

**Proposal to Review the  
Adequacy of Consolidated Edison  
Company of New York, Inc.'s  
Electric Emergency Outage Program**

**Presented to the:**

**New York Public Service Commission**

**By:**



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**November 16, 2006**

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

Dear Ms. Brillling:

The Liberty Consulting Group (Liberty) is pleased to present the enclosed *Proposal to Review the Adequacy of Consolidated Edison Company of New York, Inc.'s (Con Ed's) Electric Emergency Outage Program*. This proposal responds to the October 18, 2006, RFP issued by the State of New York Department of Public Service (NYDPS or Commission). Liberty is well suited to perform the substantial and unique requirements of this RFP. Liberty and its team members have extensive experience on similar engagements.

Liberty has a strong record of accomplishment for state regulatory commissions, having served two-thirds of the country's state utility regulators, and performing an extremely wide range of management and operations audits and investigations.

Liberty is especially pleased to offer as part of its team the heads of L.G.K. Associates (Ms. Laura Kaplan) and Power System Outage Response (Mr. John Sherrod). Ms. Kaplan is a published author on the subject of emergency planning and has an extensive electric utility client list (exclusive of Con Ed). Mr. Sherrod is a utility veteran who has developed, managed, and reviewed outage planning and restorations at other utilities. The depth of its team's experience in the field make Liberty uniquely qualified to perform this engagement.

I hereby certify that the information contained in this proposal is accurate, that Liberty is committed to and has the ability to conduct the work described in this proposal, and that Liberty takes no known exceptions to the RFP. This proposal constitutes a firm offer to provide the services described therein, and that offer is valid for 180 days after November 20, 2006. Please feel free to contact us with any questions or information needs. Thank you for considering our proposal to conduct this important engagement.

Sincerely,

Robert L. Stright  
Principal  
Stright@LibertyConsultingGroup.com

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## **I. Introduction**

During 2006, there have been several extended service interruptions on Consolidated Edison's (Con Ed's) distribution system. These interruptions resulted in customer and governmental dissatisfaction with the company's responses. The Department of Public Service (NYDPS or Commission) received numerous complaints regarding Con Ed's slow responses, delayed restoration of power, poor communications, inaccurate customer service messages, and a lack of information provided to customers. Because of these interruption experiences, the NYDPS decided to retain an independent consultant to perform a thorough examination of Con Ed's management of its electric emergency planning, outage response, and power restoration operations. The examination is to assess the company's performance and identify opportunities for improvement. To accomplish this, the NYDPS issued on October 18, 2006, a Request for Proposals (RFP). The purpose of this proposal is to provide a response from The Liberty Consulting Group (Liberty) to the Commission's RFP.

The RFP identified two general areas for the consultant to evaluate:

- Con Ed's planning and preparedness for electric emergency outages.
- Con Ed's performance and effectiveness in responding to and restoring from electric emergency outages.

The RFP also required that the consultant perform a comparison of Con Ed's planning and restoration to industry best practices. The NYDPS does not ask that the consultant determine the root causes of the service interruptions themselves, nor does it ask for recommendations in areas such as maintenance, inspection, design, testing, budgeting, and protection that are likely at the core of the existence of the interruptions. Rather, the consultant is to focus on planning for and restoring from service interruptions.

Liberty proposes to accomplish the RFP's scope with the eight tasks listed below and which later sections of this proposal describe in more detail. Each of the tasks will include a comparison of industry best practices with Con Ed's practices. Each task will also verify Con Ed's implementation of internal and Commission Staff recommendations related to the 2006 outages.

- Emergency Plan
- Monitoring & Predicting
- Organizational Performance
- Restoration Status
- Communications
- Support Organizations
- Restoration
- Post-Event.

The following sections of this proposal describe Liberty's proposed approach to the review, the consultants who will perform the review, Liberty's qualifications, and other information requested by the RFP. Liberty takes no exceptions to the RFP, the draft contract provided to prospective bidders, or the suggested nondisclosure agreement. Liberty has no reservations regarding working with the NYDPS Staff during the audit.

## **II. Scope and Objectives**

The scope of the requested review is a comprehensive evaluation of Con Ed's planning for and restoration from electric emergency service interruptions. The scope includes a comparison of Con Ed's programs, practices, and performance in these areas with best utility practices.

The questions and level of dissatisfaction that arose from the 2006 outages require an assessment of Con Ed's planning, practices, and performance. The Commission needs a credible and authoritative opinion on identified aspects of Con Ed's electric emergency outage program. The objectives of the review are to identify the strengths and weaknesses in ConEd's planning for and restoration from electric emergency service interruptions, and to make practical recommendations to improve on weaknesses or to implement best practices that are suitable for Con Ed.

Section III of this proposal describes the process, methods, controls, and procedures that Liberty proposes to use to evaluate Con Ed. While adapted to this particular review, this basic process has been successful in Liberty's evaluation of many companies for many state commissions.

Section IV of this proposal describes the areas and issues that Liberty proposes to review to meet the Commission's direction. Liberty believes that this preliminary work plan covers the entirety of the Commission's scope. Liberty will correct any apparent and inadvertent omissions in its initial draft workplan submitted to Staff for review.

Liberty will use document reviews, interviews with Con Ed personnel, discussions with Con Ed stakeholders (particularly with NYDPS Staff involved with related evaluations), site visits and inspections, team discussions, and observations of performance (such as observation of call center operations) to perform the review. Liberty will review Con Ed's plans and procedures as well as its actual performance during the 2006 service interruptions. Liberty will use the collective experience of its team and discussions with Staff to test any preliminary conclusions and recommendations. Liberty will evaluate Con Ed's programs, practices, and performance against first, a reasonableness standard, and second, a best-practices or room-for-practical-improvement standard. Liberty's conclusions will indicate clearly whether Con Ed's program in a particular area is a strength, a weakness that Con Ed must improve to meet a prudence standard, or a reasonable practice that Con Ed could make better in a practical fashion.

### **III. Approach, Methods, Procedures, and Project Management**

#### **A. Work Approach and Methods**

This section describes the work steps and methods that Liberty proposes to use in the conduct of the review.

##### **1. Initial Data Request**

Liberty designs its first data-gathering steps to collect basic information that addresses the subjects of this engagement's scope. This information provides essential background for generating the workplan, interview plans, and focused data requests. Liberty will begin working on a detailed list of initial data requests as soon as the Commission notifies Liberty of its selection. Liberty will adjust the initial data request after reviewing Staff's information request list, meeting with Staff in the orientation, and establishing information transfer protocols with Con Ed.

##### **2. Orientation**

This essential early step acquaints the Liberty project manager and key team members with the Staff and utility personnel who will play key roles during the study. This step will provide an opportunity to begin the interchange that will lead to common understandings of the details of Liberty's work methods, and of the full extent of Staff's intended participation in study activities. In addition, this step provides an early opportunity to begin the interchange with Con Ed, so that Staff and Liberty can make their requirements and expectations known.

Where Staff identifies (a) particular areas where it will actively participate, or (b) specific matters of interest, Liberty will incorporate them into its diagnostic, and subsequent detailed work planning. Liberty's team leadership also realizes that, at a later stage of the project, Staff may identify additional areas where its active participation in the study has become appropriate.

This study step will also establish the necessary protocols for communications between Liberty's consultants, Staff, and Con Ed, including those for document exchange, advance notice of particular task steps, and other similar activities. Liberty expects that Con Ed's coordinators will advise Liberty about their preferred protocols for requesting interviews and documents, the treatment of information that the utility deems proprietary, and notice requirements.

The Liberty team will require support from Con Ed's resources. This will include access to documents, facilities, data systems, and employees. Effectively addressing these requirements, without unduly disrupting normal business, indicates the need for an organized system of contact for the study. This step will also include efforts to facilitate the first exchange of substantive information about the audit.

### **3. Initial Document Reviews**

As soon as Con Ed provides responses to the initial request for documents, Liberty's team members will begin to familiarize themselves with baseline information in their respective areas. This initial document review will be an ongoing and fundamental activity throughout the engagement.

### **4. Diagnostic Interviews**

Liberty will conduct some early interviews primarily to aid in developing the workplan. Liberty anticipates that Con Ed and Liberty can identify these initial interviewees at the orientation meetings. The team will incorporate information acquired in response to the initial data requests to finalize requests for initial interviews. In addition to providing substantive information, these interviews will provide an opportunity to learn about the logistics and availability of records and reports. Liberty uses these diagnostic interviews to build on the information that comes from the initial data requests.

### **5. Workplan**

Following discussions with Staff, Liberty proposes to use sections III through VI of this proposal as the starting point for its detailed workplan. The workplan will guide Liberty's efforts throughout the engagement and will serve as a means to report progress to Staff. The workplan will also guide Liberty's efforts toward the final report, having set a format and description of content that the consultants can use from this early stage of the review. Liberty will confer with Staff during the development of the workplan. Liberty will submit both an initial draft workplan to Staff and a final draft workplan to Staff for approval.

### **6. Supplemental Data Gathering**

This step will help to promote the assembly of a broadly based factual record from which to development hypotheses about the engagement's tasks, and to support overall conclusions and recommendations. Data gathering will include many steps, as appropriate to the circumstances. Typical activities in this stage include:

- Detailed document reviews and analyses
- In-depth interviews of a cross-section of management and line personnel in major functional areas
- Observations of work activities
- Site visits
- Team meetings for detailed analysis of the likely areas of concern.

### **7. Analysis and Hypotheses Development**

Liberty will use the information gathered in the project-definition phase to prepare working hypotheses about performance effectiveness and potential areas for implementing changed practices to improve effectiveness and to mitigate the adverse consequences of emergencies

when they do occur. Formulated as propositions, these hypotheses will address the areas where Liberty believes that significant, beneficial change may be possible, based on information and analysis in hand at that point. Liberty will also note areas where current plans and practices are strong. Liberty will use these hypotheses as the basis for following audit steps.

Liberty structures the hypotheses so that their ultimate merits can be determined through objective analysis and verification of sound factual support. Liberty team sessions will test these hypotheses against known facts and the team's experience. This process will identify those hypotheses that bear further investigation. Liberty will carry out this step and the following one on an iterative basis.

## **8. Conclusion and Recommendation Development**

Liberty will develop findings and conclusions to address each issue examined during the audit. The findings will provide the report reader with the facts necessary to understand objectives, approaches, structure, resources, systems, policies and procedures, and activities pertinent to each issue. The conclusions will set forth Liberty's opinions about the effectiveness of the program to each such issue. Should any conclusion disclose a need for improved performance, Liberty will present an appropriate recommendation for securing improvement for the future. Liberty will provide complete, accurate, and timely documentation of preliminary conclusions and recommendations for review by members of the study team and the Staff to ensure that all understand thoroughly the rationales that underlie the recommendations.

In a project such as this, analytical activities occur during every stage of the work. The first activities under this and the previous step, however, specifically focus on formulating hypotheses that will ultimately become the basis for recommendations and conclusions.

As data gathering progresses, Liberty will develop hypotheses to explore prospective changes in planning, practices, and other areas where it discerns service improvement opportunities. The audit team will objectively analyze these hypotheses and test them using the information base that the audit compiles, in conjunction with the Liberty team's collective experience.

In this context, Liberty draws an important distinction between hypotheses and conclusions. Hypotheses may or may not lead to conclusions, as determined by examining the facts and subsequent analyses. Some hypotheses fall by the wayside as work progresses, others modified, and additional hypotheses introduced as new information surfaces. Hypothesis formulation and proposition testing are processes that assure that Liberty can air matters warranting additional review within budget and schedule constraints.

Liberty will develop conclusions (statements of judgment or opinion) and supporting findings (objective statements or facts) for each issue or area. Liberty will coordinate conclusions that cross multiple issues or areas to assure completeness and consistency. The team will formulate recommendations for each conclusion that identifies a weakness or an improvement opportunity.

## **9. Draft Report**

Liberty will prepare a draft audit report. The draft will contain all the sections that Liberty expects to include in the final report. This document will undergo Liberty's quality review to assure that it approaches the form, content, appearance, and accuracy of the final version. This quality review will consist of critical readings of draft reports by consultants on the team who have not contributed to the writing of a chapter they review, but who understand the subject matter at hand. Their objective will be to examine the report draft sections to ensure that the conclusions and associated recommendations demonstrate clear delineation and expression and have sound support.

Liberty will design this report draft as a self-contained description of the review and its results. It will provide (a) an executive summary, (b) a description of the examination processes, (c) summary descriptions, and an overall assessment of the study areas, and (d) a detailed list of all recommendations. To support the recommendations properly, the draft final report will specify: (a) the review's objectives, (b) an explicit statement of the evaluation criteria applied, (c) a description of study approach and methods, (d) a delineation of data collection and analytical processes performed.

After the initial draft report, and at Staff's direction, Liberty will prepare a revised draft report that Staff may forward to Con Ed for factual verification. Liberty understands that the revised draft report could be the subject of a hearing.

## **10. Closure of Field Work**

Liberty will conclude the fact finding necessary to resolve comments on the draft report, finish analyses, and refine any quantification calculations and implementation requirements.

By this time, the essential final report elements will have already reached an advanced stage, permitting ongoing Staff involvement in, and awareness of, study progress. It also helps to keep efforts throughout the project focused on the primary final product, a comprehensive examination. It also avoids the degradation in quality that becomes inevitable where inadequate budget remains at the end of the fieldwork to support a large writing effort. Finally, Staff's involvement provides an unmatched tool for evaluating the progress of the study on a real-time basis.

## **11. Final Report**

Upon Staff approval, Liberty will prepare and issue the required number of copies of the final report, including both public and confidential versions if required.

Liberty's personnel have extensive experience in preparing formal reports for eventual use in administrative proceedings requiring pre-filed testimony and hearings. Liberty will produce a final report that meets applicable requirements for admissibility. As with all its work products, Liberty will stand behind its results if questioned in any public forum or proceedings. Liberty

will provide any testimony and proceedings support that may be required at the rates specified in this proposal.

## **B. Audit Standards and Management**

Liberty will follow the guidelines listed below in the conduct of this engagement:

- Recognize that the Staff is responsible for supervising the performance of the audit
- Work closely with Staff
- Follow generally-accepted standards and procedures applicable to regulatory proceedings for submitting data and interview requests, and conducting interviews
- Submit draft work products to Staff for review in advance of procedural due dates.

Liberty also agrees to meet the following commitments in the conduct of this review:

- Liberty's work products will provide the background necessary to give readers a clear understanding of the issues identified and any problems that Liberty discovers.
- Liberty's work products will present a clear discussion of those issues and problems, and conclusions and recommendations supported by appropriate analyses and work papers.

Regarding project management and reporting, Liberty will:

- Encourage frequent, informal communications between the audit team and Staff. On a weekly basis, Liberty will report to Staff on the interviews and site visits scheduled for the following week and on any problems encountered during the conduct of the audit.
- Provide monthly written status reports to Staff, listing the schedule for planned work, work accomplished, and any preliminary findings. These reports will provide a narrative description of the progress to date and the reasons for any differences between the project schedule and actual progress. They will also include quantitative information regarding the hours recorded by consultants, costs incurred, and the relationship of those hours and costs to the audit plan.
- Invoice monthly, and include reports on consultant time and expenses in a form satisfactory to Staff, showing information needed to relate costs to work done and to work plans.
- Use project management, scheduling, and reporting systems capable of scheduling, providing status reporting, and performing document tracking and retrieval.

Liberty's deliverables for this contract will include:

- Workplan
- Monthly progress reports to the Staff
- Written and oral analyses, recommendations, findings, and advice throughout the engagement
- Participation in Commission briefings or meetings as directed by Staff, including preparation of materials to support such briefings

- A draft report and a revised draft report as necessary
- A final report, including if necessary, both public and confidential versions.

All of Liberty's consultants are conversant with the need to source their written work because of their experience in participating in regulatory litigation in many jurisdictions, and appreciate the importance of doing this sourcing as they create written work products. Liberty understands that it will have to maintain a set of working papers for potential use in the future, and will produce this set whenever Staff requests it. Liberty will maintain a database that will track all documents requested and received. Liberty will also keep the Staff aware of tentative findings and conclusions as they emerge.

