

**THE
LIBERTY
CONSULTING GROUP**

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July 6, 2018

Secretary to the Public Service Commission
New York State Department of Public Service
3 Empire State Plaza
Albany, New York 12223-1350

To the Secretary to the Public Service Commission:

Re: Request for Proposals to Perform a Comprehensive Management and Operations Audit of National Grid USA's New York Electric and Gas Utilities - Case 18-M-0195

The Liberty Consulting Group (Liberty) is pleased to present the enclosed *Proposal to Perform a Comprehensive Management and Operations Audit of National Grid USA's New York Electric and Gas Utilities*. This proposal responds to the May 17, 2018, Request for Proposals (RFP) issued by the Department of Public Service. We appreciate the Department's continued interest in inviting our responses to RFPs calling for the performance of such important engagements. We believe that Liberty offers a combination of skills, local knowledge, and broad industry experience uniquely suited to performing this engagement effectively:

- Recent completion of the New York utility staffing study - - offering a state-wide knowledge of how utilities structure and staff work on network capital and O&M programs and projects
- Completion of a previous management and operations audit of NYSEG and RG&E
- A previous management and operations audit of CECONY, considered very successful and one that broke new ground
- Current work (to be completed before the National Grid audit commences) on a management and operations audit of an operating utility of Exelon, another very large U.S. holding company
- Prior completion of a comprehensive management and operations audit of Pepco, which serves the Washington, DC metropolitan area, and is now also part of the Exelon family of utilities
- One current and one very recent examination of capital planning, management, and operation of major, long-term gas infrastructure improvement programs in two of the country's largest metropolitan areas (Chicago and the District of Columbia), both of which addressed long-term accelerated high-risk pipe replacement
- Service as technical consultants to the Connecticut utility regulatory staff, addressing readiness, impediments, and challenges associated with a program to increase the state's natural gas consumption by 50 percent.
- Multiple concurrent reviews in 2014 of reliability performance and system "hardness" for North American Atlantic region regulators in the wake of major storm events.

Ms. Kathleen H. Burgess
July 6, 2018
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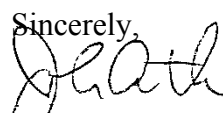
- A review for the California PUC of the use of risk assessment in forming short- and long-term network infrastructure strategies, capital plans, and budgets - - involving PG&E, which provides electricity and gas distribution service across a widely dispersed area.

Our experience in just the past few years gives us an unmatched level of knowledge and respect from both regulators and utility management, yet comprises a small part of the track record we have amassed in serving utility regulators for thirty years. We have performed a wide variety of engagements for two- thirds of U.S. utility regulators, four Canadian provincial regulators, and more than 40 utilities. Our work includes more than 20 management audits and dozens of reviews of governance and common service cost assignment/ allocation. We have performed more than 30 examinations of utility holding company affiliate relationships and transactions, concentrating on service companies serving multiple utility operations. We have also performed many engagements at electric and gas utilities addressing reliability and safety, energy procurement, hedging, and management, governance and executive structure, infrastructure replacement and modernization, program, project, and work management, and customer operations.

We are especially pleased to offer a team with strong representation from and long experience with the New York and Mid-Atlantic regions and their utility service providers. Our team includes two engineers, both with many years of utility management experience. They and the remainder of our team have extensive utility planning, budgeting, and management experience in their assigned work areas. The team includes the core members from our audits of CECONY, NYSEG and RG&E, and the New York utility staffing study. The team we offer has worked together on many projects together over a long time, enabling us to offer a cohesive and efficient approach, and further assure the Commission that we can deliver what we promise. We have augmented the team here with a senior, highly experienced information services professional, recognizing the emphasis that the RFP placed on that area and the massive expenditures planned by management.

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 is in compliance with all RFP requirements. This proposal constitutes a firm offer to provide the services described therein, and that the offer is valid until January 2, 2019. Please feel free to contact us with any questions or information needs. Thank you for considering our proposal to conduct this important engagement.

You may reach us at the address and numbers identified in this letter's header, or contact our office by e-mail at admin@libertyconsultinggroup.com, copying me personally at antonuk@libertyconsultinggroup.com.

Sincerely,


John Antonuk
President

Enclosures