power & Light - DSM Assessment.
- New York State Electric & Gas - Gas IRP.
- Georgia Power - Electric, IRP, and Load Forecasting.
- Iowa Power - Electric IRP.
- Oglethorpe Power - Electric IRP and load forecasting.

EXECUTIVE MANAGEMENT

Dr. Axelrod has supported and facilitated the development of strategic plans for several utilities that include the following.

- Commonwealth Edison.
- Brooklyn Union Gas.
- Central Nebraska Public Power and Investigation District
- Municipal Electric Utility of Georgia.
- Georgia Power.
- Oglethorpe Power.
- KPL - Gas Services.

UTILITY RATE-MAKING AND REGULATORY POLICY ANALYSIS

Dr. Axelrod has extensive rate-making experience having served as a staff member of the New York Public Service Commission and as Director of Utility Intervention for the New York Consumer Protection Board. He has testified in over 75 proceedings and managed over 200 rate cases. As a management consultant for the last ten years, Dr. Axelrod has supported the development of a range of regulatory strategies for major electric and gas utilities.

Dr. Axelrod has provided expert testimony in areas addressing cost of capital, wages and salaries, labor and total factor productivity, energy and sales forecasts, excess capacity, rate phase-ins, economic impact, nuclear "need for power" prudence, affiliate transactions and promotional rate practices. He has also been lead consultant in rate settlement proceedings before state and federal regulators.

His clients have included Georgia Power, Northeast Utilities, Western Resources (KPL), Brooklyn Union Gas, Boston Edison, Eastern Utilities Associates, Midwest Resources (Iowa

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Power), Oglethorpe Power, Northern Indiana Public service, Old Dominion and New York State Electric and Gas.

MARKET ANALYSIS, MARKETING AND COMPETITIVE ASSESSMENT

Dr. Axelrod has performed a wide range of studies in the areas of market analysis, sales forecasting and marketing. He is an experienced strategic planner and marketing facilitator and process analyst. He has supported a number of major utilities develop comprehensive business and marketing strategies focused for both customer retention and expansion. He has also been retained to review and assess planning, forecasting and marketing processes and recommend changes in response to the transition to a competitive energy market. He has helped utilities develop customized marketing programs for key customers accounts, area and economic development, electric and gas technology assessment, gas main extension strategies and natural gas vehicle programs.

His clients have included Public Service Electric and Gas, Long Island Lighting Company, Brooklyn Union Gas, Orange & Rockland Utilities, Georgia Power, Oglethorpe Power, New York State Electric & Gas, and Western Resources. In addition, as part of comprehensive management audit studies, Dr. Axelrod has evaluated wholesale and retail marketing at Pennsylvania Electric, Metropolitan Edison, Pennsylvania Power & Light, Kentucky Utilities and Louisville Gas & Electric.

STRATEGIC PLANNING, MERGER AND ACQUISITION ANALYSIS

Dr. Axelrod has extensive experience in the areas of strategic planning and merger and acquisition analysis. He has supported a number of electric and gas utilities develop strategic and business plans. On several instances he has facilitated senior management strategic retreats. Dr. Axelrod has also performed independent studies assessing the acquisition of electric and gas utilities. For Commonwealth Edison he was instrumental in the company's successful defense of a City of Chicago takeover bid. He also performed acquisition studies of Long Island Lighting Company's gas division, Finger Lakes Gas Company and Savannah Electric. For a major southeast utility, he performed risk analysis of a number of gas acquisition opportunities.

Dr. Axelrod has completed strategic planning, merger and acquisition analysis assignments on behalf of Commonwealth Edison, Brooklyn Union Gas, The Village of Urbana, NY and other confidential utilities.

ORGANIZATIONAL CONSULTING

Dr. Axelrod has performed a number of organizational studies for electric and gas utilities. His primary specialty is the analysis of planning, forecasting and marketing processes. He has supported a number of utilities re-engineer these functions in the company's effort to transition to a competitive market. The planning areas have included both integrated resource planning and strategic planning. For the marketing function he has supported the development of both retail and wholesale marketing strategies and organizations. Dr. Axelrod has also performed several "best practices" studies for wholesale and retail marketing and has used these findings to recommend organizational and process changes to

Resume of Dr. Howard Axelrod

significantly improve performance. On several occasions he helped management prepare its organization for an integrated planning environment and collaborative proceedings.

Dr. Axelrod has completed organizational consulting assignments on behalf of Georgia Power, Oglethorpe Power, Long Island Lighting Company, KPL-Gas Services, Wallingford Electric Department, and the City of Dover Electric Department. For state regulatory agencies, Dr. Axelrod reviewed the planning and marketing organizations of the following utilities: Pennsylvania Electric, Metropolitan Edison, Pennsylvania Power and Light, Public Service Electric & Gas, Delmarva, Kentucky Utilities and Louisville Gas & Electric.

OTHER BUSINESS AND PROFESSIONAL EXPERIENCE

Energy Strategies, Inc. - Founder and President.

R. J. Rudden and Associates - Vice President.

Resource Management International - Vice President.

Planmetrics, Inc. - Vice President - Regulatory Strategy Group.

New York State Consumer Protection Board - Director of Utility Intervention.

New York State Energy Research and Development Authority - Project Manager.

New York State Public Service Commission - Senior Research Analyst.

General Electric Company - Application Engineer.

PROFESSIONAL MEMBERSHIPS

Institute of Electrical and Electronics Engineers, Senior Member.

REGISTRATIONS

Registered Professional Engineer, New York.

SELECTED PUBLICATIONS

"POLR in Pennsylvania", presentation to the Pennsylvania Energy Associations' Annual Conference, Sept, 2000.

"Brand Management: A Primer on Branding", an EPRI White Paper, December, 1999.

"An Assessment of the Market of the Market Potential for Value Added Services", unpublished, June 1997.

"Strategies to Develop a National Customer Base", presented at the 1997 Annual Executive Marketing Conference sponsored by the Institute of Gas Technologies.

"Value-Based Pricing: Being Competitive and Profitable", presented at the DA/DSM Annual Conference, January 28-29, 1997.

"The Role of Peak Shaving in an Open Access Industry," presented at the Institute of Gas Technology conference on Peakshaving: Issues, Answers & Strategies, June 24-26, 1996.

"Financial Implications of a Changing Natural Gas Marketplace," presented at the Institute of Gas Technology conference on Energy Marketing, December, 1995.

"Where Will New Energy Markets Emerge and How Quickly?", presented at the Institute of Gas Technology conference on Natural Gas Marketing, September, 1994.

Resume of Dr. Howard Axelrod

- "The DSM-Marketing Linkage," paper presented at the GRI and A.G.A. Workshop on Gas Load Research and Demand Analysis, May, 1994.
- "Managing Your Gas IRP," paper presented at the Northeast Gas Market Annual Meeting, June 1993.
- "Risk and Uncertainty in Utility Planning," with James Letzelter, Resource, Volume 4, Number 2, Summer 1992.
- "Was Your Winter Cold Enough?" Resource, Volume 4, Number 1, Spring 1992.
- "Rocky Mountain Pumped Storage Validation Report," prepared for Oglethorpe Power, June 1991.
- "Putting Your Forecasters Back to Work," Resource, Volume 1, Number 1, Spring 1991.
- "An Independent Assessment of the Costs, Benefits and Risks Associated with a Municipal Takeover of Commonwealth Edison's Chicago Divisions," prepared for Commonwealth Edison Company, 1988.
- "The Economic Impact of Electric Rate Increase Options in Georgia," prepared for Georgia Power, November 1986.
- "Predicting the Next Regulatory Crisis: An Issues Management Approach," appeared as a chapter in a book entitled *The Future of Electrical Energy: A Regional Perspective of an Industry in Transition*, 1986.
- "Analysis of Brooklyn Union Gas Company's Proposal to Purchase the Long Island Lighting Company's Gas Operation," prepared for Brooklyn Union Gas Company, July 1985.
- "Economic Analysis of Incremental Electric Generation Sizing and Timing," Doctoral Thesis, Rensselaer Polytechnic Institute, May, 1981.
- "Factors Influencing Industrial Coal Conversion in New York State," with Dr. Fred Strinisa, paper presented at the Governor's Conference on Expanding the Use of Coal in New York State, May, 1981.
- "Utilization of Solid Waste in New York: A State Governor's Positive Action Program," paper presented at the First International conference on Conversion or Refuse to Energy, Montreux, Switzerland, November, 1975.
- "Measuring Electric Utility Productivity," appeared as a chapter in a book entitled Public Utility, August 1975.
- "Prospects of New and Evolving Technologies," with P. Mathusa, D. Stricos, H. Guttman and B. Dwyer, New York Public Service Commission, April 1975.
- "Urban Applications of Fuel Cells," with Parker Mathusa, Electric Light and Power, April, 1972.