Liberty will maintain a system that will enable users of the report to trace back quickly and easily statements of fact, findings, conclusions, and recommendations to supporting documentation, such as interview notes and company-provided documents. Liberty generally finds that the superior method for facilitating the sourcing of its work is to keep the number of intermediate documents to a minimum. This means that we present virtually all analyses in our report, in the text or in appendices, so that users of the analyses do not have to refer to other documents to see supporting analysis. All of the consultants use word processing software that facilitates the creation of endnotes or footnotes, or reference notes for charts and graphs, so that Liberty clearly displays sources such as responses to document requests or interview notes.

## IV. Areas and Issues for Review

This section presents Liberty's preliminary workplan. It shows how Liberty will examine the scope and issues identified in the RFP and the consultants assigned to each task. Liberty intends that the outline presented below serves as a base for development of the detailed workplan. Immediately following the outline is a table showing the preliminary assignment of consultant hours to each task.

### A. Preliminary Workplan

#### I. Emergency Plan

- A. Definition: an evaluation of Con Ed's Emergency Plan and emergency response training and drills
- B. Lead consultant: Laura Kaplan. Supporting consultant: John Sherrod
- C. Study Guidelines:  
New York State regulations require that Con Ed maintain an electric emergency plan that addresses storms as well as other causes of electrical emergencies with storm-like characteristics and that complies with the requirements of NYCRR Part 105, section 105.4. These regulations also require Con Ed to comply with the guidelines and practices set forth in its effective emergency plans.

Liberty will review the content of Con Ed's emergency plan, perform an assessment, and provide recommendations for improvement. Liberty will include in this review consideration of the best electric utility industry emergency preparedness and response planning and practices. The content of Liberty's audit of the emergency plan includes the following topics:

General Information	Administration/Resources	Recovery
Planning Process	Testing the Dry Run	Protection
Employee Services	Hazard Analysis	Disposal
Restoration Activities	Authority	Transportation
Inventory Control	Organizational Structure	Personnel Support
External Services	Communications	Equipment Maintenance
Customer Services	Emergency Plan	Procurement
Customer Types	Discharge Control	Documentation
Auditing & Accounting	Assessment	Capability Assessment
Environmental Response	Containment	Facilities

This task also includes a review of Con Ed's recent emergency response training and drills. This review includes determinations of whether Con Ed met its plans and commitments with regard to training and drills, whether the training and drills appear to have been effective, and whether Con Ed used feedback and critique from drills and emergency exercises to improve its future performance.

Liberty will determine how Con Ed employs industry "best practices" within the emergency plan, and if not employed, which attributes might be suitable for the adoption

of those best practices applicable to the specific characteristics of Con Ed's operating environment. Liberty will identify any significant differences in electric emergency response planning that exist between Con Ed and "best practices" and the underlying reasons for such variances. Liberty will identify opportunities for improvements in Con Ed's emergency plan that would or could mitigate the effects of storms and other events on unplanned outages and reduce the magnitude of such outages and the duration of the subsequent emergency response and service restoration efforts.

## **II. Monitoring and Predicting**

- A. Definition: an evaluation of weather and load monitoring, alert processes, and pre-event prediction of damage and effects
- B. Lead consultant: Mike Cannata. Supporting consultant: John Sherrod
- C. Study Guidelines:

This task will assess the effectiveness and accuracy of Con Ed's weather and load monitoring to allow Con Ed to take appropriate pre-event actions such as mobilizing work forces and emergency centers and preparing for load reductions. The task also includes a review of Con Ed's alert processes and its methods of use of pre-event damage predictions. In its own assessment of the Queens outage, Con Ed indicated that the company predicted an extreme weather heat event, prevented maintenance that might downgrade system capability, activated the distribution engineering command center, and increased field staffing. Liberty will review the information available to Con Ed before this and other 2006 storms and make assessments regarding whether the company's predictions were reasonable and its pre-event responses were appropriate.

Liberty will determine how Con Ed employs industry "best practices" within the electric emergency monitoring and predicting practices, and if not employed, which areas might be suitable for the adoption of those best practices applicable to the specific attributes of Con Ed's operating environment. Liberty will identify any significant differences in electric emergency monitoring and predicting that exist between Con Ed and "best practices" and the underlying reasons for such variances. Liberty will identify opportunities for improvements in Con Ed's practices and procedures that would or could mitigate the effects of storms and other events on unplanned outages and reduce the magnitude of such outages and the duration of the subsequent emergency response and service restoration efforts.

## **III. Organizational Performance**

- A. Definition: an evaluation of Con Ed's mobilization of the emergency response organization, performance of the emergency response centers, performance of field command centers, and the use of outside resources
- B. Lead consultant: John Sherrod. Supporting consultant: Phil Teumim
- C. Study Guidelines:

This task will include an organizational assessment of the Con Ed's internal structure for managing service interruptions and the adequacy of its overall resources available for electric emergency outages. The task will address the organizational structure, the reporting relationships, and the roles and responsibilities of organizations and personnel involved in electric emergency outage planning, response, and restoration. Liberty will

evaluate any recent changes in the planning and response processes, including Con Ed's status of, and response to, recommendations such as those listed below.

Liberty will determine how Con Ed employs industry "best practices" within its organizational performance for electric emergency outages, and if not employed, which areas might be suitable for the adoption of those "best practices" applicable to the specific attributes of Con Ed's operating environment. Liberty will identify any significant differences in electric emergency response organizational performance that exist between Con Ed and "best practices" and the underlying reasons for such variances. Liberty will identify opportunities for improvements in Con Ed's practices and procedures that would or could mitigate the effects of storms and other events on unplanned outages and reduce the magnitude of such outages and the duration of the subsequent emergency response and service restoration efforts.

D. Prior Recommendations:

1. 3. Con Edison should assign additional trained personnel in future emergencies to act as liaisons to municipal highway departments and officials. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
2. 4. For storm restoration, Con Edison should make optimal use of its own field crews from other operating areas. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
3. 9. The company should, in future outages where the restoration period is expected to exceed one day, dispatch one or more mobile command center vehicles so that company personnel are available on-site to meet with customers. The company should include information about the location of the mobile command center vans in press releases, in information provided to customer service representatives, in briefings with public officials, and with other communications to the public. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
4. 9. During the LIC event, operators integrated information from various operational systems and operating procedures to render operational decisions. Develop additional visual operational tools to provide operators with the information necessary to take the most appropriate action in a given situation. The work is scheduled for completion by the summer of 2007. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)
5. 10. Customer response to requests for demand reductions is an important operational tool during contingencies. However, operators have limited ability to quantify the extent of the demand reduction response on the system. Establish a Demand Response position within the Distribution Engineering Command Post and CERC. Appropriate individuals will be identified and trained and associated procedures will be revised by December 31, 2006. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)
6. 11. Use of mutual assistance crews supported the LIC recovery effort and can be enhanced through improved communication and training, especially on underground systems. Hold an inter-utility conference with the various mutual groups to discuss underground assistance. The conference should focus on reaching a mutual agreement that would outline terms and conditions of mutual assistance for underground network support during emergencies. The inter-utility conference will be held by

March 31, 2007. Create a contact list of utilities that have skilled underground employees, as currently exists for the skilled overhead mutual assistance crews, for future planning discussions and response needs. The utility contact list will be developed by April 30, 2007. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)

#### **IV. Restoration Status**

- A. Definition: an evaluation of Con Ed's outage management systems, restoration status monitoring and reporting, and damage assessment
- B. Lead consultant: John Sherrod. Supporting consultant: Chris Kozlosky
- C. Study Guidelines:

Liberty will assess the effectiveness of the systems and procedures Con Ed uses for determining the extent of damage incurred, number of customer outages and developing service restoration estimates. The audit will verify the accuracy of the data collection systems used for determining the extent of outages, including the number of customers affected and the development of an accurate estimate of the time for service restoration. Liberty will review the results of all interruption reporting systems and assess the data collection process for and accuracy of such systems. The audit will also assess the incorporation of network supply/load reduction actions taken by Con Ed to meet the emergency.

Liberty will determine how Con Ed employs industry "best practices" within its restoration status systems and practices, and if not employed, which areas might be suitable for the adoption of those "best practices" applicable to the specific attributes of Con Ed's operating environment. Liberty will identify any significant differences in restoration status that exist between Con Ed and "best practices" and the underlying reasons for such variances. Liberty will identify opportunities for improvements in Con Ed's practices and procedures that would or could mitigate the effects of storms and other events on unplanned outages and reduce the magnitude of such outages and the duration of the subsequent emergency response and service restoration efforts.

Liberty will evaluate any recent changes that affect its restoration status, including Con Ed's status of, and response to, recommendations such as those listed below.

- D. Prior Recommendations:
  - 1. 1. Con Edison should proceed with its proposed improvements for the System Trouble Analysis and Response System, Emergency Control and Outage Management Systems and should test these improvements to ensure that these three systems can provide accurate outage information at much higher call volumes. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
  - 2. 6. The company should review and analyze industry practices for estimating restoration times. The analysis should include an evaluation of how advanced metering might have been used to improve information available on customer outages. Based on this analysis, and a comparison with its own practices, Con Edison should assess and implement the best practice processes for its system. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)

3. 1. Enhance our ability to provide more accurate estimated times of restoration to customers, municipal officials, and the media. (Report of Consolidated Edison Company of New York, Inc. Event Preparation, Recovery, and Communication; Westchester County Severe Wind and Rain Storm, January 18 - 22, 2006, March 23, 2006.)
4. 10. Customer response to requests for demand reductions is an important operational tool during contingencies. However, operators have limited ability to quantify the extent of the demand reduction response on the system. Develop information systems to help operators better determine the results of demand response actions on a real time basis. These information systems will be developed by summer of 2007. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)
5. 12. The initial estimate of the number of customers out of service was much lower than the actual number of customers out of service. For the short term, we have developed a process and system to help provide better estimates of customers out of service. We have begun using a new computer-aided tool that analyzes data from existing network monitoring systems, as well as calls from customers and the public. By summer 2007, we expect to develop and put in place a map-based graphics tool that will display the status of secondary network components and the locations of reported electrical problems. By summer 2007, we will complete our review of the installation of electric meters that could alert the company when a customer is out of service. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)

## **V. Communications**

- A. Definition: an evaluation of Con Ed's event communications and performance of call centers
- B. Lead Consultant: Chris Kozlosky. Supporting consultant: Phil Teumim
- C. Study Guidelines:  
During the outages in 2006, there was significant customer and governmental dissatisfaction with Con Ed's communications, inaccurate customer service messages, and a lack of information provided to customers. This task focuses on Con Ed's ability to communicate effectively with customers and other stakeholders.

Liberty will determine how Con Ed employs industry "best practices" within the electric emergency outage its communications practices, and if not employed, which areas might be suitable for the adoption of those "best practices" applicable to the specific attributes of Con Ed's operating environment. Liberty will identify any significant differences in communications that exist between Con Ed and "best practices" and the underlying reasons for such variances. Liberty will identify opportunities for improvements in Con Ed's practices, systems, and procedures that would or could mitigate the effects of storms and other events on unplanned outages and improve communications prior to, during, and following outage events.

Liberty will evaluate any recent changes that affect its communications, including Con Ed's status of, and response to, recommendations such as those listed below.

D. Prior Recommendations:

1. 2. Con Edison should develop and implement comprehensive plans for coordinating its storm restoration activities, including eliminating hazardous conditions, and improving communications with municipal highway departments and officials. These plans should include details on enhanced communications with the departments and officials regarding its activities. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
2. 7. The company should review its procedures for training and supervising customer service representatives to ensure that proper sensitivity is used when dealing with customers. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
3. 8. The company should take measures to better communicate emergency information to its customers and public officials. Actions should include oral, written, and web site communications that will...(Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
4. 10. Con Edison should provide more frequent press releases and hold news conferences during restoration periods. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
5. 11. The company's contact list for the provision of information should include all elected officials at all levels of government (municipal, county, and state), as well as all appropriate municipal officials (e.g., police, fire, highway, public works). (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
6. 12. The company should provide daily or more frequent updates and conference calls for municipal and public officials, as appropriate. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)
7. 2. Provide more frequent briefings and closer coordination with municipal officials, department of public works personnel, and emergency response organizations. (Report of Consolidated Edison Company of New York, Inc. Event Preparation, Recovery, and Communication; Westchester County Severe Wind and Rain Storm, January 18 - 22, 2006, March 23, 2006.)
8. 13. Some customers received busy signals when attempting to report outages on Wednesday, July 19. In addition, some customers, who attempted to report an outage through our interactive automated system, experienced difficulties filing the report, in part because the process could take three minutes. To reduce the possibility of customers receiving busy signals, increase the number of telephone lines into the Con Edison call system from approximately 400 to 650. This will be completed by the end of 2006. Improve the interactive automated system for customers to report electrical outages. This has been completed. The new system requires about 90 seconds to report an electrical outage. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)
9. 14. The Corporate Emergency Resource Center provided a centralized means for communicating with all stakeholders. As part of Con Edison review of the LIC event, opportunities for enhancing CERC communications do exist. Develop a modified plan to manage a severe heat event. This plan was already being developed prior to the LIC incident and will be completed before next summer. A tabletop drill will be

- held by the summer, 2007. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)
- 10.15. Con Edison's customer outreach can be enhanced in the area of educating customers on reporting emergencies and service problems and increasing the presence of the Customer Outreach Customer Information Center vehicle in affected areas. Customer Outreach will maximize the use of Con Edison publications such as *Customer News* and *Spotlight* to inform customers about the process for service restoration during emergency events and to stress the importance of contacting Con Edison if they lose power. Information about the claims procedure and food spoilage will also be included. Outreach presentations to customers, community groups, and others also will include outage information. Our enhanced outreach program has already begun and the entire enhanced outreach effort will be completed by the summer, 2007. Equip an additional two Outreach vans for use in multiple locations at the same time, which will increase the total number of outreach vans to three by the summer, 2007. (Consolidated Edison, Comprehensive Report on the Power Outages in Northwest Queens in July 2006, October 12, 2006.)

## **VI. Support Organizations**

- A. Definition: an evaluation of the performance of Con Ed's support organizations such as safety, security, logistics, materials, and transportation
- B. Lead Consultant: Phil Teumim. Supporting consultant: John Sherrod
- C. Study Guidelines:  
Often overlooked in an assessment of outage preparation and response is the readiness and performance of support organizations such as safety, security, logistics, materials, and transportation. This task will evaluate that readiness and the performance of such organizations during the 2006 outages. Liberty will determine whether there are opportunities for improvement in Con Ed's organization, planning, staffing, and response of these organizations and whether there are related industry "best practices" that would be effective in the Con Ed organization. If any of the prior recommendations suggest improvement in these support organizations, Liberty will evaluate Con Ed's changes or attempts to improve because of those recommendations.

## **VII. Restoration**

- A. Definition: an evaluation of Con Ed's field restoration
- B. Lead Consultant: Mike Cannata. Supporting consultant: John Sherrod
- C. Study Guidelines:  
This task focuses on the actual field restoration activities, such as the following:
- Field restoration organization, reporting structure
  - Coordination with other emergency response organizations such as other utilities, police, and fire
  - Use of tree clearing crews
  - Switching, clearance, tagging processes
  - Process for prioritizing work
  - Process for deploying crews
  - Process for reporting restoration status

- Work centers and staging sites
- Processes for communications with restoration crews
- Meal practices and working hours
- Parking and security for vehicles.

Liberty will determine how Con Ed employs industry “best practices” within its electric outage field restoration practices, and if not employed, which areas might be suitable for the adoption of those “best practices” applicable to the specific attributes of Con Ed’s operating environment. Liberty will identify any significant differences in field restoration activities that exist between Con Ed and “best practices” and the underlying reasons for such variances. Liberty will identify opportunities for improvements in Con Ed’s practices and procedures that would or could mitigate the effects of storms and other events on unplanned outages and reduce the magnitude of such outages and the duration of the subsequent emergency response and service restoration efforts.

Liberty will evaluate any recent changes that affect its field restoration activities, including Con Ed’s status of, and response to, the recommendation listed below or any others that Liberty may become aware of during the course of the audit.

D. Prior Recommendations:

1. 5. Con Edison should review its procedures for preparing work orders following major storms to ensure that they are managed effectively, including providing proper training and supervision. (Recommendation from NYDPS Report on January 2006 Windstorm, June 2006.)