EDUCATION

- Ph.D. - Managerial Economics , Rensselaer Polytechnic Institute, Troy, New York.
- MBA - Organizational Theory and Marketing, State University of New York, Albany.
- M.S.E.E. - Power Systems, Northeastern University, Boston, Massachusetts.
- B.S.E.E. - Power Systems, Northeastern University, Boston, Massachusetts.

HONORS AND FELLOWSHIPS

- General Electric Research Grant.
- Northeast University Graduate Research Scholarship.

Resume of Dr. Howard Axelrod

Rensselaer Polytechnic Institute Teaching Fellowship and Research Scholarships.
New York State Energy Research and Development Grant.
United States Department of Energy PURPA Advisory Panel.
Listed in Who's Who in the East.

RESUME OF MR. CHUCK BUECHEL

AREAS OF SPECIALIZATION

Mr. Buechel has worked on numerous consulting assignments for electric, gas, water, and telephone utilities. The primary focus of many of these assignments has been regulatory matters, however, he has consulted on other matters, including corporate and strategic planning, incentive regulation, least-cost planning, workforce management, and competitive bidding.

Prior to consulting, Mr. Buechel spent over nine years on the Staff of the Kentucky Public Service Commission. During his tenure at the Commission, he was public utility economist, Director of Research Division, and Deputy Executive Director. His assignments at the Commission included: the preparation of an integrated resource planning regulation; coordinating a statewide load management committee to investigate time-of-day rates and other load management issues; directing staff in rate cases and special investigations; writing orders as directed by the Commission; establishing a management audit program; and testifying in selected cases.

SELECTED CONSULTING EXPERIENCE

Pacific Gas & Electric Co. – Senior Consultant for affiliated audit for 2001 and 2002 calendar years to verify compliance with California PUC restructuring requirements. Assignment included assessment of company plan and audit of affiliate transactions. Acted as the Lead Consultant on areas that addresses Nondiscrimination Standards, Disclosure and Information Standards, and Competitive Services. Recommendations from these reports addressed means of improving compliance.

Public Service Electric & Gas Company – Retained by the New Jersey Board of Public Utilities to assess compliance with all Affiliate Compliance and Code of Conduct Rules enacted as a result of restructuring.

Seattle City Light – Retained by the City Council to perform an audit of the municipally-owned Seattle City Light electric utility. Assigned issue was governance of the municipal utility. The audit yielded recommendations for training the council members to better understand the issues and to add additional resources for oversight of the utility.

Federal Energy Regulatory Commission – Senior Consultant for an operational audit of the California Independent System Operator. The audit was performed for FERC. Assigned issues of primary focus were market design, the relationships among the parties and governance of the ISO.

Arizona Corporation Commission – Senior Consultant to provide advice and assistance to the Commission regarding the on-going implementation of its industry restructuring initiative.

Louisville Electric & Gas and Kentucky Utilities – Actively participated in the development of a comprehensive performance-based regulation mechanism and provided support for

Resume of Mr. Chuck Buechel

development of tariff, preparation of testimony, and witness preparation and worked with attorneys to prepare briefs.

Public Service Electric & Gas – Senior Consultant in the evaluation of cost of service studies and unbundling plan for the Restructuring Plan submitted to the New Jersey Board of Public Utilities.

Entergy - Consultant in this financial audit of affiliated transactions between Entergy Corporation, Entergy Services, Inc., and subsidiaries responsible for the review of affiliated transactions, allocation, accounting procedures and control, improper disclosure, and insulation and segregation of regulated and non-regulated affiliates.

California Public Utilities Commission - Regulatory Lead Consultant for an assignment to assist with the evaluation of a two-year experiment to implement performance-based ratemaking for San Diego Electric and Gas Company's gas procurement and generation and dispatch functions.

San Diego Gas & Electric Company - Consultant responsible for this mid-term evaluation of the Company's Base Rates Performance-Based Ratemaking mechanism which included analysis and assessment in the areas of price and corporate performance.

Big Rivers Electric Corporation – Provided support and assisted with the preparation of the Company's regulatory filings before the Kentucky PSC for approval to implement a proposed lease of its generating assets to a subsidiary of LG&E Energy.

Delta Natural Gas – Assisted with the preparation of an application to increase rates and modify rate design. Testified on rate design changes for larger commercial and industrial customers as well as other specific charges.

East Kentucky Power Cooperative, Inc. - Senior Consultant for a project to audit the fuel procurement function at East Kentucky Power Cooperative. The assignment is being performed for the Fuel and Environmental Committee of the Board of Directors.

Louisville Gas and Electric Company/Kentucky Utilities Company - Provided strategic, regulatory and operational advice regarding merger between these two utilities. Assisted with preparation of merger application and provided regulatory strategy regarding synergy savings.

Kentucky Public Service Commission - Engagement Director for a project to prepare a joint response for a consortium of four utilities in Kentucky. The response is to the Kentucky Public Service Commission Administrative Case No. 341, An Investigation into the Feasibility of Implementing Demand-Side Management Cost Recovery and Incentive Mechanisms. The response discusses the advantages and disadvantages of various regulatory incentives with regard to DSM and conservation.

Louisville Gas and Electric Company - Lead Consultant in the preparation of its application to establish a holding company. The application included proposed guidelines to be used in

Resume of Mr. Chuck Buechel

financial dealings between the subsidiary companies, as well as the allocation of costs between the companies.

New England Telephone Company - Consultant for the management audit of its affiliated interests. The audit was performed for the Department of Public Utilities of Massachusetts. Primary responsibilities included providing regulatory advice and consultation to the audit team.

Kentucky Utilities Company - Engagement Director for a project to provide advice and consultation with regard to the preparation of an application for a certificate of convenience and necessity to construct additional peaking capacity. The filing was prepared to comply with a comprehensive regulation on integrated resource plan adopted by the Kentucky Public Service Commission. Areas of responsibility included preparing the responses for the sections of the IRP regulation, which were concerned with demand-side management.

Columbia Gas of Ohio, Inc. - Consultant for its management and operations audit. The audit was for the Public Utility Commission of Ohio. Areas of responsibility include requirements forecasting and flexible transportation program.

Pennsylvania Gas & Water Company - Consultant for a comprehensive management audit. The audit is being performed for the Pennsylvania Public Utilities Commission. Areas of responsibility include requirements forecasting, rates and regulatory relations, and financial management and planning.

West Texas Utilities Company - Consultant for a management and operations audit. The audit was performed for the Public Utility Commission of Texas. Areas of responsibility included financial planning and economic analysis, and system planning.

East Kentucky Power Cooperative, Inc. - Engagement Director for the performance of an audit of evaluation of competitive bids it received for providing generating capacity to meet its needs. The purpose of the audit was to provide assurance to EKPC's management that each of the proposals is provided fair and consistent treatment. The audit was needed because the company had also provided a bid.

Big Rivers Electric Corporation - Engagement Director for an assignment to implement a comprehensive planning process. The process is centered on an annual planning cycle, which incorporates the corporate and strategic plans with the divisional plans and budgets.

Kentucky Public Service Commission - Witness testifying on behalf of GTE Products Corporation in Kentucky Public Service Commission Case No. 10498, a request by Columbia Gas of Kentucky, Inc. to raise its rates. The testimony supported the continuation of a flexible rate for the transportation of natural gas to industrial customers with alternative fuel capability.

Henderson County Water District - Lead Consultant for a comprehensive operations review. The study was sponsored by the district's Board of Directors. Areas of

Resume of Mr. Chuck Buechel

responsibilities included operations planning, organization and staffing, system management, and customer service.

Lexington Fayette Urban County Government - Principal Investigator for a report regarding the feasibility of regulating landfill operations at the Kentucky Public Service Commission.

Kentucky-American Water Company - Lead Consultant for a project to review and comment on drafts of testimony and a consultant's report on the need to expand its water treatment capacity. The testimony and report was the subject of a mock hearing.

Kentucky Public Service Commission - Witness testifying on behalf of AT&T Communications in Kentucky Public Service Commission Administrative Case No. 323, an investigation into permitting intraLATA toll competition. The testimony related to the validity of a customer survey submitted by AT&T in the proceeding.

East Kentucky Power Cooperative, Inc. - Engagement Director for a project which reviewed its load research program, made conclusions regarding the statistical validity of its previous efforts, and provided recommendations for future studies.

OTHER BUSINESS AND PROFESSIONAL EXPERIENCE

President, Utility and Economic Consulting, Inc., February 1989-Present. The company provides utility, regulatory, management, and economic consulting services. The consulting engagements described above were performed since the formation of UEC.

Deputy Executive Director for the Public Service Commission of Kentucky, 1986-January 1989. Primary responsibilities included:

- Managing staff, through their directors, to ensure that cases were processed according to operating procedures and in a timely fashion.
- Working directly with the staff to develop regulatory policy positions for presentation to the Commissioners. One of the key policies developed involved a revised regulatory scheme to promote a more competitive environment for the delivery of natural gas.
- Preparation of a proposed comprehensive planning regulation for the Commission. The regulation, which is applicable to the state's electric utilities, specified filing requirements for the reporting of load forecasts and resource information including demand-side management and supply-side options.