**VIII. Post-Event**

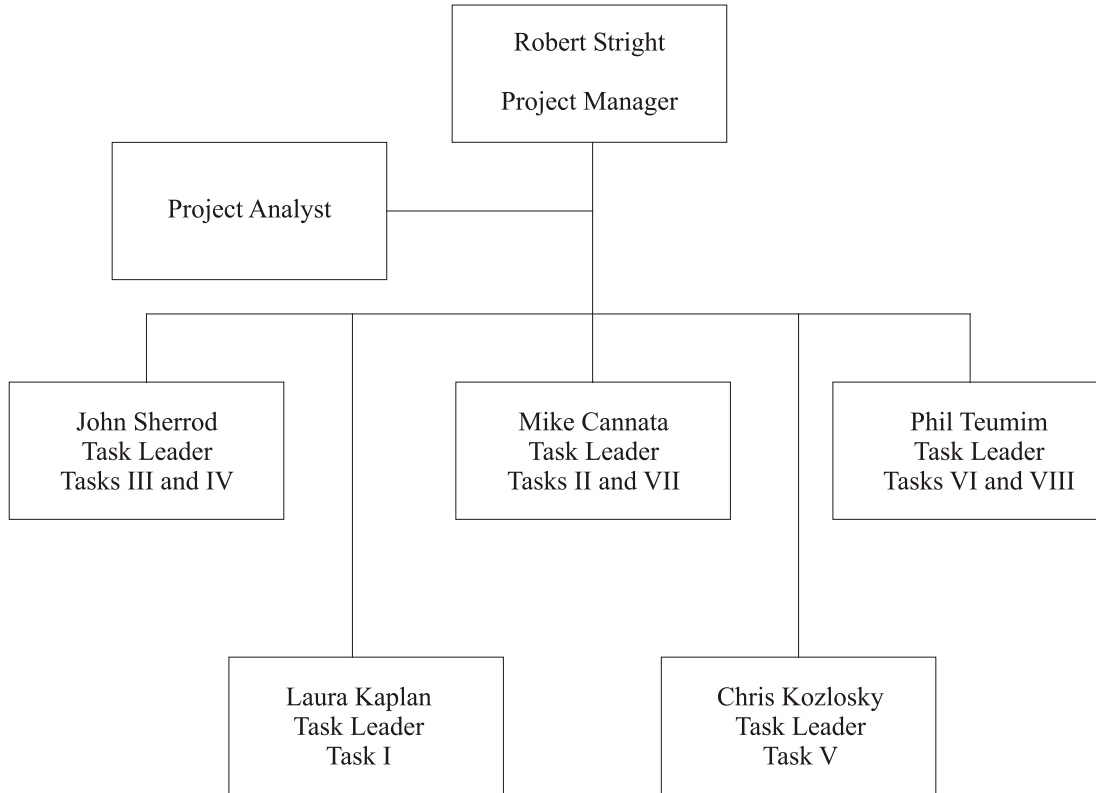
- A. Definition: an evaluation of Con Ed’s post-event processes such as ramp-down, clean-up and post-event critiques
- B. Lead Consultant: Phil Teumim. Supporting consultant: John Sherrod
- C. Study Guidelines:  
This task will evaluate Con Ed’s performance following outage restoration, including the clean-up and removal of safety hazards from the field and, most importantly, Con Ed’s self-assessment of performance. Liberty will determine whether Con Ed’s post-event activities have been effective in improving future performance, determining the root causes of any undesired outcomes, and gaining a solid understanding of customer and other stakeholder satisfaction and expectations.

## B. Hours by Consultant and Task Area

Task	Stright	Sherrod	Kaplan	Kozlosky	Teumim	Cannata	Analyst	Totals
I. Emergency Plan	40	80	160				96	376
II. Monitoring & Predicting	48	64				96	64	272
III. Organizational Performance	48	160			40		80	328
IV. Restoration Status	80	160		120			120	480
V. Communications	48	16		200	40		104	408
VI. Support Organizations	40	40			88		56	224
VII. Restoration	120	120				224	144	608
VIII. Post-Event	24	40			72		48	184
Totals	448	680	160	320	240	320	712	2,880

## V. Consulting Staff Organization

The following chart shows Liberty's proposed organizational structure for the engagement.



### Task List

- I. Emergency Plan
- II. Monitoring and Predicting
- III. Organizational Performance
- IV. Restoration Status
- V. Communications
- VI. Support Organizations
- VII. Restoration
- VIII. Post Event

The following sections provide brief descriptions of each consultant's experience and qualifications. They also provide other information required by the RFP. Exhibit A to this proposal provides resumes.

### Robert Stright Project Manager

Mr. Stright is the executive vice president and a founder of Liberty. He will serve as project manager for the engagement. His work in the electric industry across the past several years has focused on transmission and distribution reliability. Bob has led all of Liberty's work in this

area, which has included projects examining electric and gas transmission and distribution management, operations, and performance at electric utilities in many states. His projects included operational assessments, investigations into specific incidents, due diligence work, and general management audits.

Mr. Stright has had a continuing leadership role over a six-year period in evaluating T&D system operations and reliability for the Illinois Commerce Commission. He directed and managed a comprehensive investigation of the management and operations of Commonwealth Edison in 2000. He then led an investigation of a major outage, led a multi-year T&D monitoring project, an assessment of the susceptibility of the transmission system to a major blackout, and a root cause analysis of a major substation fire.

In addition to his T&D work for regulatory agencies in Illinois, Maine, Colorado, Kentucky, and Nova Scotia, Bob led Liberty projects working directly for utilities seeking to identify means for improving service reliability and operations. This work included an evaluation of standards and methods against good utility practices for utilities in Georgia and Alabama and an operational audit of electric and gas operations in Montana. Finally, Bob led Liberty's due diligence work in two separate engagements in Texas and Colorado for an investment-banking firm considering the purchase of utilities' T&D assets.

Mr. Stright has had management and lead roles in more than 100 Liberty consulting engagements involving electric and telecommunications utilities. He has testified or presented results of Liberty's work before commissions in New Jersey, Texas, Delaware, Maryland, Georgia, Oklahoma, Minnesota, Virginia, Colorado, Illinois, Arizona, North Dakota, South Dakota, Oregon, New Mexico, Washington, Utah, Nebraska, New Hampshire, and Nova Scotia. He has a BS degree in engineering from Northwestern University and an MBA focusing on finance and operations research from the University of Maryland. He is a registered professional engineer.

Averaged across the eight months of this engagement, Mr. Stright's proposed time allocated to this project is 35 percent.

**John Sherrod  
Task Leader**

John Sherrod is the founder of Power System Outage Response, LLC. He started the company after 40 years of service with Entergy. For six years with Entergy, he held the position of Director, System Outage Response, with overall responsibility for Entergy's emergency preparedness and disaster recovery. John personally directed Entergy's emergency response activities for all major storms from 1998 through 2003. As a consultant, John performed a review of Nova Scotia Power Inc.'s (NSPI) response to Hurricane Juan and issued a report to the Nova Scotia Utility and Review Board. He also assisted the Board in its review of the NSPI response to the major outage event caused by the winter storm of November 13-14, 2004.

John is a registered professional engineer and holds a B.S. degree in electrical engineering.

Power System Outage Response will subcontract to Liberty for this engagement. Liberty has not subcontracted with this company previously. However, Mr. Sherrod and Mr. Stright worked together for the Nova Scotia Board on separate but related subjects involving the November 2004 storm.

Averaged across the eight months of this engagement, Mr. Sherrod's proposed time allocated to this project is 53 percent.

**Mike Cannata  
Task Leader**

Mr. Cannata is a senior consultant with and employee of Liberty, is the former Chief Engineer of the New Hampshire Public Utilities Commission, and served as a managing engineer with Public Service Company of New Hampshire. He is in his sixth year with Liberty, has 40 years of diverse experience in all aspects of the utility industry, and has served to support the New Hampshire Commission by providing a variety of engineering services including prudence review of unit outages since 2001. He also played a key role in Liberty's review of the T&D standards used by Alabama Power and Georgia Power, the evaluation of T&D reliability of four utilities in Maine, and the investigation into the November 2004 major transmission line failures in Nova Scotia. He worked on the verification of ComEd's implementation of Liberty's recommendations, Liberty's investigation of ComEd's transmission system integrity after the August 2003 blackout, and Liberty's investigation into the root causes of the fire at a major ComEd substation. He reviewed the restoration from many outages while at the NH Commission. He is expert in power system studies and planning, and in investigations of safety, reliability, and operations of electric utilities. Mr. Cannata holds both BSEE and MSEE degrees from Northeastern University with a major in power systems, an MBA from Northeastern University, and is a registered professional engineer in New Hampshire.

Averaged across the eight months of this engagement, Mr. Cannata's proposed time allocated to this project is 25 percent.

**Phillip Teumim  
Task Leader**

Phillip S. Teumim is an expert in utility management, operations, and reliability and has extensive and varied experience in those areas as a consultant and as a regulator. In the past several years, he has participated in more than ten consulting engagements with Liberty in a variety of jurisdictions.

For the period 1992-2002, he was Director of the Office of Energy & Water, and later Gas & Water for the New York PSC. He has reviewed the strategic direction and planning of all major New York combination companies and gas utilities. This included a continuing series of meetings and discussions with executives from all the utilities. He also supervised the Commission's gas safety staff, with responsibility for acting as agent for the Federal Office of Pipeline Safety and enforcing federal and state gas safety codes for pipelines and distribution companies.

Earlier, as a consultant with Theodore Barry & Associates and as a PSC staff member, Mr. Teumim reviewed and evaluated the strategic planning of several New York combination companies, including Con Ed and a number of other entities, including the New York Power Authority, and Washington Gas Light Company. He has also reviewed corporate governance, and utility management and oversight of major construction projects in the context of management and nuclear prudence audits.

Mr. Teumim has testified in New York, Utah, and Ohio and has appeared before FERC and several state legislative committees. He is a frequent speaker on electric, gas, water, and regulatory matters and has been an instructor and presenter at a number of NARUC and other conferences and training schools.

Mr. Teumim's holds BS (Electrical Engineering) and MBA degrees from Rensselaer Polytechnic Institute in Troy NY. His broad knowledge of the industry, his high level regulatory background and his specific experience in these areas provide a significant strength to Liberty's team for this project.

Averaged across the eight months of this engagement, Mr. Teumim's proposed time allocated to this project is 19 percent.

**Laura Kaplan  
Task Leader**

Ms. Kaplan heads the disaster-preparedness consulting firm of L.G.K. Associates, Inc., which will subcontract to Liberty for this engagement. Her clients include over 25 U.S. electric utilities, but not Con Ed. She is the author of the published book, "Emergency and Disaster Planning Manual." Her services include reviews and critiques of existing emergency plans, critiques of training exercises, and provision of preparedness workshops.

Ms. Kaplan holds a B.S. degree in electrical engineering. She worked for Florida Power & Light Co. for about 11 years.

Liberty has not previously worked with LGK Associates. However, Mr. Sherrod has worked with Ms. Kaplan and is very familiar with her experience and services.

Averaged across the eight months of this engagement, Ms. Kaplan's proposed time allocated to this project is 13 percent.

**Chris Kozlosky  
Task Leader**

Ms. Kozlosky has worked with Liberty on many projects over a period of eight or more years. Chris has extensive experience analyzing and reviewing customer service policy, procedures, and performance within the electric utility industry. She has examined customer service issues for Liberty at three electric utilities: Commonwealth Edison, Nova Scotia Power, and Colorado

Springs, four natural gas utilities, and at Bell Atlantic-PA. Chris has also examined customer service at natural gas, telecommunications, and water utilities on about a dozen other occasions. She has led best-practice surveys addressing customer services for multi-company groups, she has published newsletters addressing utility customer-service practices, and she is a recognized national expert in this field.

Ms. Kozlosky recently conducted a management review of outage communications at Nova Scotia Power for the Utility and Review Board of Nova Scotia. This review examined Nova Scotia Power's storm response and communications. She made numerous recommendations to improve call center performance and overall outage communications. Subsequently, she monitored the testing of the company's call center and made several recommendations for needed improvements in performance of the call center technology and procedures.

Ms. Kozlosky works with Liberty under a personal services contract. She has worked with Liberty on over 10 consulting engagements.

Averaged across the eight months of this engagement, Ms. Kozlosky's proposed time allocated to this project is 25 percent.

**Michael Antonuk or Steve DeLuca  
Project Analyst**

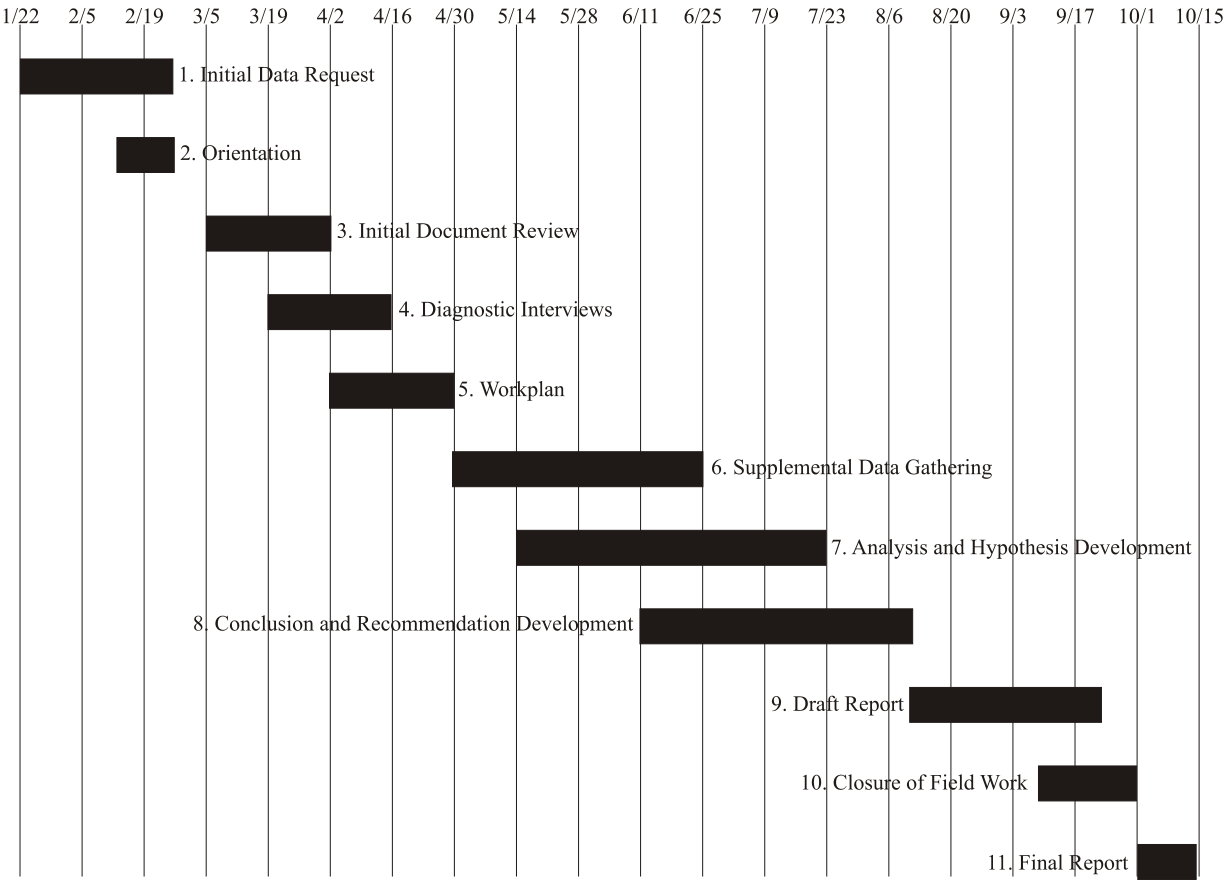
Michael Antonuk specializes in energy and telecommunications data system analysis and research and project management. Michael served as Project Coordinator and Analyst for Liberty's review of gas procurement activities at South Jersey Gas, Elizabethtown Gas, and New Jersey Natural Gas. He examined transaction recording and retrieval control systems and tested the arm's length nature of affiliate transactions in Liberty's audit of Virginia Natural Gas. These audits involved extensive reviews of natural gas sales and purchases conducted by both regulated and non-regulated entities and the controls systems related to these transactions. Michael has served as Analyst for 15 Liberty engagements in the gas, electric, water, and telecommunications sectors. He has assisted in reviews of affiliate relationships, fuel procurement, code-of-conduct reviews, reviews of executive compensation, and utility finance issues.