Director, Division of Research, for the Public Service Commission of Kentucky, 1983-1986. Primary responsibilities included:

Resume of Mr. Chuck Buechel

- Managing and providing direction for the economic research staff. The staff provided economic advice to the Commission concerning regulatory issues arising in the electric, telephone, gas, and water industries. This included making case assignments, reviewing the economists' work, preparing budgets, as well as other administrative duties.
- Participating in cases before the Commission. This involved working with other staff personnel, reviewing utility filings, preparing data requests and cross-examination of witnesses, advising the Commission, and preparing orders as instructed by the Commission.
- Load Management Coordinator. This position required coordinating, leading discussions, and making presentations to two statewide load management committees - a steering and a technical committee. The committees were composed of Commission staff, utility executives, and consumer representatives. The committees met quarterly to discuss and review the implementation of time-of-day rates for large commercial and industrial customers. Various other load management techniques were also reviewed and considered.
- Project Coordinator, Case No. 8666 - An Investigation Into Alternative Load Forecasting Methods and Planning Considerations for the Efficient Provision of Electric Generation and Transmission Facilities. In this docket, the Commission hired the services of a consultant to perform the following tasks: review the forecasting methods of the state's electric utilities; provide alternative forecasts; examine the potential benefits of conservation; evaluate alternative construction scenarios assuming the formation of a statewide power pool; and estimate the financial impact of the alternative scenarios. Primary duties were to be the intermediary between the consultants, Commission, the utilities, and other parties; to conduct review sessions on the consultant's work; and to evaluate the draft and final reports produced by the consultant.
- Project Officer for comprehensive management audits of Kentucky Utilities Company and South Central Bell Telephone Company. The Commission instituted a management audit program, which involved hiring consultants to review the management practices of all the state's major utility companies. The role of the project officer was to ensure satisfactory and timely performance of the proposed work; to attend selected interviews; and to critically review and evaluate analytical results.

Public Utility Economist for the Public Service Commission of Kentucky, 1979-1983. Primary responsibilities included:

- Assisting the Commission in implementing procedures and policies to meet the federal mandates of the Public Utility Regulatory Policies Act (PURPA). This involved performing cost-of-service studies, developing alternative rate design proposals, and testifying on the ratemaking standards in Section 111 of PURPA.

Resume of Mr. Chuck Buechel

- Developing the Commission's regulations pertaining to cogeneration.

Assistant Professor, Department of Economics, for Morehead State University, 1976-1979.
Primary teaching responsibilities were investments, introduction to economics, and intermediate macroeconomics. Other teaching responsibilities included managerial economics and computer programming in BASIC. Committee work included membership on the Southern Association Self-Study and the Committee on Student Life.

EDUCATION

B.S. in Economics with Honors, University of Kentucky

M.A. in Economics, University of Kentucky

Ph.D. Candidate, University of Kentucky



RESUME OF MR. JAMES C LETZELTER

SUMMARY

Jim Letzelter has over 17 years of consulting and management experience. Jim specializes in power market risk analysis, power market structure assessment and model development & implementation. He is a frequently sought speaker for high profile industry forums and is well published. Jim has been recognized in Business Week, the Chicago Tribune, Miami Herald, L.A. Times and many other media channels as well as a Congressional Budget Office study on Global Warming. Jim helps his clients to meet the challenges of the ever-changing energy industry through visionary thinking and promotion of innovative offerings – merging analytical excellence with strategic thinking. Jim brings an energetic, visionary, and motivational mindset to the clients he serves.

BACKGROUND

- McGraw-Hill (Platts Research & Consulting), Boulder, CO – Managing Director (Head of Consulting), 2003-04
- GenerSys Inc., Albany, NY – President, 1999-2003
- Hagler-Bailly, New York, NY – Principal, 1997-99
- Navigant Consulting, Deerfield, IL – Senior Consultant, 1990-93 & 1995-97

SELECTED CONSULTING EXPERIENCE

Risk Analysis & Asset Portfolio Assessment

- **Renewable Energy Development Company** Recently developed a sophisticated financial risk analysis model used by the client to bid on power project RFPs and to acquire capital from equity investors. Currently engaged with the company to provide ongoing risk modeling and overall financial and market intelligence support.
- **Trading Organization** Recently developed a custom market intelligence tool to extract data from an industry standard forecasting package to meet the specific needs of energy traders. Currently engaged in an enhanced assignment to provide yet more market intelligence to the organization.
- **Merchant Generating Company** Performed efficient frontier analyses incorporating probabilistic market forecasts. Potential generator additions were analyzed including expected means, standard deviations and the corresponding correlations of key inputs such as fuel price and demand. These forecasts were then utilized to determine the expected revenues and variance of the revenues to determine both existing system risk profile and the resulting risk profile for each addition.

Resume of Mr. James C. Letzelter

- **Merchant Generating Company** Developed and deployed asset valuation tools utilizing correlated probabilistic market information. This provides a measure of intrinsic and extrinsic value to potential acquisition/development projects.
- **Public Power Authority** Performed a comprehensive risk analysis on the issue of nuclear plant life extension (NUPLEX) for the client's asset. Developed a risk management simulation tool to manage data and produce projections of future plant profitability under varying market, cost and regulatory scenarios. The work product was successfully employed by the client to make an informed decision on a major investment.
- **Merchant Generating Company** Developed and implemented a risk analysis and risk management tool for dealing with the uncertainty of emissions regulations. Implemented the model for the client and successfully led the organization through the maze of issues, including capital allocations, plant operations and investments that they faced.

Power Price Forecasting & Market Assessment

- **Investment Bank Syndicate** Provided critical power market assessments for use in a major energy bankruptcy case. On behalf of the official creditor's committee, provided power price forecasts, power market assessments, fuel market reviews and power plant financial assessments. Work product was successfully used in litigation.
- **Merchant Generating Company** Led the power market price forecasting initiatives related to power plant acquisition and development. Guided the analytical team in development of scenarios, model and data validation, and overall quality of results to be used for major investment and financing decisions in the U.S.
- **Turbine Manufacturer** Performed power market assessments for a major turbine manufacturer. Developed forecasts of energy, capacity, and ancillary service prices to be used to define the place in the market for an emerging turbine technology.
- **European Investment Bank Consortium** Provided a detailed, comprehensive market assessment of global power markets to review the market for power generation turbines. With substantial investment in turbine manufacturers, the consortium relied on the expertise to make changes to their investment portfolios and shore up risk-plagued securities.
- **Merchant Generating Company** Provided market price forecasts to be utilized in the development and acquisition of power plants. Included forecasts of energy, capacity and ancillary services prices.

Resume of Mr. James C. Letzelter

Asset Valuation, Acquisition & Development Support

- **Merchant Generating Company** Provided comprehensive power plant acquisition support. Managed market assessment process, provided asset valuations, defined acquisition price and assisted in property tax negotiations. Also highlighted the value of the asset with respect to asset re-powering opportunities.
- **Merchant Generating Company** Led the analytical efforts behind the acquisition of portions of three nuclear power plants. Included market comparables assessment, decommissioning fund valuation, and materials and supplies inventory valuation.
- **Merchant Generating Company** Provided a comprehensive financial and market analysis of re-powering opportunities for the client's older asset base. Included detailed assessment of market conditions and expected returns for various re-powering opportunities.
- **Merchant Generating Company** Successfully developed and deployed software to determine generating asset intrinsic and extrinsic value. Program utilizes probabilistic market price output from Aurora. Program also develops equilibrium market pricing for long-term time frame.
- **G&T Co-op** Provided a thorough asset valuation study to assess the impact of market uncertainties and financing parameters on the organization's asset values. Successfully provided the client with recommendations for potential divestiture and regulatory initiatives.
- **Merchant Generating Company** Provided a massive market assessment in support of a corporate power plant acquisition initiative. Included development of a detailed financial and valuation model for the client to use in future asset acquisition studies.
- **Turbine Manufacturer** Provided a power market assessment and financial analysis to assess the viability of a new class of combined cycle units for the U.S. power markets. Included a comprehensive scenario analysis of fuel prices, load growth, emissions regulations and transmission constraints.

Model Implementation, Validation & Development

- **Power Market Model Vendor** Provided support mapping generator assets in the client's proprietary model to generators in PowerWorld in order to enable locational marginal price assessment.

Resume of Mr. James C. Letzelter

- **Trading Company/Merchant Generator** Developed a custom interface for the AURORA electric power market model to seamlessly integrate within the client's analytical framework. Included data development and model validation, and custom report development.
- **Merchant Generating Company** Managed the overall process for transitioning the resource planning and forecasting department to AURORA. Included full data development, training, interface development, testing and validation. Successfully converted the business process to an AURORA-based system.
- **Energy Data Vendor** Provided full audit review and validation of the client's power price forecasting processes. Reviewed input and output parameters for all national power price forecasts to improve the organizations accuracy and credibility.
- **Merchant Generating Company** Developed a customized power price forecasting tool to provide acquisition and development support, restructuring support and general corporate financial forecasts. Developed data sets for the model and provided training and validation.
- **Regulated Utility** Developed a customized power price forecasting tool to provide acquisition and development support, restructuring support and general corporate financial forecasts. Developed data sets for the model and provided training and validation.

Emissions Analysis

- **Merchant Generating Company** Developed an enterprise-wide strategy for managing emissions constraints for the generating asset portfolio. Developed a probabilistic assessment model to consider plant operations, emission rates, control technology options, market forces and potential and existing emissions constraints. Deliverables resulted in a cohesive strategy and lobbying campaign for favorable regulations.
- **Merchant Generating Company** Performed a risk analysis of greenhouse gas regulation impacts on a potential fossil-fired asset portfolio acquisition. Deliverables included a detailed assessment of financial and asset value implications of various regulatory scenarios.
- **Merchant Generating Company** Provided an assessment of emissions regulations impacts on potential asset acquisitions. Included a market assessment of abatement technology costs and operating parameters, and a review of potential emissions regulations scenarios.

Resume of Mr. James C. Letzelter

- **Industrial Chemical Company** Assessed the market for consumable chemicals to be used by emission control technologies. Client had an opportunity to take a position in supplying chemicals and needed an understanding of the regulatory and market conditions to support the investment.

Regulatory & Litigation Support

- **Regulated Electric & Gas Utility** Provided regulatory and market analysis support in a contentious issue between competing utilities related to marketing and promotional practices. Assessed potential damages and rate impacts of regulatory decisions on the issue.
- **Regulated Electric & Gas Utility** – Performed a gas cost of service study to be used in a major rate case. Developed a proprietary model for cost allocation and financial implications.
- **Regulated Electric & Gas Utility** Performed a massive cost of service study for a wholesale rate case brought before FERC. Implemented FERC's ECOS software and performed full study for a consortium of legal experts and consultants engaged in the case. The study led to a favorable resolution of issues for the client.
- **Regulated Electric & Gas Utility** Developed a custom ROE Calculation model to be used in rate-setting. The model captured highly complex algorithms into a manageable user interface. The model was approved by the state utility regulator and was successfully implemented.
- **Regulated Electric & Gas Utility** Provided litigation support in a major utility restructuring proceeding. The project including development of exhibits, preparation of witnesses, developing testimony and cross-examination, and performing power market analyses.

Venture Capital & Emerging Technology Support

- **Renewable Energy Development Company** Currently engaged in overall corporate development and acquisition of investment capital.
- **Renewable Energy Development Company** Currently engaged in acquisition of investment capital.
- **Emissions Control Technology Company** Provided comprehensive support for commercialization of a newly patented NO_x control technology. The project included a detailed market assessment, development of a financial analysis tool for customer proposals, acquisition of venture capital and strategic planning for the company. All aspects of the project were highly successful.

Resume of Mr. James C. Letzelter

- **Energy Technology Company** Provided market assessment and strategic support for an emerging energy conservation technology company. The company used advice to seek capital and market the products.

KEY PUBLICATIONS & PRESENTATIONS

- “Economics of Coal-Fired Generation”, Scheduled for March 2007, Goldman Sachs private speaker sponsorship
- “Power Risk Management: Environmental Economics”, Scheduled for May 2007, Goldman Sachs private speaker sponsorship
- “Predicting Long-Term Energy Prices with OptQuest: The GenMetric Model”, May 3, 2006, Crystal Ball User Conference
- “Using the Efficient Frontier”, January 18, 2006, Internationally-broadcast Web Conference sponsored by Decisioneering
- “Building the Perfect Generation Portfolio”, September 2005, Public Utilities Fortnightly
- “Finding the Efficient Frontier: Power Plant Portfolio Assessment”, June 13, 2005, Crystal Ball User Conference
- “The Efficient Frontier and Power Plant Portfolio Analysis”, September 2004, EPIS Electric Market Forecasting Conference
- “Power Asset Transactions: Regulatory Risks”, June 24, 2004, Infocast Buying Selling & Investing in Energy Assets 2004
- “Power Generation Asset Valuation”, June 17, 2004, Crystal Ball User Conference
- “Assessing Risk in a Changing Market”, March 29, 2004, Platts Global Power Markets
- “Our Energy Future”, January 14, 2004, NET 2004 Conference
- “Our Transmission Future”, January 14, 2004, NET 2004 Conference
- Quoted extensively in major news publications, including BusinessWeek, Chicago Tribune, Miami Herald, LA Times, etc., related to the northeast blackout of 2003
- “Models Matter: The Art of LMP”, November 6, 2003, Platts Electric Market Design Conference
- “Risk Management Panel Discussion” Moderator, September 2002, EPIS Electric Market Forecasting Conference, Skamania, WA
- “Venture Capital” Panel Moderator, December 3, 2001, Strategic Research Institute Energy Investor’s Summit
- “Leveraging AURORA: Modeling New Resource Development,” November 13, 2001, EPIS Electric Market Forecasting Conference
- “Optimizing Emissions Compliance: Emerging Technologies & Multi-Pollutant Regulation,” July 26, 2001, Coal-GEN 2001
- Letzelter, James C., *Public Utilities Fortnightly*, “The New Venture Capitalists: Utilities Go Shopping For Deals”, December 2000
- “Power Plant Emissions: Modeling Market Implications,” September 22, 2000, EPIS Electric Market Forecasting Conference

Resume of Mr. James C. Letzelter

- “Emissions Modeling for Optimum Compliance,” July 1999, Infocast SIP Call Conference
- Letzelter, James C., *Public Utilities Fortnightly*, “Surviving the SIP Call: Fossil Plant Economics Under NO_x Control”, May 1, 1999
- “Managing Emission Limit Changes: Challenges & Opportunities,” January 29, 1999, CBI Merchant Plant Conference
- Letzelter, James C., *Power Finance & Risk*, “The Impact of NO_x Limits on U.S. Energy Markets”, January 11, 1999
- “Valuation of Electric Generating Assets,” May 27, 1998, Gas Daily Conference
- Letzelter, James C. and Axelrod, Howard A., *Resource Magazine*, “Risk Analysis in Resource Planning,” Summer 1992 issue

PROFESSIONAL AFFILIATIONS

Member, MENSA

Certified Rate of Return Analyst

Institute of Electrical & Electronics Engineers

EDUCATION

MBA, State University of New York at Albany, Finance Concentration.

BSEE, Clarkson University, Concentration in Power Systems.



RESUME OF MS. MARY S. LOVELL

AREAS OF SPECIALIZATION

Ms. Lovell provides 25 years of experience as a senior manager of a major natural gas utility and as a management consultant positioning companies to succeed in the increasingly competitive natural gas industry. She creates motivated, collaborative teams who tackle complex problems, identify opportunities and achieve results.

She has obtained approvals for equity issuance and merger from 10 state regulatory commissions within one year of shareholder approval. Acquisition increased customer base by over 50% and increased the number of states the Company served by 100%.

She has also provided testimony in regulatory proceedings and depositions. Topics include open access transportation, business organization, allocation of shared services costs, rate design and gas supply contracts. Managed high profile consulting engagement that covered three years and analyzed over \$1 billion worth of client's purchased gas adjustments and regulatory compliance. No disallowances ordered by Commission.

She served as a Chairperson of select company-wide task force to formulate Company's position on competition and open access. Was a member of Management, Retirement, Technology committees.

SELECTED CONSULTING EXPERIENCE

Project Manager engagement which analyzed over \$1 billion worth of client's purchased gas adjustments and compliance over a 36-month period marked by changing processes, systems, and people. Created work plan, directed staff, managed client expectations, created deliverables. Issued report to client within six months of project start date. Co-manager of business process transformation engagement.

Southern Gas Association - Developed and delivered continuing professional education for SGA and its distance learning subsidiary (CTN). Courses included introductory and intermediate rates, advanced gas accounting for managers and supervisors. Developed series of programs on Sarbanes Oxley for corporate boards of energy firms.

MSL Group, LLC. - Provided litigation support, management consulting services for natural gas industry and not-for-profit organizations.

OTHER BUSINESS EXPERIENCE

MSL Group, LLC. - Dallas, Texas - Present

President

Provides litigation support, continuing professional education and management consulting services for natural gas industry and not-for-profit organizations.

Resume of Ms. Mary S. Lovell

Arthur Andersen LLP - Dallas, Texas, 2001-2002

Major public accounting and consulting firm.

Senior Manager -Risk Consulting

Managed consulting engagements valued *in excess of \$1 million* with key pipeline and utility accounts. Services related to litigation support, best practices, strategic direction, process management, operations transformation, business integration. Client initiated *follow-up engagements* as a result. Areas of expertise: strategy, organization design, gas accounting, supply, rates/regulatory, contract management, billing, litigation strategy.