Steve DeLuca has had recent and focused experience with Liberty working on various utility industry projects. Steve has served as Senior Analyst on Liberty's focused management audit of the fuel procurement functions of Kentucky Utilities Company and Louisville Gas and Electric Company for the Kentucky Public Service Commission, where he was responsible for evaluation of utility regulatory filings as related to regulatory policy to determine regulatory compliance. He also served as Senior Analyst for Liberty's reviews of gas procurement activities at South Jersey Gas and Elizabethtown Gas. Steve also served as Liberty's principal analyst supporting activities designed to examine ComEd maintenance practices in Liberty's work for the Illinois Commerce Commission. He examined historical O&M expenditure levels, service reliability statistics, maintenance programs, open and backlogged maintenance item levels over time, and resource levels applied and efficiency achieved in performing maintenance activities.

Both Mr. Antonuk and Mr. DeLuca are Liberty's employees. Both reside in the greater NYC area. Liberty estimates that the project analyst position will require 56 percent of one person's time over the course of the review.

## VI. Schedules and Budgets

The diagram below shows the project schedule. Liberty foresees no problem meeting the approximate milestone dates in the RFP. Liberty's detailed workplan will contain specific dates for the initial and final draft reports and the final report.



The table below provides Liberty's not-to-exceed cost.

<b>Consultant</b>	<b>Hours</b>	<b>Rate</b>	<b>Total</b>
Stright	448	\$250	\$112,000
Sherrod	680	\$185	\$125,800
Kaplan	160	\$250	\$40,000
Kozlosky	320	\$200	\$64,000
Teumim	240	\$200	\$48,000
Cannata	320	\$185	\$59,200
Analyst	712	\$125	<u>\$89,000</u>
Total hours	2,880		
	Total Services		\$538,000
Expenses			
	transport. & hotel		\$44,500
	per diem		\$10,500
	communications		\$1,500
	office support		<u>\$3,500</u>
	Total Expenses		\$60,000
Total Not-to-Exceed			\$598,000

## VII. Qualifications

### A. Qualifications of Individual Consultants

Section V. and Exhibit A of this proposal provide the qualifications of the individual consultants.

### B. Qualifications of the Consulting Firm

Liberty has established itself as a dependable source of high quality, cost-effective consulting by maintaining a record of distinct, practical, timely, and valuable assistance to its clients. Moreover, Liberty has a reputation for integrity and professionalism. Liberty responds to challenging requests rapidly and effectively, producing competent analyses, providing useful advice, and developing credible, professional-quality work products. The services that Liberty has provided include:

- Performing comprehensive management and operations audits of public utility companies
- Performing focused audits of utility costs, including those for rate cases
- Performing independent studies, economic analyses, diagnostics, and assessments of management performance
- Evaluating transmission and distribution reliability
- Preparing asset valuations (generating units and power contracts)
- Overseeing generation asset sales, including monitoring to assure arm's-length treatment of all potential purchasers
- Assessing relative unit and power supply contract economics
- Auditing utility affiliate transactions and costs and validating compliance with affiliate Code of Conduct requirements
- Assessing quality of major utility power supply and fuel procurements
- Examining transmission access issues associated with generation sources
- Providing expert witness testimony in administrative proceedings and civil disputes
- Achieving measurable improvements in safety, reliability, and cost-effectiveness at operating electric power plants
- Offering advice and recommendations for improving fuel-procurement practices and performance.

Liberty has earned a strong reputation for service delivery, however novel, complex, or time constrained the issues it has had to address. Liberty is 19 years old and has been serving utility regulators for the last 16 years. No firm can match its breadth of clients, strength of reputation, the scope of the issues that have been addressed, or the firm's ability to perform equally well in the context of electricity, natural gas, and telecommunications companies.

Liberty has performed about 200 substantial audits and other consulting engagements for two-thirds of the country's state public service commissions, which the following table lists.

Arizona	Idaho	Nebraska	Pennsylvania
Arkansas	Illinois	New Hampshire	South Dakota
Colorado	Iowa	New Jersey	Tennessee
Connecticut	Kentucky	New Mexico	Utah
Delaware	Maine	New York	Vermont
District of Columbia	Maryland	North Dakota	Virginia
Florida	Minnesota	Ohio	Washington
Georgia	Mississippi	Oklahoma	Wyoming
Hawaii	Montana	Oregon	

A testament to the strength of Liberty's performance is the number of commissions that have asked the firm back to perform repeat engagements, sometimes in circumstances or on subject areas far different and more challenging than those under which Liberty first served them.

Exhibit B to this proposal lists relevant Liberty projects and provides references for each. There are, however, several of Liberty's engagements that highlight the firm's ability to perform the services requested in the Commission's RFP. The first of these are Liberty's experiences in auditing and investigating Commonwealth Edison in Chicago. Liberty performed a comprehensive investigation of all aspects of T&D management and operations in 2000, investigated a major substation outage that occurred in 2000, monitored ComEd's implementation of recommendations over the 2002-2004 period, and investigated a major substation fire that occurred in 2005.

Liberty is a national leader in the performance of management and operations audits for public service commissions. Liberty has performed eleven different management and operations audits of electricity utilities, including investor-owned, cooperative, municipal, and statewide authority entities. Liberty's experience in T&D systems is not limited to ComEd. For example, the Nova Scotia Utility and Review Board selected Liberty to provide a review of the transmission system of Nova Scotia Power following a major transmission system outage. For the Maine Public Utilities Commission, Liberty examined the reliability of the four largest electric T&D companies in the state of Maine. Liberty performed assessments of T&D standards and practices in two separate engagements on Alabama Power Company and Georgia Power Company. NorthWestern Energy selected Liberty to review many aspects of its T&D system reliability.

## **VIII. Exhibits**

Exhibit A – Consultant Resumes

Exhibit B – Liberty Project Listing

Exhibit C – sample reports provided separately from this proposal. The sample reports are:

1. Report on Nova Scotia Power Company's Transmission System and Outage Communications, March 4, 2005
2. Report on the Investigation of the Downers Grove Substation Fire, December 16, 2005
3. First Report of the Investigation of Commonwealth Edison's Transmission and Distribution Systems, June 2000
4. Second Report of the Investigation of Commonwealth Edison's Transmission and Distribution Systems, July 2000
5. Third Report of the Investigation of Commonwealth Edison's Transmission and Distribution Systems, October 2000
6. Final Report of the Investigation of Commonwealth Edison's Transmission and Distribution Systems, December 2000

## Exhibit A – Consultant Resumes

### Robert Stright

#### Areas of Specialization

Performance measurement, T&D reliability, power plant management, management audits, operations performance assessments, cost and price analysis, affiliate relations and financial transactions, engineering and construction management evaluations, regulatory management.

#### Relevant Experience

As one of the founders and a principal of The Liberty Consulting Group, Mr. Stright has led many consulting engagements. The following is a representative list.

- Root cause analysis of a fire at a Commonwealth Edison electric substation.
- Evaluation of the design, maintenance, and operation of Nova Scotia Power Company's transmission system.
- Comprehensive investigation of the reliability of Commonwealth Edison's transmission and distribution systems, and a 3-year follow-up monitoring project.
- Operational audit of the electric and gas T&D systems of NorthWestern Energy–Montana.
- Evaluation of the reliability of the T&D systems of four electric utilities in Maine.
- Review of T&D standards and practices of Alabama Power Company and Georgia Power Company.
- Due diligence reviews of T&D assets of utilities in Colorado and Texas.
- Review of affiliate transactions of Public Service Company of New Hampshire.
- Evaluation of nuclear generating plant issues arising from the proposed Exelon/PSEG merger.
- Liberty's review of affiliate transactions of Public Service Electric & Gas Company.
- Review of the allocations of costs to companies affiliated with Arkansas Western Gas Company.
- Audit of the management and operations of Baltimore Gas & Electric Company's Calvert Cliffs nuclear power plant.
- Evaluation of an extended outage and utility-management performance at the South Texas Project nuclear plant, and a separate engagement for a coal-fired plant of Reliant Energy.
- Investigation of outages at the Crystal River 3 and Oyster Creek nuclear plants.
- Evaluation of the performance measures and associated incentive plan of Verizon in New Jersey, Virginia, Maryland, West Virginia, and the District of Columbia.
- Performance Measures Audit for the Regional Oversight Committee (ROC) and 13 of the 14 states served by Qwest.

- Data reconciliation of CLECs and the ILEC in Arizona, Colorado, Washington, Oregon, Minnesota, Nebraska, and Utah.
- Consultant to a member of the Pennsylvania Public Utility Commission in a global telecommunications-settlement proceeding.
- Liberty's review of the financial integrity of Verizon-New Jersey.
- Unbundled network element pricing in Virginia, Oklahoma, and New Jersey.

Testified before the state public utility commissions in New Jersey, Texas, Delaware, Maryland, Georgia, Oklahoma, Minnesota, Virginia, Colorado, Arizona, North Dakota, South Dakota, Oregon, New Mexico, Washington, Utah, Nebraska, New Hampshire, and Nova Scotia.

Registered Professional Engineer in Virginia.

### **Education**

M.B.A., Finance/Operations Research, University of Maryland  
B.S., Science Engineering, Northwestern University

## **John E. Sherrod**

### **Power System Outage Response, LLC**

John E. Sherrod is an electrical engineer with a Bachelor of Science degree from Mississippi State University. He became a registered professional engineer in the state of Mississippi in 1967. In January 2004, he retired from Entergy Corporation after more than 41 years of experience in engineering and operations. Entergy serves 2.6 million retail electric distribution customers in Louisiana, Mississippi, Arkansas, and Texas.

Mr. Sherrod's primary areas of experience are in the general management of electric distribution operations, with special emphasis on major outage response. For six years, he held the position of Director, System Outage Response, with overall responsibility for Entergy's emergency preparedness and disaster recovery. This was a newly created position when John assumed the role, and he was personally responsible for developing the emergency preparedness and disaster recovery processes, which have guided Entergy in their emergency response efforts since that time. In his role as "Storm Boss" during major outage events, John personally directed Entergy's emergency response activities for all major storms from 1998 through 2003, including Hurricanes Georges, Isidore, and Lili, and several major ice storms and tornado/wind storms. Under his leadership, Entergy won the Edison Electric Institute's Emergency Response/Assistance Award the first six years the award was offered, the only utility in the nation so honored.

Mr. Sherrod has been actively involved in some of the most devastating storms to hit the Southeastern United States. These include, but are not limited to, Hurricanes Hilda (1964), Betsy (1965), Camille (1969), Frederick, Andrew (1992), Georges (1998), Floyd and Irene (1999), Isidore and Lili (2002), and Isabel (2003), ice storms of 1989, 1994, 1997, 2000, and 2002, as well as numerous severe tornadic wind storms.

As a consultant, John performed a review of Nova Scotia Power Inc.'s (NSPI) response to Hurricane Juan and issued a report to the Nova Scotia Utility and Review Board (the Board) in April of 2004. He also assisted the Board in its review of the NSPI response to the major outage event as a result of the winter storm of November 13-14, 2004, and issued a final written report in March 2005. He also provided testimony in the Board's hearings April 2005, worked with NSPI on a follow-up to their communications with external agencies in the Fall of 2005, and is presently working on a report to the Board to provide recommendations concerning NSPI lineman staffing.

Following the devastating 2004 hurricane season, which saw five tropical systems hit the state of Florida, John was engaged by the Edison Electric Institute (EEI) to work with utilities across the United States in improving the mutual assistance process among utilities.

He was also engaged by the National Rural Electric Cooperative Association in June 2005 to review and provide input to the Association on their new Emergency Restoration Plan (ERP) template, and was engaged by Central Louisiana Electric Company (CLECO) in November 2005 to provide an assessment of their response to hurricanes Katrina and Rita.

## Michael D. Cannata

### Areas of Specialization

Investigations of safety, reliability, and implementation of public policy in the electric and gas industries; electric utility operations and planning; bulk power system planning; transmission system design.

### Relevant Experience

#### *The Liberty Consulting Group*

- Lead consultant for Liberty's review of the transmission system of Nova Scotia Power for The Nova Scotia Utility and Review Board. Liberty's review examined (1) system maintenance, inspection, structural design, materials, staffing, and related matters, (2) system planning, operations, system design, lessons learned, and other matters, and (3) utility communications, call center operations, staffing, outage management system, lessons learned, and related matters.
- Lead investigator reviewing the operation and outage of the fossil power plants of Arizona Public Service Company for the Arizona Public Service Commission.
- Technical advisor to the Maine Public Utilities Commission, Vermont Public Service Board, Kentucky Public Service Commission, and the District of Columbia Public Service Commission regarding the public necessity and convenience for 345 kV, 230 kV, 161 kV, 138 kV, 115 kV, and 69 kV facilities.
- A lead investigator monitoring Commonwealth Edison's implementation of T&D system reliability improvement recommendations resulting from major system outages for the Illinois Commerce Commission.
- A lead investigator in the investigation of transmission grid security in Illinois after the August 2003 blackout for the governor's blue ribbon committee.
- A lead investigator in the in-depth root cause analysis of a fire at a major Commonwealth Edison substation for the Illinois Commerce Commission.
- Lead investigator of the reliability of the T&D systems of four electric utilities in Maine.
- Served as a lead investigator in the review of distribution and transmission practices at Alabama Power and Georgia Power Company.
- Served as lead investigator in prudence reviews of major fossil and nuclear plant outages for the New Hampshire Public Utilities Commission.
- Served as the principal technical and analytical member in the Seabrook nuclear unit sale team acting for the New Hampshire Public Utilities Commission.
- Investigated the causes of overlapping unit outages at a major Reliant generation facility.

#### *New Hampshire Public Utilities Commission - Chief Engineer*

- Managed a professional staff of engineers and analysts engaged in investigations regarding safety, reliability, emergency planning, outages, and the implementation of public policy in the electric, gas, telecommunications and water industries.

- Prime architect of the settlement between the State of New Hampshire and Public Service Company of New Hampshire (PSNH) that ended years of litigation and allowed state-wide competition in the electric industry to proceed.
- Advisor to the Commission on utility system and operational issues.
- Key state decision-maker on major gas and electric energy project siting proposals.
- Sat as decision maker at the New Hampshire Office of Emergency Management's Emergency Operations Center.
- Re-drafted the state's Bulk Power Siting Statute and facilitated resolution of widespread legislative tensions.
- Instrumental in achieving quality of service levels among the highest in Verizon's service territory.

*Public Service Company of New Hampshire (PSNH)*

- As Director - Power Pool Operations and Planning, PSNH
  - Responsible for the operation and dispatch of PSNH transmission and generation facilities through the New Hampshire Electric System Control Center.
  - Core participant in the merger/acquisition team activities culminating in the corporate reorganization of PSNH. Recognized and developed a successful employee retention program used during the acquisition.
  - Core Task Force Member for the DC electrical interconnection between Hydro Quebec and the New England Power Pool.
  - Developed real time integrated transmission system loading capabilities for the New Hampshire Electric System Control Center.
  - Represented PSNH at all major relevant national and regional reliability organizations including:
    - New England Power Pool
      - System planning Committee
      - System Operations Committee
      - All technical planning and operations task forces conducting regional and inter-regional studies and analyses
    - Northeast Power Coordinating Council
    - Joint Coordinating Council
    - Edison Electric Institute
      - System Planning Committee
- As Director - System Planning/Energy Management, PSNH
  - Coordinated the company's capital planning requirements for generation and transmission. Integrated its load forecasting and energy management activities.
  - A lead participant in the development and implementation of response strategies addressing the negative financial impacts associated with the proliferation of non-utility generation.

- Re-designed the corporate budgeting system to allocate available resources by economic and need prioritization.
- Driving force in re-directing corporate economic evaluations towards competitive business techniques.
  
- As Manager - Computer Department and System Planning, PSNH
  - Responsible for the Engineering Division's computer applications support and transmission system planning functions.
  - Principal in the development, design and implementation of the first-in-the-nation application of 345/34.5 kV distribution. Resolved daytime corporate-wide computer throughput logjam.
  - Integrated the Engineering Department's computer applications into the corporate computer organization.