Independent Contractor - Dallas, Texas 1998-2001

Developed and hosted television programs produced by Southern Gas Association Corporate Telelink Network Programs provide continuing education to the industry

Atmos Energy Corporation - Dallas, Texas, 1988 - 1998

Sixth largest gas natural gas distribution company serving over one million customers in thirteen states. Company was top quartile performer and executed four acquisitions during this period.

Senior Vice President- Utility Services - 1995-1998

One of six officers reporting directly to Chairman, President & CEO. Led Marketing, Gas Supply, and Rates & Regulatory Affairs functions in shared services environment. Co-chair of merger integration teams which planned business reorganization following merger and major technology investment. Reorganization reduced labor costs *over 20%*. *Company now is among the lowest cost providers in the industry.* Technology increased efficiency and facilitated subsequent acquisitions.

Vice President, Rates & Regulatory Affairs- 1990-1995

Directed all aspects of Company's regulatory activities before federal and six State Regulatory Commissions. Increased revenue *over \$28 million*. Secured merger approvals from four State Regulatory Commissions within seven months of shareholder vote. Merger increased number of states Company operated in by *100%* and increased customer base *20%*. Contributor to due diligence team. Negotiated reductions in gas cost and increased service flexibility with pipeline suppliers during pipeline restructuring. Co-coordinated management audit conducted by regulatory authority. Responsible for operating budget of approximately *\$2 million*.

System Vice President, Rates- 1988-1990

Created department that provided leadership to Company following a major acquisition. Initiated necessary changes to services, contracts and rates in the wake of pipeline supplier filings and FERC actions. Teamed with Gas Supply Vice President to reduce gas costs while maintaining adequate and flexible supplies. Evaluated gas supply contracts in view of changing markets and regulatory environment.

Resume of Ms. Mary S. Lovell

Gulf South Pipe Line Company (formerly known as United Gas Pipe Line Company)

Houston, Texas, 1982 - 1988

Major interstate natural gas pipeline company.

Director Rates

Leader in rate department during time of historic industry restructuring by FERC and reorganizations due to acquisitions. Company filed numerous rate and certificate applications which addressed the dynamic business and regulatory environment. Issues such as Orders 380, 436, 636 were addressed. Gas contract obligations and the recovery of related costs were also litigated. Analyzed Company's cost of service, cost classification, allocation and rate design, depreciation and negative salvage, cost of capital and capital structure for regulatory filings. Received *substantial revenue increases* during this period. Drafted tariff terms and conditions, responses to data requests and testimony. Represented Company on Partnership Committees.

Centerpoint Energy (formerly known as Entex, Inc.) - Houston, Texas, 1979 - 1982

Natural gas distribution company serving over 1 million customers in three states.

Rate Associate

Researched and reported competitive analysis of markets and market structures following NGPA of 1978. Evaluated implications for supply portfolio which consisted of inter and intra-state suppliers. Forecast gas costs. Administered and analyzed gas cost recovery mechanisms. Selected and implemented new modeling language for department. Adjunct faculty in business administration, University of Houston.

TESTIMONY

Testimony was provided in the following cases.

- - Rate Case 95-010 Western Kentucky Gas Company.
- - Rate Case Greeley Gas Company.
- - Rate Case 93I-701G Greeley Gas Company.
- - Rate Case U-17779 Translouisiana Gas Company.
- - Admin. Case 346 Western Kentucky Gas Company.
- - Rate Case 92-558 Western Kentucky Gas Company.
- - U-19631 Translouisiana Gas Company.
- - Rate Case 8122 & 8205 Energas Company.
- - Rehearing 90-013 Western Kentucky Gas Company.
- - Rate Case 90-013 Western Kentucky Gas Company.
- - Admin Case 327 Western Kentucky Gas Company.
- - FERC RP85-209 United Gas Pipe Line Company.
- - FERC RP85-167 Sea Robin Pipeline Company.

Resume of Ms. Mary S. Lovell

PUBLICATIONS

Pipeline & Gas Journal: Article published January 2000.

Masters degree in Business Administration - General Management Curriculum. Electives emphasized managing in a regulated environment.

EDUCATION

MBA Harvard Business School - Boston, Massachusetts

BA University of Wisconsin-Milwaukee

PROFESSIONAL AFFILIATIONS AND HONORS

Board member for local chapters of national not-for-profit associations:

Southern Gas Association, advisor on course development;

Corporate Telelink Network, advisor on business direction, strategy and course development;

American Association of University Women;

Sigma Sigma Sigma sorority alumnae (Treasurer);

DFW Technology Executives Networking Group (TENG).

SOUTHERN GAS ASSOCIATION/CORPORATE TELELINK NETWORK

Independent Contractor - Dallas, Texas 1998-2005 Developed and hosted television programs produced by Southern Gas Association Corporate Telelink Network. Programs provide continuing education to the industry. Moderator/host for programs including the following.

Marketing/Consultative Sales - (June 2005).

Lost & Unaccounted for Gas - How to conduct an operational audit (January 2005)

Sarbanes Oxley for Corporate Boards (2003-2004). Series of 4 programs designed for corporate boards of energy firms.

Pipeline Integrity Management Rulemaking" (March 2003).

Performing a Lost & Unaccounted for Gas Turn-a-round Project (November 2002).

- *Opening the Energy Market-Impact on Growth/Profits* (September 2002).
- *An Energy Update: Crisis or Continued Growth* (October 3, 2001).
Panelists on the program included: Andrew Lundquist, the Honorable Nora Brownell, Donald F. Santa Jr., Keith Bailey, Curt Launer, and Vicky Bailey.
- *Competitive Advantage: How to Minimize Lost & Unaccounted for Gas* (March 2001).
- *Globalization of Energy: Looking Down from 30,000 ft* (November 2000).
- *Unbundling: Win, Lose or Draw* (September 1999) Panelists: Charles Goodman (Atmos), Mark Caudill (AGL), Warren Darby (SCANA), Carol Freedenthal (Joffree).

Resume of Ms. Mary S. Lovell

- *Commissions in Transition* (June, 1999) Panelists: Curt Herbert, Jr. (FERC), Edward Holmes (Kentucky PSC), David Wirick (NRRI).
- *Unbundling: A Transition to the 21st Century* (July 1998) Panelists: Linda Breathitt (FERC), Walt Higgins (AGL), Keith Kettle (M/A/R/C).
- *Pricing Flexibility for Interstate Pipeline Capacity* Panelists: Branko Terzic (Yankee Energy), Dick O'Neill (FERC), Brian O'Neill (LeBouef, Lamb), Dave D'Alessandro (Morris, Hecker).

SPEAKER AT INDUSTRY CONFERENCES

Southeast Regulatory Utility Commissioners Annual Conference (Panel moderator).

Mid-America Regulatory Utility Commissioners Annual Conference (Panel member addressing mergers and acquisitions in the industry).

American Gas Cooling Association Annual Conference (Speaker on industry restructuring to conference at-large).

DEVELOPED AND DELIVERED COURSES

Sarbanes Oxley series for Corporate Boards of Energy Firms (2004).

Gas Accounting 202 (Course Workshop September 2003).

Principles of Accounting and the Ratemaking Process (Webinar May 2003).

RESUME OF MR. ROBERT WILKINSON, CPA

AREAS OF SPECIALIZATION

Mr. Wilkinson, Senior Consultant with *Vantage Consulting, Inc.*, has over 30 years of auditing and consulting experience serving major corporations, state and local governments, financial institutions, regulatory bodies and electric, gas, telephone, and water utilities. He specializes in auditing, financial management, accounting, budgeting, affiliate transactions, cost allocations, and strategic and long-range planning. Mr. Wilkinson has participated as Lead Consultant in the recent assignments listed below in which he investigated one or more of the following areas: financial management, affiliate transactions, cost allocations, corporate planning, external relations, cross-subsidization among corporate entities, financial forecasting and capital structure.

SELECTED CONSULTING EXPERIENCE

New Jersey Board of Public Utilities - Assisted in the evaluation of Public Service Electric & Gas's stranded cost quantification as part of the utility's electric deregulation proposal. This included a reconciliation of FERC and regulatory balance sheets, analysis of proposed changes of T&D depreciation rates, an assessment of proposed capital additions, reconciliation of cost-of-service inputs, analysis of depreciation and tax changes needed for stranded cost calculation, and assessment of tax implications of tax issues of securitization.

Entergy Corporation - Lead Consultant for affiliate transactions review among regulated and non-regulated affiliates in the Entergy system for four state public utility commissions and the City of New Orleans. Investigated the areas of cross-subsidization of non-regulated affiliates, improper disclosure of proprietary information and cost allocation methods and procedures.

Mississippi Power & Light Company - Lead Consultant for a comprehensive management and operations review for the Mississippi Public Utility Commission. Reviewed financial management, capital structure, cost allocations, accounting systems, procedures, and external relations. Performed technical review of the entire project.