### **Education**

M.B.A., Northeastern University - 1975

M.S.E.E., Power System Major, Northeastern University - 1970

B.S.E.E., Power System Major, Northeastern University – 1969

### **Registration**

Registered Professional Engineer - New Hampshire #5618

## **Phillip S. Teumim**

### **Areas of Specialization**

Thirty-six years of experience as a consultant and regulator in the utility industry. General experience in all facets of the electric and gas businesses from senior level policy issues to technical matters. Specific experience in the areas of corporate and project management; planning and budgeting; regulatory and competitive policy development and implementation; full spectrum of customer interfacing, including marketing, sales, and customer service; rate proceedings and ratemaking; and development and enforcement of gas safety and reliability requirements for pipelines and distribution companies.

### **Relevant Experience**

Project manager for a management audit of a large northeastern public power authority for a state agency; lead consultant in the areas of governance, organization, strategic and corporate planning, and ratemaking. Included an evaluation of executive and project management and the composition of and performance of the Board of Trustees.

Lead consultant in an audit of the governance, corporate structure and planning of a multi-board generation and transmission cooperative, purchasing agent and trade organization owned by the electric distribution cooperatives in a large eastern state. Performed diagnostics and restructured three separate boards of directors into a nine-member executive board and a plenary board.

Project manager for a management audit of a Middle Atlantic LDC for a regulatory commission; lead consultant in the areas of organization, corporate governance and strategic and corporate planning.

Served as Office Director, for the New York State Public Service Commission for electric, gas and water matters. Senior policy and technical advisor to the Commission on all electric, natural gas and water matters, and technical and administrative director of the office. Responsibilities included regulatory and competitive policy development and implementation, rate proceedings and ratemaking, annual reviews of utility performance, enforcement of gas safety requirements for interstate pipelines and facilities as agents for the federal DOT/Office of Pipeline Safety and for LDCs and intrastate facilities for New York State.

Project Director for the PSC's prudence investigation of the Nine Mile II nuclear plant construction cost overruns, and lead consultant in the areas of project management and owner oversight for the investigation of the Shoreham nuclear plant.

Section Chief in the Consumer Services Division of the New York State Public Service Commission, responsible for regulatory oversight of the utility-customer interface for all New York utilities, including customer affairs, customer service, and marketing and sales. Included policy development and enforcement of compliance with regulations and Commission directives.

Specific accomplishments and activities at the NY PSC included:

- Lead role in conducting a series of some 15 roundtables, with a broad spectrum of gas industry stakeholders in the northeast, on development of competitive policies.
- Developed white paper that was subsequently adopted by the Commission, laying out a vision and policy for the natural gas industry in New York.
- Lead negotiator in negotiating settlements of multi-year rate and competitive issues with several large LDCs; senior team advisor on all such negotiations and settlements with all New York LDCs.
- Developed and implemented, after Commission approval, a policy statement on gas purchasing practices and risk management, which lays out the general guidelines for LDCs use of financial instruments (“hedging”).
- Lead role in development and oversight of agency’s positions as an intervener in FERC proceedings and rulemakings. Included appearances and testimony at various FERC technical conferences.
- Established and chaired New York’s Natural Gas Reliability Advisory Group, a 24 member council, representing all stakeholder groups, which addresses pipeline capacity issues.
- Lead negotiator in the restructuring of an electric utility, including divestiture of generation, development of a multi-year rate plan, and implementation of a customer choice program.
- Technical lead in a management audit of Consolidated Edison of New York, Inc., in the areas of strategic and corporate planning, supply planning, fuel procurement, and nuclear operations.

Lead consultant in evaluation of marketing and sales, rates and pricing, and transportation of customer-owned gas on Liberty’s audit of affiliated transactions between South Jersey Gas and South Jersey Industries and its affiliates and general management audit of South Jersey Gas Company for the New Jersey Board of Public Utilities. Areas addressed included an evaluation of the implementation of the retail choice program, whether and to what extent the utility affiliate may have been show any favoritism, and the treatment of wholesale and retail marketers by the utility.

Lead consultant for Liberty in an evaluation of the asset management services provided by Sequent, an affiliated wholesaler, to Virginia Natural Gas (VNG) for the Virginia Corporation Commission. Specific areas addressed included an analysis of the terms and conditions of the asset management agreements between Sequent and VNG, and other affiliated utilities and non-affiliated utilities, and the actual services provided by Sequent. Also included an analysis of all other services provided by Sequent and the affiliated service company to VNG, and the management of utility-owned and affiliate-owned propane peaking facilities.

Lead consultant for Liberty addressing executive management, corporate governance, Board of Directors’ performance, and planning on Liberty’s focused audit of NUI Corporation and NUI Utilities for the New Jersey Board of Public Utilities. This audit included a detailed examination of the reasons for poor financial performance of non-utility operations, downgrades of utility credit beneath investment grade, and retail and wholesale gas supply and trading operations.

Also examined performance of telecommunications, engineering services, customer-information-system, environmental, and international affiliates.

Senior Consultant and Task Area Leader for several task areas in Liberty's Management/Performance audit of gas supply procurement at Dominion East Ohio for the Public Utilities Commission of Ohio. Included testimony before the Commission.

Senior Consultant and Task Area Leader for several task areas in Liberty's Management/Performance audit of gas supply procurement at Cincinnati Gas and Electric Company for the Public Utilities Commission of Ohio.

Senior Consultant and Task Area Leader for several task areas in Liberty's Management/Performance audit of gas supply procurement at Vectren Energy Delivery of Ohio for the Public Utilities Commission of Ohio. Included testimony before the Commission.

Lead consultant on an investigation of the response to a series of gas leaks by a major metropolitan east coast gas utility, including field response, technical analysis, public relations and future plans from dealing with an ongoing problem apparently caused by the introduction of LNG into the system.

Lead consultant on the investigation of the application of tariff charges for new service lines and main extensions as the tariff has been applied by a major metropolitan east coast gas utility, including customer contributions assessed, cost components, and cost allocations.

Advisor and technical consultant to the presiding commissioner and technical staff of a Northeastern regulatory commission on engineering and policy issues in rate proceedings filed by large investor-owned water utilities. Key issues included depreciation expense, O&M expenses, and treatment and use of proceeds from the sale of a large parcel of land.

Facilitator and advisor for a statewide planning council retreat in a Northeastern state, which has responsibility for all water planning activities state-wide. The council, and its supporting technical working group, includes representatives from all significant stakeholder groups, including state agencies, municipal water utilities, investor-owned water utilities, conservation groups, recreational water use groups, and other parties.

Lead consultant on an examination of wholesale water rates from a large northeastern municipality to a group of smaller municipalities and investor-owned water companies. Key components include net plant investment, costs of debt, operations, maintenance and administrative expenses, cost and revenue allocations, and lost and unaccounted for water.

Project manager for a study of the gas supply and integrated resource planning, and affiliate relationships for a large, vertically integrated LDC in the Southwest; lead consultant in the area of organization, strategic planning and affiliate relations and transactions. Included testimony before the state commission.

**Additional Relevant Experience:**

Frequent speaker on energy, water and regulatory matters before utility groups, industry organizations, trade associations, NARUC conferences and committees. Guest instructor at Camp NARUC and various trade and industry conferences. Testified in regulatory proceedings in New York, Ohio, Utah and appeared before FERC and various New York legislative committees. Chaired and facilitated statewide and regional conferences on a variety of technical issues.

**Education**

MBA, BS (Electrical Engineering), Rensselaer Polytechnic Institute, Troy NY

**Laura G. Kaplan**

**L.G.K. Associates, Inc.**

**Summary**

A seasoned professional with extensive management operations and planning experience in private business, utilities, and academic industries. Specific accomplishments and skills include:

- Project Management
- Emergency Disaster Preparedness
- Employee Training and Development
- TQM Process
- Budget & Forecasting
- Benchmark Practice
- Downsizing & Restructuring
- Contract Negotiations

**Professional Background**

**L.G.K. Associates, 1993-Present**

Heads the disaster preparedness consulting firm of L.G.K. Associates, Inc., which applies the reality of Hurricane Andrew experience to help public industry and authorities gauge the workability of their own emergency response plan. Clients include over 25 U.S. electric utilities. Author of the published books, "Disaster Can Happen Anywhere In The World, Are You Prepared?" and "Emergency and Disaster Planning Manual." Services include:

- Reviews and critiques of existing plans
- Participates and critiques of training exercises
- Assists company training programs
- Provides preparedness workshops
- Develops new emergency plans.

**Distribution Operations Manager, Dade County, 1991-1993**

Responsible for the planning, maintenance, and reliability of the distribution system of Dade County. Managed a budget of \$42 million and 506 employees, and serviced 959,000 residential and commercial customers.

- Directed company's Dade County restoration efforts after Hurricane Andrew, restoring service to 690,000 customers in 34 days
- Created and managed Hurricane planning and restoration activities for company-wide operations
- Restructured Dade County distribution organization
- Developed and implemented career-opportunity training course and manual.

**District General Manager, Brevard County, 1991**

Responsible for managing the district resources, budget, construction and operations, marketing and energy conservation, quality improvement, inventory control, customer service, and community involvement and services. Managed a budget of \$34 million and 390 employees.

- Implemented the downsizing and elimination of various departments.
- Led initial negotiations with NASA and Patrick Air Force Base for electrical facility improvement and expansion.

**Construction Services Manager, Miami District, 1988-1991**

Responsible for maintaining and operating the electrical distribution facilities while providing new and upgraded services. Operations included two inventory control centers, three service centers, and three engineering groups. Managed a budget of \$17.5 million and 282 employees.

- Direct involvement in the Deming Challenge and primary participant audited by the Japanese Union of Scientist and Engineers (J.U.S.E.) Counselors.
- Selected to administer Quality Improvement Program throughout the district.
- Spearheaded the consolidation and restructuring of two district organizations.

**Florida Power & Light Company, 1980- 1991**

Held several positions of increasing responsibility with FP&L ranging from Service Planner Engineer to Service Center Superintendent.

**Education**

B.S., Electrical Engineering, University of Miami, 1979

**Awards**

Hurricane Andrew Hero - Dade County Rebuilding  
Woman of the Year - YWCA/FPL  
Who's Who in American Women

**Professional/Civic Activities**

YWCA, Board of Directors, Special Events & Building Committee  
United Way  
Society of Abused Children, Counselor  
Junior Achievement  
Instructor for Adult Illiteracy Program  
Covenant House

## Christine K. Kozlosky

### Areas of Specialization

Ms. Kozlosky has 17 years of consulting experience with regulated industries. Her areas of expertise include customer-service operations, performance measurement and benchmarking, innovation and best-practice discovery, business-process re-engineering, and information-systems management.

### Relevant Experience

Task Area Leader for review of customer service on Liberty's focused and general management audits of SJI, South Jersey Gas, and affiliates for the New Jersey Board of Public Utilities. This project included detailed examinations of affiliate relationships, governance, financing and utility ring-fencing, compliance with New Jersey EDECA requirements for affiliate separation, protection of confidential information, non-discrimination against third-party competitors with utility affiliates, and other *code-of-conduct* issues.

Examined customer service issues (*e.g.*, call-center and emergency communications) as part of Liberty's examination for the Nova Scotia Utility Authority Review Board of Nova Scotia Power.

Recently reviewed call center operations for OEConnections, a software company that provides hosted applications to help automobile dealers, parts managers, repair shops, and body shops find original equipment for automobile repair and maintenance. As part of the operational review and diagnostic, Ms. Kozlosky helped OEConnection identify opportunities to improve the level of service provided to customers. Ms. Kozlosky also compared OEConnection's call center performance against an industry peer group to identify further opportunities. The processes and systems supporting service and tech support representatives were also reviewed to identify opportunities for improvement. Recommendations and benchmarking results were presented to senior management.

Conducted a study of customer service performance for the American Water Works Association Research Foundation (AWWARF). This study is developing and deploying a customer service benchmark framework for 1,000 member utilities. As part of the study, an interactive web-based benchmarking tool is being developed to collect benchmark data and disseminate benchmark results. Additionally, a customer satisfaction survey will be deployed to measure satisfaction among the member utilities. These tools will then be handed over to the AWWARF for ongoing benchmark comparisons and continuous improvement of its member utilities.

Recently interviewed and researched "best in industry" leaders to document call center and customer care best practices and lessons learned. Companies included in the review: Southwest Airlines, FedEx, Tesco, First Direct, The Ritz-Carlton, USAA, Southern Company, State Farm, Dell, Lexus, and Yellow Freight.

Project Manager for a study funded by the Cooperative Finance Network of the National Rural Electric Cooperative Association (NRECA) to identify e-commerce initiatives and solutions for

utilities and telecommunications firms. Ms. Kozlosky identified more than 400 initiatives involving utilities and use of the Internet for both business-to-business and business-to-consumer products and services. Ms. Kozlosky designed a database and published the study results on a web site designed exclusively for use by NRECA member cooperatives.

Assisted Jacksonville Electric Authority's customer service re-engineering team in the identification and presentation of recommendations to improve JEA's customer service delivery. JEA has identified a goal of being the best service provider in the US by 2007. Recommendations were provided to reorganize around key business processes, implement new technologies, change existing processes to be more efficient and effective, implement additional training and development, and empowerment of front-line employees. JEA will implement the recommendations concurrently with the selection and implementation of a new Customer Information System.

Project Manager and Lead Facilitator for a "best in class" benchmarking study of Entergy's Retail Operating Support organization. Ms. Kozlosky was responsible for directing the benchmarking efforts of four company teams. Areas studied in detail included: telephone center operations, meter reading, billing, remittance processing, credit and collections, and payment agency operation. The study focused on Entergy's performance in a competitive environment.

Assisted a start-up Internet company with the design and development of a data acquisition and publication system for selling and syndicating content over the Internet. Ms. Kozlosky was responsible for designing the input mechanism and developing specifications for the development of the Internet knowledge-base distribution mechanism.

Conducted a competitive assessment of the many ways in which utility companies are acquiring new products and services to prepare for the competitive marketplace. For the past year, she examined the utility and telecommunications industries to understand the range of competencies that are being acquired through joint ventures, partnerships, acquisitions, and alliances. The research was conducted for Entergy's Marketing organization.

Project Manager for a benchmarking study of Integrated Voice Response Technology within ten industries. The study was commissioned by Illinois Power Company. Ms. Kozlosky was responsible for securing participation from companies and interviewing participants about their IVR strategy and deployment. The study examined how companies are deploying the technology, how it comes into play from a customer perspective, and how it fits into an overall customer service strategy.

Lead consultant for customer service areas in Liberty's comprehensive examination of transmission and distribution (T&D) for the Illinois Commerce Commission following concerns about Commonwealth Edison's (ComEd's) performance in meeting its public service responsibilities. Evaluated ComEd's customer service performance, organization, staffing levels, and organizational effectiveness. Examined costs associated with customer service and communications contained as part of Liberty's investigation of ComEd rate filing.

Lead consultant in Liberty's management audit of Bell Atlantic-Pennsylvania and Bell Atlantic-District of Columbia for their respective commissions. Responsible for review of customer service, including sales, service and support organization, credit and collections, billing, remittance, and staff support. Also included in the study was the review of the information systems supporting customer service, billing, and collections.

Consultant for Liberty's audit of Ameritech-Ohio policies, procedures and compliance with service quality performance requirements under Ohio's Minimum Telephone Service Standards (MTSS).

Lead Consultant in Liberty's management audit of Southern Connecticut Gas Company, conducted for the Connecticut Department of Public Utility Control. Responsible for reviewing the company's customer-service organization, including planning, credit and collections, billing, remittance, telephone operations, business offices, and staff support. Also included in the study was the review of the information systems supporting customer service, billing, and collections.

Lead consultant for the review of the work-management and manpower-planning processes of Rochester Telephone Company, performed for the New York Public Service Commission. Provided recommendations to improve existing and planned work-management and manpower-planning processes in the engineering, operations, and customer service functions.

Project Manager for the design and pilot implementation of an automated workforce management and manpower planning system for New York Telephone Company, in an engagement for the New York Public Service Commission. Responsible for ensuring that previous audit recommendations were fulfilled, as well as providing functional design guidance.

Consultant in Liberty's management audit of Yankee Gas Services Company, conducted for the Connecticut Department of Public Utility Control. Responsible for detailed analysis of selected customer-service issues.

Lead consultant for a research study of billing operations for more than a dozen utilities. The study focused on how companies are looking to new billing products and services as the industry moves to deregulation and competition. Companies were interviewed to understand how quickly services like Internet bill presentation and payment and "weatherized" bills are being adopted and implemented.

Recently conducted market research for a large underground facilities locating firm based in Atlanta, Georgia. The research determined market size and potential for locating services throughout the United States.

Recently worked with a team to design and implement call center technology for the Electricidad de Caracas in Venezuela. Ms. Kozlosky provided assistance with procedural and systems development as well as best practice implementation.

Project Manager for a study of business office operations within five utilities that still operate full-service, walk-in customer service centers. The study focused on how these offices fit into an

overall customer service strategy and how they impact customer satisfaction. Ms. Kozlosky also looked at the future of face-to-face customer service. The study was conducted for Entergy.

Lead Consultant on Liberty's study for Colorado Springs Utilities to assist this utility in addressing the organizational impacts associated with a transition to automated meter reading (AMR). Liberty's work included a survey of the experiences and lessons learned from 25 utilities that had already experienced the transition to AMR.

Project Manager for a multi-company meter-reading comparative-practices study. Detailed review of the meter-reading organization, practices, policies, and management of more than 20 electric, gas, and water utilities located across the U.S., Canada, and the U.K. Areas researched include: emerging technologies used in route optimization and meter automation, staffing strategies, training, performance-incentive programs, and approaches to resolve inaccessible meters, reduce off-cycle reads, address high-read-cost meters. Study findings were presented at a National Meter Reading Conference.

Project Manager for a study to determine the cost of service for the appliance-repair activities of Providence Gas Company.

Lead Consultant in a study that helped a large western electric utility's Distribution Business Unit develop its strategic plan. Tasks included identifying information-systems needs to prepare for deregulation and open access, support new product/service offerings, and improve customer service. This involved identification of new, strategic systems as well as modifications and enhancements to existing legacy systems. Also provided financial analysis to support strategic action items.

Lead Consultant for the review of performance-reporting systems for the distribution operations of a southwestern electric utility. Led a client team in the design and implementation of a Crew Performance Reporting System to track regional performance of T&D line crews. The system provided information on crew productivity, job backlog, work flow, and job-completion status. Modified an existing Field Service Management system to better measure and track serviceman performance. Detailed action plans were developed to facilitate a successful implementation of recommendations.

Project Manager for an internal benchmarking performance study of Delmarva Power & Light's twelve district customer-services offices. Identified opportunities for improvement within the customer-call center, business-office operations, remittance processing, meter reading, field services, credit and collection, and customer accounting. Activity based analysis provided the foundation for a more balanced allocation of resources to the operating districts.

Project Manager for a diagnostic assessment of Detroit Edison's Customer Service operating performance compared against an industry benchmarking panel of more than 25 electric utilities. Presented findings to all levels of management in the Customer Service organization, conducted focus-group reviews for: business-office operations, remittance processing, meter reading, field services, credit and collection, and customer accounting. Recommended practices for improvement teams to evaluate for implementation.

Lead consultant for the review of the human-resource functions and work-management /manpower-planning processes of Washington Gas Light Company for the Maryland Public Service Commission. Provided observations and recommendations to improve existing and planned work-management and manpower-planning processes and human-resource processes and systems. Areas reviewed included: customer contact, meter reading, billing, collections, servicemen and appliance repair, and public affairs and community relations.

Project Manager and Lead Facilitator for the development of an executive-level conceptual design of a customer-response system for Boston Edison Company. The project developed an integrated vision for responding to customer inquiries that optimizes the use of information systems and technology. Facilitated an inter-departmental team in the design of the response system, drawing together industry best practices, process-mapping findings, and technology expertise.

Project Manager for a study to analyze and redesign Boston Edison Company's collection and customer-service correspondence. Recommendations were made to eliminate unnecessary correspondence and all remaining correspondence was rewritten to be more professional and more customer sensitive.

Project Manager for a study of customer expectations at Nashville Electric Service (NES). The study developed a baseline understanding of NES's customer and employee expectations and satisfaction. At the same time, an internal diagnostic of NES's business processes and practices identified areas of improvement opportunity as well as potential weaknesses in delivering customer service. The project then matched customer expectations and satisfaction feedback to the internal process-review results to delineate specific areas for improvement or process realignment. The customer-measurement process used to gather mail-survey, telephone-survey, and focus-group feedback was also established so that customer feedback can be obtained and reviewed by NES staff on an on-going basis.

Conducted and published the 1993-94 Electronic Data Interchange Billing Practices Utility Industry Study. This research study surveyed more than 160 electric, gas, water, and telecommunications companies to identify the use of Electronic Data Interchange for producing customer bills. Companies using this technology were profiled in detail, including: length of time that the service has been in place, participation level by customer segment, software and hardware specs required to offer service, marketing plans, and plans for expansion.

Project Manager for a custom-tailored assessment of Empire District Electric's Customer Service operating performance as compared to an industry benchmarking panel of more than 25 electric utilities. Presented findings to senior management as well as the entire customer-service management team.

Project Manager for a diagnostic assessment of Southern California Edison's Customer Service operating performance as compared to an industry panel of more than 35 utilities. Presented findings to all levels of management and staff through a series of focused review sessions. Areas

evaluated included: telephone-center and business-office operations, meter reading, field services, credit and collection, and customer accounting.

Project Manager for an annual multi-company benchmarking study of customer service in the electric utility industry, for three years. Functions benchmarked by the study included: front-office operations, meter reading, customer accounting, field and meter services, telephone-center operations, remittance processing, and credit and collections. Designed, developed, and provided detailed industry comparison of operating-company expenditures, productivity measures, and key service-level indicators. Analysis highlighted the best performers in each function and detailed interviews were conducted with these companies to identify innovative practices.

Lead consultant for a cost-reduction study of customer-service operations at General Public Utilities. Analyzed remittance processing, billing, customer-service operations, energy programs, and meter-reading work practices and procedures. Encompassed in the study was a detailed industry comparison of operating-company operation and maintenance expenditures and key service-level indicators. Identified significant manpower and dollar savings.

Engagement Director for focus-group research conducted with call-center customer-service representatives, collectors, and meter readers at Boston Edison, Sierra Pacific Power, Northeast Utilities, Duke Power, and Illinois Power. Focus groups were conducted to ascertain perceptions and effects of changes in the utility industry, including mergers and acquisitions, work group consolidation, office closings, and corporate re-engineering and downsizing.

Project Manager for the review of customer payment processing capabilities of Central Power & Light. Led a client team in a feasibility study to determine the cost/benefit of centralizing the payment processing facilities. Recommended remittance processing equipment, staffing, and processing procedures. Detailed action plans were developed to facilitate a successful implementation of recommendations.

Project Manager for a benchmarking study of integrated-voice-response technology for Illinois Power Company. Responsible for securing participation of companies from many industries and interviewing participants about their IVR strategy and deployment.

Project Manager for a study to uncover innovative products and services for the electric and gas utility industry. Coordinated a multi-client survey and investigation to detail the range of products and services currently offered; directed an intense literature search to document innovative products and services outside the industry that could be applied to the client; and developed a framework for assessing new product and service fit with the client's current business strategy. The results from this study have been used to focus and enhance the product and service development efforts of Pacific Gas & Electric.

### **Education**

B.S., Information & Computer Science, Georgia Institute of Technology

### **Publications**

Ms. Kozlosky is the managing editor and publisher of *The Service Delivery Advantage*, a research publication dedicated to promoting customer-service excellence. Published reports include: Achieving First Call Resolution, IVR Improvement Strategies, Meter Reading Profiles & Best Practices, Call Center Strategies of Industry Leaders, Call Quality Practices, Call Center Case Studies, Competitive Credit Practices, Technological Service Improvement, Customer Satisfaction, Billing & Meter Reading, Revenue Recovery, Call Center Operations, Service Fulfillment, and Customer Satisfaction. Each volume contains more than 100 pages of original articles and research covering the latest utility and telecommunications industry customer service “best practices” and innovations.

Ms. Kozlosky is the editor and publisher of the *Customer Service Quarterly*, a research journal devoted to examining issues that are important to customer-service managers in the electric, gas, telephone, and water utility industries.

Ms. Kozlosky is managing editor and publisher of the *Call Center E-Journal*, a unique new electronic journal designed to provide call center managers and executives from all industries with actionable ideas and proven improvement techniques.

Ms. Kozlosky is the editor and publisher of an online call center and customer service benchmarking service for utilities and non-utilities. Subscribers can compare operational performance in call center operations, call quality monitoring, meter reading, billing, credit and collections, meter services, remittance processing, field services, and business office operations.

## Steven C. DeLuca

### Areas of Specialization

Focused experience in the utility industry including project management, regulatory policy, filings, utility industry research and data analysis, computer applications, and business planning.

### Relevant Experience

Senior analyst for Liberty's focused and general management audits of South Jersey Gas and affiliates for the New Jersey Board of Public Utilities. This project included detailed examinations of affiliate relationships, governance, financing and utility ring-fencing, compliance with New Jersey EDECA requirements for affiliate separation, protection of confidential information, non-discrimination against third-party competitors with utility affiliates, and other *code-of-conduct* issues. Analyzed commodity trade transaction and accounting information for gas purchases and sales by an affiliate conducting trades for utility and non-utility operations. Examined financial results, sources and uses of funds, accounting systems and controls, credit intertwining, cash commingling and affiliate transactions.

Senior analyst for Liberty's work with staff of the Virginia State Corporation Commission to evaluate the services of an affiliate providing gas portfolio management services under an asset management agreement with Virginia Natural Gas. Analyzed commodity trade transaction and accounting information for gas purchases and sales by an affiliate conducting trades for utility and non-utility operations. Reviewed and assessed controls systems related to transactions and sharing of value between the utility and the affiliates.

Senior Analyst on Liberty's focused management audit of the fuel procurement functions of Kentucky Utilities Company and Louisville Gas and Electric Company for the Kentucky Public Service Commission. Responsible for evaluation of utility regulatory filings as related to regulatory policy to determine regulatory compliance.

Assistant Project Manager on Liberty's focused audit of NUI Corporation and its regulated utility affiliates. Assisted in the corporate governance, affiliate relationships, and executive compensation examinations as they pertain to specific regulatory standards in order to determine regulatory compliance.

Consultant on Liberty's audit of customer communications issues on audits (for the New Jersey Board of Public Utilities) of New Jersey's four major electric companies. Assisted on analysis of the competitive services for Public Service Gas & Electric (PSE&G) and Atlantic City Electric (ACE). Specifically responsible for the examination of PSE&G's Appliance Service Business.

Principal analyst supporting activities designed to examine ComEd maintenance practices in Liberty's work for the Illinois Commerce Commission. Specifically examined historical O&M expenditure levels, service reliability statistics, maintenance programs, open and backlogged maintenance item levels over time, and resource levels applied and efficiency achieved in performing maintenance activities.

Assisted in Liberty's compliance review of the monthly performance reports and associated incentive plan payment reports of Verizon-New Jersey for the NJ Board of Public Utilities.

**Other Experience**

Previously, a national account manager and founding employee at privately-held e-commerce solutions firm. Responsibilities included development of company business plan, design and implementation of sales and marketing processes, and client/supplier relationships.

**Education**

B.S., Business Administration, Economics Minor, Bucknell University

## **Michael Antonuk**

### **Areas of Specialization**

Data and industry analysis and research; business planning.

### **Relevant Experience**

Analyzed commodity trade transaction and accounting information for trades by an affiliate conducting trades for utility and non-utility operations in Liberty's focused audit of NUI Corporation and NUI Utilities. This audit included a detailed examination of the reasons for poor financial performance of non-utility operations, downgrades of utility credit beneath investment grade, and retail and wholesale gas supply and trading operations. The audit included detailed examinations of financial results, sources and uses of funds, accounting systems and controls, credit intertwining, cash commingling, affiliate transactions, among others. Liberty's examination included very detailed, transaction-level analyses of commodities trading undertaken by a utility affiliate both for its own account and for that of utility operations.

Assisted in Liberty's development of an interruptible water rate for a Missouri utility.

Analyst on Liberty's audit of Commonwealth Edison; examining maintenance cost and operations data.

Performed research and analysis as part of Liberty's audit of the competitive service offerings of New Jersey's four main electric companies on behalf of the New Jersey Board of Public Utilities.

Assisted in the review of performance measures of Verizon New Jersey on behalf of the New Jersey Board of Public Utilities.

### **Education**

B.S. in Business Administration, Finance Major, Lehigh University

## Exhibit B – Project Listing

### Liberty Project Summaries and References

This appendix provides a list of relevant Liberty clients and a summary of the work performed.

**Client:** Illinois Commerce Commission  
**Client Contact:** Roy Buxton  
Illinois Commerce Commission  
527 E. Capitol Avenue  
Springfield, IL 62706  
(217) 785-5424

*Summary:* Liberty performed an audit of portions of Commonwealth Edison's delivery service tariff filing, focusing on those matters related to the Company's responses to various reports that followed significant outages in 1998 and 1999. Liberty's audit sought to determine whether ComEd's revenue requirements elements, *i.e.*, operating expenses or rate base, reflected any atypical, abnormal, or unreasonable costs that arose from the commitments that the company had following the outages. Liberty investigated and analyzed ComEd's reliability-related expenditures for capital, O&M, and administrative and general costs, as well as customer service and account costs and informational costs.

**Client:** Illinois Commerce Commission  
**Client Contact:** Roy Buxton  
Illinois Commerce Commission  
527 E. Capitol Avenue  
Springfield, IL 62706  
(217) 785-5424

*Summary:* Liberty conducted a comprehensive investigation into the reliability of Commonwealth Edison's transmission and distribution systems. This year-long project involved all aspects of the design, planning, management, operation, and maintenance of T&D systems and components. There were two follow-on projects to this original project. The first was an ongoing audit to assess ComEd's compliance with Liberty's recommendations from the first audit. The second project was Liberty's audit of the transmission and distribution revenue requirements of ComEd with respect to the proper revenue requirements associated with ComEd's reliability programs, as analyzed in the first referenced project.

**Client:** Illinois Commerce Commission  
**Client Contact:** Roy Buxton  
Illinois Commerce Commission  
527 E. Capitol Avenue  
Springfield, IL 62706  
(217) 785-5424

*Summary:* Liberty investigated the causes of a substation outage that affected downtown Chicago in 2000. Liberty also evaluated and made recommendations regarding the corrective actions that the utility should take to prevent similar occurrences.

**Client:** Illinois Commerce Commission  
**Client Contact:** John Stutsman  
Illinois Commerce Commission  
527 E. Capitol Avenue  
Springfield, IL 62706  
(217) 524-0337

*Summary:* Liberty conducted a focused audit of Commonwealth Edison's transmission protection system. This project involved an evaluation of the design and maintenance of the protection against cascading electric outages. It also included an assessment of the ratings used on protective equipment, studies of the stability of the electric delivery system, and the settings of protective relays.

**Client:** Illinois Commerce Commission  
**Client Contact:** John Stutsman  
Illinois Commerce Commission  
527 E. Capitol Avenue  
Springfield, IL 62706  
(217) 524-0337

*Summary:* Liberty performed a root cause analysis of a substation fire that left many customers without power, some for up to two days. Liberty's work included an assessment of the likelihood of similar events and a method to prioritize mitigation efforts. Liberty also provided a template for evaluating the complete loss of any substation.

**Client:** Nova Scotia Utility and Review Board  
**Client Contact:** Mr. George Smith  
Nova Scotia Utility and Review Board  
3<sup>rd</sup> Floor, 1601 Lower Water Street  
P.O. Box 1692, Unit "M"  
Halifax, Nova Scotia B3J 3S3  
(902) 424-4448

*Summary:* Liberty provided assistance to the Nova Scotia Utility and Review Board on a project associated with the 2006 Rate Application of Nova Scotia Power Inc. Liberty's focus on this project was on the fuel aspects of the rate application including the costs of coal, oil and natural gas. During the course of the project, Liberty prepared information requests, reviewed the information requests submitted by others, and provided expert testimony during the hearing associated with the rate application.