U.S. West, Inc. - Lead Consultant for a review of affiliate transactions/regulatory impact review among entities in the U.S. West System for the three-State Steering Committee of Arizona, Iowa, and Colorado.

Public Service Electric & Gas Company - Retained by the New Jersey Board of Public Utilities to assess compliance with all Affiliate Compliance and Code of Conduct Rules enacted as a result of restructuring.

New England Telephone Company - Lead Consultant for a review of affiliate transactions between NYNEX and New England Telephone Company for the Massachusetts Public Utility Commission. Reviewed financial management, capital structure, cost allocations, accounting systems, and procedures.

Peoples Natural Gas Company – Lead Consultant for a comprehensive management and operations review for the Pennsylvania Public Utility Commission. Reviewed financial management, capital structure, cost allocations, accounting systems and procedures, and external relations.

Western Kentucky Gas Company – Lead Consultant for a comprehensive management and operations review for the Kentucky Public Service Commission. Reviewed financial management, capital structure, cost allocations, accounting systems, procedures, and external relations.

California Public Utilities Commission Telco Division (Attestation Exams) – Senior Consultant on seven separate assignments for the CPUC during the period of 2000 to 2002. These included:

- Examinations of surcharge collections of “high cost fund” and “teleconnect fund” amounts for AT&T, Verizon, Sprint, and PacBell. In each project significant accounting, interpretational and transmittal errors were discovered, leading to the recovery of amounts well in excess of project costs.
- Examinations of claims requests of “high cost fund” and “teleconnect fund” for Verizon, PacBell, and Roseville. (Pac Ball and Roseville exams will be complete in late 2002.

Verizon – Senior auditor for attestation review of GTE California, Inc. and Contel of California, Inc.’s assessment and reporting of CHCF-B Surcharges and CTF Surcharges to the California Public Utilities Commission

West Texas Utilities Company - Lead Consultant for a comprehensive management and operations review for the Texas Public Service Commission. Reviewed financial management, capital structure, cost allocations, accounting systems, procedures, and external relations.

Advanced Technologies, Inc. - Lead Consultant for a review of affiliate transactions/regulatory impact review among entities customers of Advanced Technologies, Inc. for the three-State Steering Committee of Arizona, Iowa, and Colorado. Reviewed financial management, capital structure, cost allocations, accounting systems, and procedures.

Atmos Energy - . Reviewed financial management, capital structure, cost allocations, accounting systems, and procedures in connection with management audit of Western Kentucky Gas.

Prepared economic analyses and testified as expert economist in Chancery Courts and before State and Federal regulators in matters involving wrongful death and injury litigation and bank branch and charter applications.

Prepared an analysis and various alternative proposed settlements for the plaintiff in a \$30,000,000 lawsuit involving a New York Stock Exchange company (defendant) and a closely held \$20,000,000 corporation in Mississippi (plaintiff). The work included participating with the attorney in direct negotiations with the defendant.

Retained by a large soft drink bottler to assist in structuring a workout plan and communication, as well as negotiating with creditors. The work continued through an involuntary Chapter 11 filing, including negotiating a sale of the assets, negotiating payouts to the creditors with significant payouts to the stockholders, assistance with preparation of the disclosure statement and plan, and service as disbursing agent.

Served as Special Master in Chancery Court on several occasions. The work has usually included review of exhibits, testimony, and financial records to define transactions, identify liquid assets, and lend assistance in determining equity.

Reviewed the financial management function, inter-company (affiliated) relationships, and allocation of fees between parent and subsidiary in connection with management audits of various utility companies.

In addition, served as independent auditor , and assisted in the preparation of rate filings for various water and sewer companies and independent telephone companies.

Performed an evaluation "Fairness Opinion" for three commercial banks in Louisiana for a proposed merger. The project included a valuation of each of the three banks and a calculation of exchange rates for the common stocks of the three banks in consummating the merger. Continue to perform annual evaluations of the common stock for one of the banks, to satisfy requirements of the bank's employee stock option plan.

ADDITIONAL BUSINESS AND PROFESSIONAL EXPERIENCE

Ernst & Young, Manager, Management Consulting Services.

Gulf South Research Institute, Director, Resources Planning & Management Division.

Louisiana State University, Associate Professor and Instructor of Accounting.

Belhaven College, Associate Professor and Instructor of Accounting.

Mississippi State University, Associate Professor and Instructor of Accounting.

University of Mississippi, Associate Professor and Instructor of Accounting.

Jackson State University, Associate Professor and Instructor of Accounting.

PROFESSIONAL MEMBERSHIPS

Chairman Advisory Board, Mississippi Small Business Development Center

Vice Chairman, Mississippi Hospital Equipment Financing Authority

EDUCATION

Residence requirements for Ph.D., Louisiana State University (Accounting)
MBA, Louisiana State University
BS, Delta State University (Accounting)
Certified Public Accountant, Mississippi

RESUME OF MR. MICHAEL C. BOISMENU, P.E.

AREAS OF SPECIALIZATION

Significant experience in power plant and T&D engineering, management, maintenance and operations. Detailed electrical and controls engineering, project management, managerial, asset management and leadership experience in a variety of diverse technical areas. Strong interpersonal and technical skills coupled with a participative and collaborative management style in support of effective teamwork and consensus building. The ability to incent people to take action, spur innovation and continual improvement.

SUMMARY OF CONSULTING AND WORK EXPERIENCE

Consultant to a large engineering design firm in the northeast that provides services to utilities and industrial companies.

Consultant to a T&D maintenance company In Florida that provides support to utilities, and large companies.

NRG Dunkirk Operations Inc. - Plant Manager Dunkirk Generating Station, Dunkirk, New York, 1999 - 2003

Provided total Operation and Maintenance leadership for the Station in the non-regulated electric supply business. Provided a direct interface with the Corporation's Operations leadership, Asset Management and Power Marketing organizations. The Dunkirk Generating Station is a 600mw coal fired facility with CE steam generators and GE turbine generators.

- Provided the leadership to successfully transition the workforce from the regulated electric generation business to a non-regulated electric generation competitor.
- Completed a Station Reliability Assessment and Root Cause Analysis Program, recommended targeted projects for Owner approval, and completed all projects on schedule and under budget, which resulted in a 10% improvement in Station availability and a continued reduction in Heat Rate.
- Through targeted attrition and position abolishment's reduced the staffing level from 208 to 125 employees. This coupled with innovative partnering agreements with vendors resulted in a reduction of the Station's Operation and Maintenance budget by 45% from 1994 levels.
- Through active involvement with the local business community, was instrumental in negotiating a property tax PILOT agreement, which resulted in a \$2 million reduction in property taxes.

- Provided an assessment of the Big Cajun II operation and maintenance process. Resulted in a significant improvement in availability and a more functional and responsive organization design.
- Completed the assignment as NRG's interim Regional Director of Operations in the Mid-Atlantic Region. A combination of Station physical, organizational and employee development and improvement programs contributed to the significant reduction in the Indian River Station's forced outage rate. Was offered the position on a permanent basis. Mid-Atlantic Region included CE and Foster Wheeler coal fired steam generators with GE, Westinghouse and Siemens turbine generators and Pratt simple cycle gas turbines.
- Completed the assignment as interim Regional Director of Operations for NRG's New York Region. Finalized the Regional plan for emergence from bankruptcy, redirected the Region to assure appropriate input from each Station and coordinated the Company's response to the 2003 Blackout. Was offered the position on a permanent basis. New York Region included CE, B&W and Foster Wheeler coal fired steam generators with GE, Westinghouse and Siemens turbine generators and Pratt and Westinghouse simple cycle gas turbines.

Niagara Mohawk Power Corporation

Plant Manager Dunkirk Steam Station, Dunkirk, New York, 1995 - 1999

Provided total asset management and leadership for the Station in the evolving electric supply business.

- Provided leadership to maximize the effectiveness of teamwork via the General Electric Workout process for which the Station received a Corporate Exceptional Service Award.
- Recipient of the NMPC Organizational Development Department award for affecting employee development programs.
- Instrumental in the successful negotiation and settlement of the long-standing real estate tax litigation case with the City of Dunkirk. Resulted in savings of **\$80 million** through the term of the agreement.
-
- Improved the overall image of the Company through participation in Chautauqua County Reengineering Initiative and the associated Implementation Steering Committee.

Director Value Engineering, Syracuse, New York 1989-1995

- Provided leadership and direction for a multi-disciplined team of Company and Industry recognized experts. Group's functions included Value Engineering, Engineering Standards, Reliability Engineering and Strategic Asset Management.
- Active participation on the Corporation's Environmental Awareness Initiative self-assessment team.
- Active participation in the Redesign of the Fossil Generation Capital Projects Process.
- Provided significant input in the development and deployment of a Component Availability Data System to enable the Fossil Station to focus resources on major availability detractors.
- Conceptualized and directed the development of an Automated Distribution Station Design System. Resulted in a significant reduction in electric station engineering and design time.
- Directed the automation of the Company's Engineering Standards resulting in a significant improvement in the Line Department's performance.