**Client:** Nova Scotia Utility and Review Board  
**Client Contact:** Mr. George Smith  
Nova Scotia Utility and Review Board  
3<sup>rd</sup> Floor, 1601 Lower Water Street  
P.O. Box 1692, Unit "M"  
Halifax, Nova Scotia B3J 3S3  
(902) 424-4448

*Summary:* Liberty provided assistance to the Nova Scotia Utility and Review Board on a project associated with the 2005 Rate Application of Nova Scotia Power Inc. Liberty's focus on this project was on the fuel aspects of the rate application including the costs of coal, oil and natural gas. Liberty also evaluated the Fuel Adjustment Mechanism proposed by Nova Scotia Power. During the course of the project, Liberty prepared information requests, reviewed the information requests submitted by others, and provided expert testimony during the hearing associated with the rate application.

**Client:** Nova Scotia Utility and Review Board  
**Client Contact:** Mr. George Smith  
Nova Scotia Utility and Review Board  
3<sup>rd</sup> Floor, 1601 Lower Water Street  
P.O. Box 1692, Unit "M"  
Halifax, Nova Scotia B3J 3S3  
(902) 424-4448

*Summary:* Liberty provided an assessment of the transmission system and customer communications of the Nova Scotia Power Inc. This assessment included a broad review transmission system design and engineering, operations, planning, staffing, and maintenance. Liberty also performed specific analyses of (1) the separate effects of the storm resulting from failures in the transmission system and from the distribution system, and (2) the failure of several transmission structures. Liberty testified before the Board regarding its findings and recommendations. As a follow-up to issues raised during the hearings, the Board retained Liberty to (1) conduct an on-site inspection and evaluation of portions of the company's distribution system and to assess the reliability of the distribution system, (2) to perform a structural evaluation of distribution system poles, and (3) to assess the frequency of transmission system relay testing and calibration.

**Client:** Arizona Corporation Commission  
**Client Contact:** Chris Kempley, General Counsel  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington  
Phoenix, AZ 85007-2996  
(602)542-4251

*Summary:* Liberty performed an evaluation of the proposed acquisition of UniSource (including Tucson Electric) by private investment firms, and prepared testimony commenting upon the merits of the merger, and recommending conditions necessary and appropriate to insulate utility finances, assure continued service quality and reliability, provide for appropriate utility governance, address access to affiliate information, control affiliate transactions, provide for a proper code of conduct, and assure continued community presence and support.

**Client:** Alabama Electric Cooperative, Inc.  
**Client Contact:** Gary L. Smith, Vice President, Legal & Corporate Affairs  
Alabama Electric Cooperative, Inc.  
P.O. Box 550  
Andalusia, Alabama 36420  
(334) 427-3214

*Summary:* Liberty assisted this generation-and-transmission cooperative on a project to improve processes, reduce costs, and improve operational efficiency, in anticipation of competitive changes in the electric-power industry. This project included analysis of operations and development of recommendations for improvement of policies, practices, processes and procedures in the areas of fuel management for electric generating stations, and operations and maintenance of these electricity-generating stations. An important component of the project included assessment and recommendations for improvement on the interplay between coal and natural gas, and the market for electric power.

**Client:** Arkansas Public Service Commission (*APSC*), Arkansas Western Gas Company (*AWG*), and the Office of the Attorney General (*AG*) of the State of Arkansas. (*auditing AWG*)  
**Client Contacts:** Donna Gray, Ricky Gunter, and Shawn McMurray  
Ms. Donna Gray, Director, Financial Analysis  
Arkansas Public Service Commission      Arkansas Western Gas Company  
1000 Center Street      1083 Sain Street  
Little Rock, AR 72201      P.O. Box 1408  
(501) 682-5720      Fayetteville, AR 72702-1408  
(501) 582-8482

Mr. Shawn McMurray  
Senior Assistant Attorney General  
200 Tower Building  
323 Center Street  
Little Rock, AR 72201  
(501) 682-1053

*Summary:* Liberty conducted an independent audit of AWG for the APSC, AWG, and the AG. The areas of inquiry were cost allocation, executive compensation, and the company's staffing and allocation of labor costs to and from affiliated companies.

**Client:** Connecticut Department of Public Utility Control (*auditing Southern Connecticut Natural Gas Company*)  
**Client Contact:** David Shapiro  
Connecticut Department of Public Utility Control  
Utilities Operations and Management Analysis Unit  
10 Franklin Square  
New Britain, Connecticut 06051  
(860) 827-2687

*Summary:* Liberty conducted a comprehensive diagnostic management audit of Southern Connecticut Natural Gas Company (SCG). The scope of the study also included the following special issues: policies and procedures in the area of credit and collections and the collection of uncollectibles; expenditures for coal-tar remediation; the internal-audit function; purchasing and contracting; SCG's new service center in Orange; SCG's customer-service center in Bridgeport, with particular attention on how complaints, terminations, inquiries, and billing disputes are handled; how SCG is preparing to unbundle its services; and gas-procurement operations, in light of increasing competition and FERC orders, including FERC Order 636.

**Client:** The Dayton Power and Light Company  
**Client Contact:** Judy W. Lansaw, Group Vice President  
The Dayton Power and Light Company  
P. O. Box 8825  
Dayton, Ohio 45401  
(513) 259-7201

*Summary:* Liberty assisted this combination gas- and electric-utility company with a review of its strategy for its gas business. The focus of this review was preparing for competition. Principal areas of concern were gas-main extension policy, gas rates and service offerings, financial performance of the gas business, the company's approach to gas marketing, and the potential for competitors to affect the company's electric business.

**Client:** New Hampshire Public Utilities Commission (NHPUC)  
**Client Contact:** Thomas B. Getz, Chairman  
New Hampshire Public Utilities Commission  
8 Old Suncook Road  
Building No. 1  
Concord, New Hampshire 03301-7319  
(603) 271-2431

*Summary:* Liberty performed a management and financial audit of Public Service Company of New Hampshire (PSNH) for the Commission. This audit was conducted during the course of the Commission's review of a rate filing by the company. A significant component of this investigation was an examination of the fuel management practices and procedures of the utility that burned a mix of coal, fuel oil and natural gas. The examination of such costs was of material assistance to the Commission in examining the projected profitability of the various business segments under a range of assumptions about the future regulatory and market environments in which those segments would operate. Liberty assumed a principal role in negotiating outstanding restructuring issues and litigation between the NHPUC and PSNH, and is supporting the settlement in testimony before the Commission and the New Hampshire legislature. Liberty also provided on-going oversight of PSNH's preparations to sell its fossil-fueled and hydroelectric power plants through an auction, on behalf of the NHPUC. Monitoring activities included: meeting with PSNH and its investment banker and counsel to check on preparation progress, reviewing draft descriptive memoranda, providing comments to PSNH about terms and conditions of the proposed divestiture, and reporting on progress and issues to the NHPUC's senior Staff.

**Client:** New Hampshire Public Utilities Commission  
**Client Contact:** ChristiAne G. Mason  
New Hampshire Public Utilities Commission  
8 Old Suncook Road  
Concord, New Hampshire 03301-7319  
(603)271-2431

*Summary:* Liberty conducted a financial audit of the operations of Verizon New Hampshire. The audit included any services provided by affiliates, the allocation of costs between regulated and non-regulated activities, all other expense areas, assets, and revenues. This audit was conducted in the context of the company and Commission considering a change from traditional ratemaking.

**Client:** New Jersey Board of Public Utilities (*Focused and Management Audit of SJI. and its Affiliates*)  
**Client Contact:** Arthur Gallin, Division of Audits  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
(973) 648-4437

*Summary:* Liberty conducted a focused and general management audit of SJI, South Jersey Gas, and affiliates for the New Jersey Board of Public Utilities. This project included detailed examinations of affiliate relationships, governance, financing and utility ring-fencing, compliance with New Jersey EDECA requirements for affiliate separation, protection of confidential information, non-discrimination against third-party competitors with utility affiliates, and other code-of-conduct issues.

**Client:** New Jersey Board of Public Utilities (*audits of the competitive-service offerings of New Jersey's four electric-distribution companies*)  
**Client Contact:** Pasquale Salvemini  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
(973) 648-2162

*Summary:* Liberty performed audits of the competitive-service offerings of New Jersey's four electric-distribution companies to assure that the utilities were complying with the Board's Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, which implement New Jersey statutes that regulate utility-affiliate transactions and establish standards of conduct in providing competitive services to end users in New Jersey. The objectives of these audits are to assure that neither the utilities nor their related competitive business segments enjoy an unfair competitive advantage over their competitors, and that there is no form of cross-subsidization of competitive services by utility operations or affiliates with which they are associated.

**Client:** New Jersey Board of Regulatory Commissioners (*auditing Public Service Electric & Gas Company*)  
**Client Contact:** Walter P. Szymanski, Director, Division of Audits  
New Jersey Board of Regulatory Commissioners  
Two Gateway Center  
Newark, New Jersey 07102  
(201) 648-2026

*Summary:* Liberty performed a focused evaluation of The Public Service Enterprise Group (*PSEG*) and its subsidiaries, which include, among others, Public Service Electric & Gas Company, one of the largest combination electricity and natural-gas utilities in the United States. The scope included a review of the management of resources, cash, and property of each company and their impacts on short- and long-term performance. The focus areas included documentation of the scope, nature, and controls on cost-allocation methods; prices of goods and services; and the financial, economic, and operating impacts of the holding-company structure and affiliates on utility rates and service. The financial performance and business plans of the company's unregulated subsidiaries were evaluated. Liberty also reviewed the appropriateness of executive compensation packages. Liberty conducted this audit in accordance with the U.S. General Accounting Office's audit standards. Liberty completed this assignment in only a few months, and within budget, despite the size and complexity of PSEG's operations and number of subsidiary companies. Liberty's client, the New Jersey Board of Regulatory Commissioners, accepted our recommendations.

**Client:** New Jersey Board of Public Utilities (*Focused Audit of NUI Corp. and its Affiliates*)  
**Client Contact:** Walter Szymanski, Director, Division of Audits  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
(973) 648-2162

*Summary:* Liberty performed a focused audit of NUI Corp. and its affiliates, which included operating gas LDCs in three states, an energy trading and brokering affiliate, a competitive retail energy supplier, an energy services

company, a telecommunications equipment company, a local/long-distance/wireless telecommunications service provider, and environmental remediation subsidiary, and international ventures company, a utility billing and customer information system subsidiary, and a utility engineering services company. The board commissioned the audit after a series of credit downgrades, in the wake of poor non-utility financial performance which caused the utility subsidiary to experience downgrades to below investment-grade. Liberty conducted detailed reviews of the planning for, investments in, performance of, and sources and uses of funds involving all of the subsidiaries. Liberty also examined in detail financial and accounting systems and controls, affiliate transaction cost assignment and allocation, energy commodity trading transactions, corporate governance, executive compensation, and all other matters with the potential for affecting utility cost and service reliability and cross-subsidization of affiliates.

**Client:** New York Public Service Commission (*auditing New York State Electric & Gas Corp.*)  
**Client Contact:** Ron Pelinski, Management Audit Section  
New York Public Service Commission  
State of New York  
Three Empire Plaza  
Albany, New York 12223  
(518) 486-2480

*Summary:* Liberty performed a comprehensive management and operations audit of all areas of the company affected by a major corporate reorganization. Additional, special focus areas included business unit restructuring, change management, performance planning and measurement, human resources, construction program planning, affiliate transactions, and central services for multiple utility and non-utility units.

**Client:** The New York Public Service Commission (*auditing Central Hudson Gas & Electric*)  
**Client Contact:** James Lyons, Management Audit Section  
New York Public Service Commission  
Three Empire Plaza  
Albany, New York 12223  
(518) 486-2480

*Summary:* Liberty performed a management and operations study of Central Hudson Gas & Electric, focusing on the designated areas of human resources, construction program planning, corporate budgeting, consumer services, computerized information systems, and economic development.

**Client:** Office of the State Comptroller (*auditing the New York Power Authority*)  
**Client Contact:** Gerald Tysiak, Audit Manager  
Office of the State Comptroller, State of New York  
A. E. Smith State Office Building  
Albany, New York 12236  
(518) 473-6015

*Summary:* Liberty conducted the 2002 management audit of New York Power Authority (NYPA), the nation's largest non-federal public-power organization in the United States. NYPA operates 10 generating facilities that produce one quarter of the electricity consumed in the state of New York. The purpose of the audit was to evaluate NYPA's plans to build and operate power plants in New York City. NYPA's plans were evaluated and compared to other power supply alternatives available. Liberty concluded that NYPA management had not effectively evaluated its power market alternatives prior to committing to its power.

**Client:** Pennsylvania Public Utility Commission (*auditing West Penn Power Company*)  
**Client Contact:** Glenn Bartron, Bureau of Audits  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, Pennsylvania 17120  
(717) 783-5000

*Summary:* Liberty performed a broadly-based management and operations audit of all areas of the company, including activities of the Allegheny Power System of which West Penn Power Company is a part. Additionally, special focus areas included affiliate costs, staffing and compensation, management information services, bulk power transactions, engineering and construction, transmission and distribution, Clean Air Act Amendment planning, and power interruptions.

**Clients:** Pennsylvania Public Utility Commission (*auditing Bell Atlantic - Pennsylvania*) and District of Columbia Public Service Commission (*auditing Bell Atlantic - District of Columbia*)

**Client Contacts:** Kathy Swords, Bureau of Audits (PA)  
Pennsylvania Public Utility Commission  
901 N. Seventh Street - Rear  
Harrisburg, Pennsylvania 17105-3265  
(717) 772-0315

Public Service Commission of the District of Columbia  
450 5th Street, N.W.  
Washington, D.C. 20001  
(202) 626-5100

*Summary:* Liberty performed a comprehensive management audit of the functional operations of Bell Atlantic - Pennsylvania and Bell Atlantic - District of Columbia, operating companies of Bell Atlantic, one of the largest telecommunications organizations in the world. The audit included in-depth reviews of accounting functions and finance, including cost accounting, managerial accounting, budgeting and control, internal auditing, rates, cash management, financial-requirements planning, financing methods, and asset transfers. Liberty's review of compensation and benefits was performed because the area was identified as a special area warranting focused review. The review also included an in-depth analysis of the relationships and transactions of Bell Atlantic - Pennsylvania and Bell Atlantic - District of Columbia and their Bell Atlantic affiliates.

**Client:** City of Stillwater, Oklahoma  
**Client Contact:** Carl Weinang, City Manager  
P.O. Box 1449  
723 South Lewis  
Stillwater, Oklahoma 74074  
(405) 742-8201

*Summary:* To help the City of Stillwater prepare for changes in the electric-power industry, Liberty performed a competitive assessment of its electric utility. The municipality owns and operates about 30 megawatts of generation, and purchases a considerable amount of electricity. Loss of any of the utility's large industrial customers would threaten the revenue stream the city derives from operations. Liberty, in a teaming arrangement with another consultant, evaluated operations efficiency, developed a strategy to improve competitiveness, and helped the utility move to a more-competitive business position. All business and operations functions were evaluated, with particular emphasis on customer service, management of key industrial accounts, operations efficiency, maintenance policies and practices, and work-control and workforce management.

**Client:** Tennessee Public Service Commission (*auditing United Cities Gas Company*)  
**Client Contact:** William H. Novak, Utility Rate Division Manager  
Tennessee Public Service Commission  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505  
(615) 741-2792

*Summary:* This comprehensive management audit covered the traditional functional areas of executive management and corporate planning, financial systems, system operations, customer services, human resources, and support functions, as well as specific issues, including: main extension policies; vehicle management; affiliate interests and leases; advertising, sales, and promotion expenses; continuing property records; procurement and vendor relations; comparative rates; and comparative salaries and wages. Liberty's review of financial systems included requirements planning, accounting, budget management and control, rates, internal auditing, cash management, taxes, forecasting, compensation and benefits, and construction management. United Cities Gas Company accepted most of Liberty's 70 recommendations for improvements. The Tennessee Public Service Commission asked Liberty's consultants to testify on a few areas of disagreement as expert witnesses in a rate case.

**Client:** Public Utilities Commission, State of Maine (*auditing Four Maine Electric Utilities*)  
**Client Contacts:** Mr. Ralph Howe or Mr. Charles Cohen  
Public Utilities Commission, State of Maine

242 State Street, State House Station 18  
Augusta, ME 04333  
207-287-1371

*Summary:* Liberty examined the reliability of the T&D systems for the four largest electric utilities in the state of Maine. The review considered budgeting, maintenance, inspections, planning, and other matters.

**Client:** Public Utilities Commission, State of Maine  
**Client Contacts:** Mr. Ralph Howe or Mr. Charles Cohen  
Public Utilities Commission, State of Maine  
242 State Street, State House Station 18  
Augusta, ME 04333  
207-287-1371

*Summary:* Liberty provided technical expertise to the Commission on the public necessity and convenience of a new 345 kV and a new 138 kV transmission interconnection with New Brunswick Power.

**Client:** NorthWestern Energy and Montana PSC (*auditing Northwestern Energy*)  
**Client Contact:** Mr. William T. Rhoads, General Manager,  
Montana Distribution Operations,  
Butte, MT  
(406) 497-3496

*Summary:* Liberty performed an operations audit and reliability assessment of the company's electric and gas T&D systems.

**Client:** Southern Company Services – Georgia Power Company  
**Client Contact:** Dan Lane  
Manager, Internal Auditing  
dllane@southernco.com  
(205) 257-3011

*Summary:* Liberty assessed the T&D standards and practices of Georgia Power Company against good utility practices. The review considered all aspects of T&D design, planning, maintenance, and operations.

**Client:** Southern Company Services – Alabama Power Company  
**Client Contact:** Dan Lane  
Manager, Internal Auditing  
dllane@southernco.com  
(205) 257-3011

*Summary:* Liberty assessed the T&D standards and practices of Alabama Power Company against good utility practices. The review considered all aspects of T&D design, planning, maintenance, and operations.

**Client:** Belize Electricity Limited  
**Client Contact:** Lynn R. Young, CEO  
Belize Electricity Limited  
115 Barrack Road  
P. O. Box 327  
Belize City, Belize, C. A.  
(501) 2-33357

*Summary:* Liberty undertook a re-engineering and organization study for Belize Electricity Limited, the electric utility that serves the country of Belize. Liberty designed a new organization structure for the company. Major areas of emphasis in the re-engineering include customer service (eliminating business offices, reducing theft of service, and improving installations of new services), distribution operations (work management), materials management (forecasting material needs,) economic dispatch and system control, and human-resources management (streamlining and automating transactions).

**Client:** Rochester Gas & Electric Corporation  
**Client Contact:** Charles Keele  
Rochester Gas & Electric Corporation

89 East Avenue  
Rochester, NY 14649  
(716) 724-8662

*Summary:* Liberty worked with a group of RG&E managers to re-engineer the project-controls, work-management, and manpower-planning processes for electric T&D operations. The group included the work-scheduling section, general foremen, and T&D department managers. The Liberty/RG&E team built a system that tied together all identified projects, spreads resource requirements across the duration of each project, and calculates aggregate manpower requirements, along with administrative and non-work time, such as training, sick days, safety meetings, etc. The idea was to draw together all work requirements, assign priorities, and compare the results to available T&D crews. The project was generated by senior management's concern that labor costs, and specifically contractor crews, were increasing, but projects were not getting accomplished, and outages were too high. Most outages were linked to identified, but still-open, system-deficiency reports. By using the system RG&E was able to eliminate the problems and cut contractor costs in half.

**Client:** Kentucky Public Service Commission (*auditing East Kentucky Power Cooperative, Inc.*)  
**Client Contact:** Charles Bright, Staff Project Officer  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601  
(502) 564-3940

*Summary:* Liberty completed the 2001 management and operations audit of East Kentucky Power Cooperative, Inc. (EKPC). EKPC is a 2300 MW not-for-profit generation and transmission cooperative supplying electric power to 17 member distribution cooperatives and non-member utilities. The overall objective of this project was to perform a detailed, focused review of EKPC's efforts to prepare itself to effectively compete in deregulated energy markets and its efforts to enhance the quality and delivery of services offered to its member cooperatives and their customers.

**Client:** Kentucky Public Service Commission (*auditing Big Rivers*)  
**Client Contact:** John Rogness, Manager – Management Audit Branch  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601  
502-564-3940

*Summary:* Liberty reviewed the Big Rivers' analysis of the ability of existing 161 kV and 69 kV facilities to reliably serve existing and expected load in the Meade County area of Kentucky. Included in the work was Liberty's analysis of Big Rivers' power flow analyses and long range plans. Liberty also performed an assessment of the actual need for the proposed transmission line and alternative solutions, including upgrading existing facilities, wheeling through neighboring systems, as well as the use of generation, in terms of long-range system development.

**Client:** Kentucky Public Service Commission (*auditing Louisville Gas and Electric Co. and Kentucky Utilities*)  
**Client Contact:** John Rogness, Manager – Management Audit Branch  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601  
502-564-3940

*Summary:* Liberty reviewed the LG&E/KU analyses of the need for three separate 345 kV and 138 kV transmission lines in Kentucky, and the ability of these proposed lines to reliably serve existing and expected load in Kentucky. Included in the work was Liberty's analysis of the LG&E/KU power flow analyses and long range plans. Also included in Liberty's assessment of the need for the facilities was an evaluation of alternative solutions, including upgrading existing facilities, wheeling through neighboring systems, as well as the use of generation, in terms of long-range system development.

**Client:** Kentucky Public Service Commission (*auditing Kentucky Utilities Company & Louisville Gas & Electric Company*)

Client Contact: John Rogness, Manager – Management Audit Branch  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601  
(502) 564-3940

*Summary:* Liberty completed a focused management audit that examined all operational and managerial aspects of the fuel procurement functions of KU and LG&E. The audit included an examination of the organizational structure and the operational interrelationship of fuel procurement management among LG&E Energy, KU and LG&E. Although the greatest effort of the audit was a focus on coal procurement, the procurement of natural gas and fuel oil was included as well.

**Client:** Kentucky Public Service Commission

Client Contact: Aaron Greenwell, Manager - Management Audit Branch  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602  
(502) 564-3940

*Summary:* Liberty conducted a management audit of GTE South of Kentucky on behalf of the Kentucky Public Service Commission. The audit is focused primarily on evaluating the Kentucky operations of this national telecommunications company, with particular emphasis on the quality of service provided to Kentucky customers, alternative-regulatory methods, and the company's readiness for competition. The audit also included other traditional focus areas, such as strategic planning, organization, affiliate relationships, finance, marketing, and human resources.

**Client:** Vermont Public Service Board

Client Contacts: Mr. Michael H. Dworkin, Chairman  
Mr. Kurt R. Janson, General Counsel  
Vermont Public Service Board  
112 State Street  
Montpelier, VT 05620  
802-828-2358

*Summary:* Liberty provided technical expertise to the Commission on the public necessity and convenience of a new 345 kV and a new 138 kV transmission interconnection with New Brunswick Power.

**Client:** Public Utilities Commission of Ohio (*auditing Columbus Southern Power Company and Ohio Power Company - both subsidiaries of AEP*)

Client Contact: Raymond Strom, EFC Supervisor  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215-3793  
(614) 466-7707

*Summary:* Liberty performed the 1999 management and performance audit of fuel-related policies and practices of Columbus Southern Power Company and Ohio Power Company, both subsidiaries of American Electric Power Company, Inc. This audit sought to determine whether fuel-management practices and policies were reasonably designed to assure availability of sufficient fuel supplies of adequate quality to permit efficient operation of electric-generating stations at the least cost. Important to the audit were the coal related transactions with affiliated coal mining operations. The audit also sought to determine whether bulk-power system dispatch, economy sales, and emergency and reliability transfers were conducted to promote least-cost operation, and whether plans and activities for compliance with the Clean Air Act Amendments were reasonably designed and cost-effective. The audit resulted in a report used in the Public Utilities Commission of Ohio's EFC hearing.

**Client:** Public Utilities Commission of Ohio (*auditing Cincinnati Gas & Electric Company*)  
**Client Contact:** Raymond Strom, EFC Supervisor  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43266-0573  
(614) 466-7707

*Summary:* Liberty performed the 1999 management and performance audit of fuel-related policies and practices of Cincinnati Gas & Electric Company. This audit sought to determine whether fuel-management practices and policies were reasonably designed to assure availability of sufficient fuel supplies of adequate quality to permit efficient operation of electric-generating stations at the least cost. The audit also sought to determine whether bulk-power system dispatch, economy sales, and emergency and reliability transfers were conducted to promote least-cost operation, and whether plans and activities for compliance with the Clean Air Act Amendments were reasonably designed and cost-effective. The audit resulted in a report used in the Public Utilities Commission of Ohio's EFC hearing.

**Client:** Public Utilities Commission of Ohio (*auditing Monongahela Power Company*)  
**Client Contact:** Raymond Strom, EFC Supervisor  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43266-0573  
(614) 466-7534

*Summary:* Liberty performed the 1997 and 1998 management and performance audits of fuel-related policies and practices of Monongahela Power Company. These audits seek to determine whether fuel-management practices and policies are reasonably designed to assure availability of sufficient fuel supplies of adequate quality to permit efficient operation of electric-generating stations at the least cost. The audits also seek to determine whether bulk-power system dispatch, economy sales, and emergency and reliability transfers are conducted to promote least-cost operation, and whether plans and activities for compliance with the Clean Air Act Amendments are reasonably designed and cost effective. The audits resulted in reports used in the Public Utilities Commission of Ohio's EFC hearings.

**Client:** Public Utilities Commission of Ohio (*auditing Ohio Edison Company*)  
**Client Contact:** Raymond Strom, EFC Supervisor  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43266-0573  
(614) 466-7534

*Summary:* Liberty performed the 1995 management and performance audit of fuel-related policies and practices of Ohio Edison Company. This audit sought to determine whether fuel management practices and policies were reasonably designed to assure availability of sufficient fuel supplies of adequate quality to permit efficient operation of electric generating stations at the least cost. The audit sought to determine whether bulk power system dispatch, economy sales, and emergency and reliability transfers were conducted to promote least-cost operation and to determine whether plans and activities for Clean Air Act Amendments compliance were reasonably designed and cost effective. This audit resulted in a report used in the Public Utilities Commission of Ohio's EFC hearings.

**Client:** Public Utilities Commission of Ohio (*auditing Cleveland Electric Illuminating Company and Toledo Edison Company*)  
**Client Contact:** Raymond Strom, EFC Supervisor  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43266-0573  
(614) 466-7534

*Summary:* Liberty performed the 1993 and 1994 fall series management and performance audits of fuel related policies and practices of Cleveland Electric Illuminating and Toledo Edison. These audits seek to determine whether fuel management practices and policies are reasonably designed to assure the availability of sufficient fuel stocks of adequate quality efficiently and at least cost, and whether bulk power system dispatch, economy of sales and emergency and reliability transfers are conducted to promote least cost operation and to determine whether plans for

Clean Air Act Amendments compliance are designed to capture the most reasonable and cost effective manner. These audits resulted in reports used in the Public Utilities Commission of Ohio's EFC hearings.

**Client:** Public Utilities Commission of Ohio (*auditing Vectren Energy Delivery of Ohio, Inc.*)  
**Client Contact:** Thomas C. Pearce II, Natural Gas Specialist  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215-3793  
(614) 466-1846

*Summary:* Liberty conducted the 2002 Gas Cost Recovery management/performance audit of Vectren Energy Delivery of Ohio, Inc. The focus areas included supply planning; organization, staffing and control; gas acquisition; transportation; balancing; regulatory management; response to changes in regulation (primarily new Customer Choice programs in Ohio); follow-up to issues raised in the last audit; and several company-specific issues that were important to the PUCO.

**Client:** Illinois Commerce Commission (*auditing Illinois Power Company*)  
**Client Contact:** Michael Adams, Manager, Management Studies Division  
Illinois Commerce Commission  
527 East Capital Avenue  
Springfield, Illinois 62794-9280  
(217) 782-0595

*Summary:* Liberty conducted an independent review of Illinois Power Company's plans to comply with the Clean Air Act Amendments of 1990 by installing pollution control devices at the Baldwin Station. The investigation assessed the reasonableness of IPC's selected technology, plans and estimates to ensure that IPC provides reliable, efficient, utility service at the least-cost to customers. Liberty's work contributed to the utility's decision to alter its plans and change to a more cost effective approach.

**Client:** Delmarva Power & Light Company  
**Client Contact:** James Lavin, Controller  
Delmarva Power & Light Company  
800 King Street  
Wilmington, Delaware 19899  
(302) 429-3359

*Summary:* Liberty assisted Delmarva Power & Light Company in developing and implementing self-assessment and continuous-improvement processes in the following areas: affiliate transactions, strategic planning, management organization, customer service, conservation, regulatory affairs, gas procurement for electric generation, and compensation. Liberty also provided specialized training and consulting with respect to stakeholder management and external reviews.

**Client:** Division of Consumer Advocacy, Department of Commerce and Consumer Affairs, State of Hawaii  
**Client Contact:** Charles W. Totto, Executive Director  
Division of Consumer Advocacy  
Department of Commerce and Consumer Affairs  
State of Hawaii  
250 South King Street  
Honolulu, Hawaii 96813  
(808) 586-2770

*Summary:* Liberty evaluated a report prepared by a consultant to the Hawaii Public Utilities Commission on the relationship between Hawaiian Electric Industries (*HEI*), a diversified utility-holding company, and Hawaiian Electric Company (*HECO*), its principal subsidiary and operating electric utility. The impetus for the original study was public concern about the bankruptcy of an insurance subsidiary, the size of HEI's investment in non-utility investments, and the relatively high frequency of HECO's outages. The issues included in Liberty's assessment included corporate governance; affiliate transactions and cost allocations; credit support; and service reliability.

**Client:** Virginia State Corporation Commission (*examining relationships between Virginia Power Company and its parent company, Dominion Resources, Inc.*)

Client Contact: James Douglas  
Virginia State Corporation Commission  
Box 1197  
Richmond, Virginia 23209  
(804) 371-9422

*Summary:* Liberty examined corporate and financial relationships between Dominion Resources, Inc. (*DRI*) and its wholly-owned and largest subsidiary, Virginia Power Company, in the wake of an unprecedented public dispute between the two about control over public utility operations. This unique study, which Liberty performed for the State Corporation Commission, addressed all significant facets of the corporate governance, operating relationships, and affiliate-arrangement interrelationships between the two. Liberty specifically examined whether organization, staffing, planning, and authority for conducting activities gave Virginia Power adequate authority and capability to move forward in a changing electric utility environment. Among the authorities Liberty examined were the arrangements governing the operations of the Treasury and Cash Management departments. Liberty performed its study at the same time that Virginia Power was undergoing a major strategic planning effort specifically designed to assist it in preparing to meet the challenges of a more competitive marketplace.

**Client:** Big Rivers Electric Corporation  
Client Contact: John West, Vice General Manager of Finance  
Big Rivers Electric Corporation  
201 Third Street  
Henderson, Kentucky 42420  
(502) 827-2561

*Summary:* Liberty designed and facilitated a self-assessment process for Big Rivers' review of its plan for compliance with the Clean Air Act Amendments of 1990. Under Kentucky statute, costs of compliance with new federal, state, and local environmental regulations are recoverable through a unique environmental surcharge. Liberty assisted Big Rivers in the definition of applicable expenses and surcharge mechanics. Liberty also assisted Big Rivers with the preparation of documentation to support an application for surcharge implementation.

**Client:** Kentucky Utilities Company  
Client Contact: Ron Willhite, Director of Rates and Rate Research  
Kentucky Utilities Company  
One Quality Street  
Lexington, Kentucky 40507  
(606) 288-1136

*Summary:* Liberty assisted Kentucky Utilities in preparing an application for, and implementation of, an environmental surcharge allowable by Kentucky law. This unique surcharge provides for current recovery of the cost of compliance with federal, state, and local environmental regulations, including the Clean Air Act Amendments and coal-combustion wastes and by-products. Liberty's work, which involved all aspects of the application, surcharge implementation, and formal proceedings, was the first application under the implementing legislation, with an emphasis on the analysis of financial effects and investment alternatives.

## Exhibit C – Sample Reports