Supervisor Fossil Engineering Electric Design Group, Syracuse, New York, 1986 – 1989

- Provided leadership and direction for a group of professionals, which provided the Electrical Engineering and Design for all Fossil Station electrical projects.
- Group doubled its associated output while maintaining all budget estimates.
- Provided root cause and forensic analysis for a variety of complex projects.

Fossil Engineering Project Manager, Syracuse, New York, 1981 – 1986

Provided conceptual engineering, project management and detailed design for a variety of complex nuclear, fossil, hydro and electric station projects.

- Developed and implemented the Fossil System Combustion Control Upgrade Project. Received recognition from the customer for completing a high quality project on time and under budget.

Electrical Engineering Designer, Buffalo & Syracuse, New York, 1968 – 1981

Provided the detailed engineering and design for a variety of complex electrical projects.

EDUCATION:

- Lemoyne College, Syracuse, New York, Masters in Business Administration (in progress)

- Erie County Technical Institute, Buffalo, New York, Electrical and Electronics Engineering Technology
- Registered Professional Engineer February 1987

AFFILIATIONS:

- Institute of Electrical and Electronic Engineers
- Power Engineering Society

RESUME OF MR. DOUGLAS H. TULLEY, P.E.

AREAS OF SPECIALIZATION

Electric utility veteran with very diverse work experiences in Field Operations. (Construction, maintenance, operations and emergency restoration). Supervisor/Manager responsibilities have included: Electric Substations, Hydro Electric Generation, Relay & Telecommunications, Meter & Test, Field Service, Underground Network, Heavy Construction, Crane & Rigging Services, Street Lighting, Substation Design, and Electric & Gas Distribution Design.

SUMMARY OF CONSULTING AND WORK EXPERIENCE

Kelly Engineering Services-Buffalo, New York. Responsible for preparing and implementing key elements of National Grid's Work Continuation Plan for its New York Operations.

- Developed customized skills and safety training plans for all management employees, retirees and contractors. Multiple training classes were set up around the State for 'hands on' courses and a unique DVD created for home study. A thousand plus employees completed the training in a 90 day time period.
- Lead the effort to create specialty maps for the protection and aid of field workers. Eight very detailed and accurate regional map books, depicting the complete inventory of New York Operation's transmission and substations assets, were compiled and published. The map books are considered one of the biggest successes of the Work Continuation Planning effort.

Manager, Energy Services - Western Division. Senior manager responsible for a number of Field Operating units in Niagara Mohawk's, a National Grid Company, largest division.

- Recognized for consistently exceeding goals, particularly in the area of safety performance. Reorganization and efficiency improvements helped reduce staffing and department expenses approximately 30%. Lost Work Day Cases were reduced to zero in several departments. Recipient of several corporate and divisional awards.
- Selected to work on three major external audit/consultant teams charged with improving service reliability, operating efficiencies and customer satisfaction in New York Operations.

Director, Energy Supply & Delivery-Northeast Region. Niagara Mohawk Power Corporation. Primary responsibilities included rebuilding, upgrading, operating and maintaining hydro generating plants and equipment and electric substations in Niagara Mohawk's second largest geographical region. Achieved significant improvements in generator unit availability, substation equipment reliability and cost management. There was extensive interaction with contractors, vendors, engineering services and regulatory agencies.

Supervisor, Electric and Gas Distribution Design-Northern Area. Niagara Mohawk Power Corporation. Supervised a group responsible for the major reconfiguration and upgrading of electrical and gas distribution assets in a rapid growth area in eastern New York State. Detailed specifications and drawings were generated for both in-house and contractor crews.

Resume of Mr. Douglas H. Tulley

The completed projects stabilized the systems, improved their reliability and continues to provide the capacity for ongoing load growth.

EDUCATION

Bachelor of Science from Clarkson University, Potsdam, New York.



6. QUALIFICATIONS OF THE FIRM

A. VANTAGE CONSULTING INC.

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Cudjoe Key, FL 33042

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E-MAIL: WDRABINSKI@VANTAGECONSULTING.COM

Federal Tax ID #: 23-2681-458

263 County Road 452

PO Box 7399. PMB# 293

Breckenridge, CO 80424-7399

Tel./Fax. 970-547-4486

Vantage Consulting Inc. (Vantage) is a management consulting firm headquartered in Cudjoe Key, Florida, with an additional office located in Breckenridge, Colorado. Vantage consultants possess a broad background in all business aspects of electric, gas, and water utilities, but retain particular expertise in utility operating functions.

The Vantage team consists of highly experienced, trained consultants, covering virtually all functional work areas within a utility company. Vantage is staffed by a total of 20 full-time and contract consultants and administrative staff. Consultants have a diverse set of backgrounds, including engineering, accounting, economics, finance, chemistry, and psychology.

Vantage provides a broad range of consulting services to investor-owned utilities, independent power producers, regulatory agencies, state planning and environmental agencies, and law firms. While the majority of our assignments are tailored to the needs of the client, there are specific products and services which we offer. The functional service areas in which we work, and the consulting topics to which we provide expertise are listed below.

B. SERVICE AREAS

Utility Regulatory Issues

Develop/Monitor/Evaluate PBR and Incentive Ratemaking
 Utility Competition and Restructuring Analysis
 Stranded Cost and Unbundling Issues
 Merger and Acquisition Strategic and Regulatory Assessments
 Energy Policy Act Review & Strategies
 Tariff & Rate Strategy (Electric & Gas)
 Focused & Comprehensive Management Audits

Strategic and Organizational Planning

- Corporate Organizational Assessments and Business Plan Development
- Business Unit Process Reengineering
- Marketing Plan Development and Assessment
- Application of **POWERFIN**[®] - New Generation Assessment Software
- Regional Wholesale Power Competition
- Litigation Support on Prudence Issues

Power Generation

- Culture Modification Process
- Plant Organization and Staffing
- Plant Economics
- Plant Maintenance
- Performance Enhancement
- Fuels Management
- Human Resources
- Safety
- Environmental
- Human Resources/Labor Management
- Diversity/Affirmative Action Programs
- Job Process Analysis
- Pay Structuring and Flexible Labor Contracts
- Skills and Knowledge-Based Training
- Mutual Gains and Continuous Improvement Programs

Electric and Gas Retail Operations

- Management and Business Process Performance Assessments
- Retail Marketing Strategy Development and Implementation Support
- Work Management System Design and Implementation Support
- Pipeline Replacement Evaluation & Prioritization Programs (OPTIMAIN)
- Leak Management Program Design, Integration, and Implementation

- Automated Mapping and Facilities Management/GIS Feasibility Assessments and Vendor Selection

Environmental Compliance and Strategies

- CAA Strategies (Titles I-XI)
- Economic Development in Non-Attainment Areas
- Protocol Development & Implementation
- Environmental Performance Opportunities
- Emission Credit Inventory Database
- Equipment/Plant Environmental Risk Assessment

C. RECENT ASSIGNMENTS AND CLIENTS

The following short synopsis provides a montage of our most recent assignments.

Regulatory Strategy

- Provided regulatory strategy and analysis to a group of northeast utilities regarding the formation of a Gridco that would own and operate transmission systems both within and outside of current ISOs.
- Analyzed the Public Service Electric and Gas Restructuring Plan in preparation for deregulation in the state of New Jersey. This evaluation included analysis and recommendations regarding the stranded cost estimates, cost of service unbundling studies, and policy issues associated with restructuring. As part of the project, Vantage and its subcontractors developed independent assessments of energy and capacity values in the future and analyzed issues of market power. Our financial model was used to calculate potential rate reductions under varying regulatory scenarios.
- Completed a series of Performance Based Ratemaking (PBR) studies for San Diego Gas & Electric. This independent analysis provided many insights into what will be necessary in the development of distribution, generation, and gas PBRs. Specific projects included:
 - Mid-term and final review of the Generation and Dispatch mechanism;
 - Mid-term and final review of the Gas Procurement mechanism;
 - Mid-term review of the Base Rates PBR mechanism.
- Assisted Kentucky Utilities in a complex regulatory proceeding which addressed the fuel component of its rates. Issues included transmission line losses and the differentiation between FERC and state responsibilities.

Merger Strategy and Integration

- Provided strategy in the regulatory approval process for merger of Louisville Gas and Electric and Kentucky Utilities. Support included a regulatory risk assessment, preparation of testimony and response to interrogatories, witness preparation, as well as an analysis and development of testimony regarding the independent synergy study.
- Assisted a mid-west electric utility in an acquisition search. The Utility took advantage of our knowledge of East Coast utilities, our understanding of operational strengths and weaknesses, and our familiarity with state regulatory filings to gather key competitive and business information about a potential acquisition target.

Operational Audits and Development

- Performed an affiliate compliance audit at the request of SEMPRA Energy of San Diego Gas & Electric and Southern California Gas Company. Audits addressed compliance of company affiliate plans with PUC requirements and compliance of employees with the plans.
- Completed a review of all transactions between Entergy and its non-regulated affiliates as part of a settlement agreement with the SEC. On this assignment, we reviewed many of the details of Entergy's non-regulated business activities, including plans for expansion of utility services, both domestically and internationally.
- Performed a benchmarking study that addressed governmental affairs functions for a mid-west utility. Benchmarking included both utility and non-utility organizations.
- Recently completed focused, comprehensive management audit reviews of Duquesne Light Company, Louisville Gas & Electric Company, and Kentucky Utilities Company. In addition, our consultants have performed similar audits of approximately 20 other electric, gas, water, and telephone utilities.

New Business Development

- Completed a review of administrative services provided by the four California IOUs to Energy Service Companies (ESCO) and identified opportunities and markets as part of the recent DSM pilot program. This assignment provided an excellent understanding of the approach the four California IOUs have for providing future DSM and energy programs, as well as an understanding of the potential role ESCOs will provide in the future.
- Retained by Energy Connections, a jointly-owned subsidiary of Ameritech and Wisconsin Electric, to support the commercialization of a state-of-the-art two-way communications network. The objective of this network was to expand an electric utility's ability to develop, test market, and offer value added services designed to enhance revenues, improve service quality, and retain current electric rates.
- Performed an assessment of PG&E's venture into maintaining natural gas vehicles for non-utility users. Analysis looked at economics and regulatory requirements.

Regulatory and Legal Support

- Supported development of the Draft Environmental Impact Statement for the Mega-NOPR (FERC Order 888 and 889). The analysis included emerging transmission technologies that would enhance competition and develop the industry structure scenarios used to assess the environmental impact of a competitive energy market.
- Assisted numerous utilities in preparing and filing rate cases, including five nuclear prudence reviews and dozens of general and fuel cases.

Company	Project
Allegheny Power Systems	Fuel Procurement Review
Alltel of Pennsylvania	Comprehensive Operations Review
Ameritech	Comprehensive Operations Review
Anchorage Telephone	Assisted the employee union in its determination of an employee buy-out of the company.
Arbitration Proceedings	Arbitration proceedings including testimony for the states of Virginia, Mississippi, Idaho, and New Jersey. Also served as arbitrator in ATT vs. GTE in Nebraska and ATT vs. U S WEST in North Dakota.
AT&T	Conducted an assessment of state and federal regulatory reform initiatives.
AT&T	Managed a litigation support team of 14 individuals assisting external legal counsel in an arbitration dispute.
Bell Atlantic - District of Columbia	Comprehensive Operations Review
Bell Atlantic - New Jersey	Developed a cost activity analysis
Bell Atlantic Pennsylvania	As part of a comprehensive management examination for the state of Pennsylvania.
BellCore	Marketing study to determine billing and collection costs.
BellCore/BellSouth	A study of service costing systems.
BellSouth Services	Review of technical training
C&P of Maryland	Affiliate Transactions Review
Choptank Electric Cooperative	Organizational Review
Cleveland Electric Illuminating	Fuel Procurement Review
Columbia Gas of Maryland	Fuel Procurement Review
Columbus Southern Company	Fuel Procurement Review
Connecticut Natural Gas Company	Optimain - replacement evaluation prioritization
Contel California (Verizon)	Attestation Examination
Contel Service Corporation	Mgmt. and financial info. systems rollouts.
Dayton Power & Light Company	Fuel Procurement Review
Duquesne Light Company	Comprehensive Operations Review
Entergy Corporation	Affiliate Transactions Review
East Kentucky Power Cooperative	Fuel Procurement Review
El Paso Natural Gas Company	Business Unit Reorganization, Reengineering
General Waterworks Company	Comprehensive Operations Review
GTE North of Illinois	Comprehensive Operations Review
GTE of California	Attestation Examination
GTE South of Kentucky	Comprehensive Operations Review
Hampton Roads, Va. Planning Com.	Emissions Credits Banking Strategy
Houston Light and Power	Nuclear Prudence Review
Illinois Bell Telephone	Affiliate Transactions Review

Kentucky American Water Company	Comprehensive Operations Review
Kentucky Utilities Company	Merger Regulatory Support
Kentucky Utilities Company	Governmental Affairs Benchmarking
Kentucky Utilities Company	Comprehensive Operations Review
Louisville Gas & Electric Company	Merger Regulatory Support
Louisville Gas & Electric Company	Comprehensive Operations Review
NECA	Prepared first Access Charge Handbook.
NYTEL	Affiliate Transactions Review
NYNEX, SBC, Cincinnati Bell	Managed the special access-demand reconciliation audits required by the FCC.
National Fuel Gas Company	Optimain - replacement evaluation prioritization
New England Telephone	Affiliate Transactions Review
New York Telephone	Rate case re. allocation of corporate costs.
Pacific Bell	Managed a task force charged with developing the methods and procedures for the Inter-exchange Carrier Service Center.
Pacific Gas & Electric Company	DSM Analysis
PECO Energy	Nuclear Prudence Review
Pennsylvania Power & Light Company	Staffing Review
Philadelphia Gas Works	Operations Review, Capital Project Analysis
Philadelphia Suburban Water Company	Comprehensive Operations Review
Philadelphia Suburban Water Company	Reengineering of Operating Departments
Public Service Co. - New Hampshire	Power Plant Outage Management
Public Service Electric & Gas Company	Restructuring Plan Review
Public Service Electric & Gas Company	Nuclear Prudence Review
Public Service Electric & Gas Company	Generation and Environmental Planning
Public Service Electric & Gas Company	Fossil Generation Rate Case
Public Service Electric & Gas Company	Clean Air Act Compliance
Puerto Rico Telephone Company	Managed FCC Part 64 attestation audit.
Puerto Rico Telephone (Long Distance Co.)	Performed various financial analyses assessing their entry into the long distance marketplace.
Rochester Telephone (Long Distance Co.)	Performed an evaluation of their product profitability system
San Diego Gas & Electric Company	Performance Based Ratemaking
San Diego Gas & Electric Company	DSM Analysis
Southern California Edison	Power Plant Outage Management
Southern California Edison	DSM Analysis
Southern California Gas Company	DSM Analysis
Southern New England Telephone	Technical re. long-run cost modeling docket
Tampa Electric Company	Power Plant Outage Management
Tennessee Public Utility Commission	Infrastructure study of telcos
Toledo Edison Company	Fuel Procurement Review
U S WEST	Evaluation of unregulated services.
U S WEST	Fifteen states affiliated transactions review
U S WEST	Assessed methodology to assign non-PIC selected customers.
Unbundled Network Element Cost Proceedings	Testimony in Virginia and Oklahoma
Union Light Heat & Power	Operations Review
United Telephone of Pennsylvania	Comprehensive Operations Review
United Telephone of Texas	Comprehensive Operations Review
Washington Gas Light	Fuel Procurement Review
West Ohio Gas Company	Gas Procurement Analysis
West Texas Utilities	Comprehensive Operations Review
Western Kentucky Gas	Comprehensive Operations Review

D. REFERENCES

Client:	Indiana Utility Regulatory Commission
Assignment:	Focused Review & Audit of Service Quality Reporting and OMS/EMS Upgrades of Indianapolis Power & Light Company
Contact:	Mr. Jeffrey A. Willman - External Affairs Manager - Indianapolis Power & Light Company (317) 261-8364
Project Description:	This focused review and audit addresses Indianapolis Power & Light Company's Service Quality Performance and related Quarterly Reports.
Period Worked	2002 - 2005

Client:	Pacific Gas & Electric Company
Assignment:	Audits of Affiliate Rules Compliance per CPUC
Utility:	PG&E, PGE Enterprise and affiliates
Contact:	Mr. Michael T. Chenin, CPA, (415) 973-5844, mtcc@pge.com
Project Description:	Vantage and its consultants have performed three years of annual audits which addressed affiliate rules compliance. T
Period worked	2003, 2004 and 2005

Client:	Kentucky Public Service Commission
Assignment:	Management Audits and Focused Reviews of numerous utilities.
Utility:	LG&E, Kentucky Utilities, ULH&P, West Kentucky Gas, and Kentucky American Water Company
Contact:	Mr. John Rogness, KPSC - Audit Dept. Manager (502) 564-3940
Project Description:	Vantage and its consultants have performed six comprehensive utility management and operations audits in Kentucky.
Period Worked	1997, 1999 and 2000

Client:	City of Seattle
Assignment:	Review of Seattle City Light
Contact:	Ms. Susan Cohen, City Auditor, (206)-233-1093
Project Description:	Vantage provided advice and consulting services to the City Auditor and her staff regarding the Risk Management systems and approach, Governance, Financial and Operational Assessments, Industry Perspectives, Power Marketing and other current issues.
Period Worked:	2002.

