

**Management Audit  
Of  
Iberdrola, USA's  
New York Operating Utilities  
For  
New York Department Of Public Service**

**January 24, 2011**



**Vantage Energy Consulting, LLC**

**Management Consulting and Energy Services**

January 24, 2011

Mr. Henry Leak  
Project Manager  
New York State Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223-1350

Dear Mr. Leak,

Vantage Energy Consulting LLC., (Vantage) is pleased to respond to the Request for Proposal for a Comprehensive Management Audit of Iberdrola, S.A. (IBE), Iberdrola USA (IUSA), New York State Electric and Gas (NYSE&G) and Rochester Gas and Electric (RG&E) – as referenced in Case 10-M-0551. Vantage is the successor to Vantage Consulting, Inc., and was formed to reflect a permanent move of the corporate headquarters from Pennsylvania to Florida.

In preparing our Proposal and Project Approach, we wish to emphasize our willingness to work with the New York Public Service Commission (Commission) and Staff to reach the required results in an efficient, cost effective and non-intrusive manner. Our firm is staffed by professional consultants who are currently conducting similar assignments with great success.

This proposal shall remain valid for 180 days from this date, or longer if decisions are pending. We will comply with all conditions and provisions as stated in the RFP. We will stand behind our findings, conclusions, and recommendations, and will comply with all applicable local and state ordinances. We do not take exception to any parts of the RFP. As evidenced by my signature below, I certify that all of the information in this proposal is accurate. Walter Drabinski will act as the primary contact for this proposal.

Per New York State's Public Officer's Law §87(2) (c), we are requesting that the attached proposal be treated in its entirety as confidential information. We request such exception from public disclosure until the Public Service Commission selects a winning proposal for this investigation.



**Vantage Energy Consulting, LLC**

**Management Consulting and Energy Services**

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

Very truly yours,



Walter P. Drabinski  
President

CC: Jaclyn Brilling, Secretary to the Commission



**Vantage Energy Consulting, LLC**

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**Proposal to State of New York Department of Public Service Case # 10-M-0551  
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Vantage Energy Consulting LLC, (Vantage) appreciates the opportunity to offer this proposal to perform an investigation of Iberdrola USA's New York operating utilities New York State Electric and Gas (NYSE&G) and Rochester Gas and Electric (RG&E), and to examine certain aspects of Iberdrola, S.A., and Iberdrola USA's operations and the resulting impact on New York State ratepayers.

Vantage proposes to perform the required services on all tasks defined in the RFP. Vantage has all of the resources and experience needed to conduct every aspect of this assignment. We have no conflicts of interest regarding past assignments with Iberdrola USA's New York operating utilities or any other affiliates. For ease of reading this proposal, we provide the following acronyms below.

- New York Public Service Commission (the Commission).
- Department of Public Service Staff (Staff).
- Iberdrola USA (IUSA)
- New York State Electric (NYSE&G)
- Rochester Gas and Electric (RG&E)
- Iberdrola, S.A. (IBE)
- New York Utilities collectively described as the (NY utilities).
- As the NG Service Companies).
- Vantage Energy Consulting LLC (Vantage).
- New York State Independent System Operator (NYISO)

Please note that we have recently re-incorporated in Florida to reflect our permanent move here. Our previous firm, Vantage Consulting, Inc. was a Pennsylvania-based firm for almost 20 years. All personnel, resources and systems associated with Vantage Consulting, Inc. are now with Vantage Energy Consulting LLC.

The material that follows provides details on our planned approach to this project as well as further details on our firm and consultants. We commit to fully comply with all requirements in the Request for Proposal. The Final Report will be completed no later than May 2012, as required. This proposal is valid for 180 days after submission. Vantage takes no exceptions to the RFP.



## I. INTRODUCTION

### A. GENERAL APPROACH

In responding to this Request for Proposal, Vantage will be brief yet still provide the information needed to make an informed decision by the Commission. Vantage has made a number of decisions in preparing this proposal. First, our preliminary work plan is relatively brief and is provided in the form of a Work Breakdown Structure (WBS). We have added some additional work steps to the various areas, and propose to develop a detailed work plan as the first step in the project after orientation and discussions with Staff. Vantage prepared this proposal based upon the RFP, the Guide for Consultants Submitting Proposal for Management and operations Audits, previous experience with audits of Iberdrola and other public documents.

We specify which consultant will have responsibility for each specific task and work step in our initial Work Breakdown Structure, however, we may reassign work steps to different consultants should the work load change or should changes in personnel be required. We have identified our proposed project team by work area and will further designate specific resources once the work plan is further defined.

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

### B. RELATED EXPERIENCE

During the last eighteen years, Vantage has performed numerous general management audits, as well as focused audits that address reliability, construction, budgeting, communications, and new technology implementation. All of our consultants bring extensive, relevant, direct experience in the areas addressed here. Collectively, Vantage consultants have worked on over 75 comprehensive management audits and hundreds of focused audits and utility related assignments. Eleven of the comprehensive audits were performed under the Vantage name. Specific examples of recent Vantage assignments follow.

- Consolidated Edison – Vantage, in its review of outage management and emergency preparedness, evaluated many areas associated with budgeting, capital planning, best practices and reliability.



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- Duke Energy Ohio, Indiana, and Kentucky – Affiliate Compliance Audits - Vantage performed three separate audits of Duke's compliance relative to its merger conditions during 2010.
- New Jersey Gas Hedging and Risk Management Audit – Vantage recently completed an audit of the four natural gas distribution utilities in New Jersey in which we examined gas hedging practices and risk management. This assignment required a thorough knowledge of the U.S. natural gas infrastructure and macro-economic drivers in the U.S. and world energy industry.
- KCP&L Iatan Unit 1 AQCS and Iatan 2 Coal Plant Construction Prudence - Vantage is monitoring the construction of Iatan 1 & 2 power plants by Kansas City Power & Light for the Kansas Corporation Commission. Vantage tracked the construction and start-up of new environmental controls on Iatan 1 and the complete construction of Iatan 2 in Weston, Missouri.
- Lower Colorado River Authority – Power Plant Cost of Service Study – Vantage performed a study of all fuel and related A&G costs for LCRA's power plant and corporate services groups. Included in the review is analysis of cost allocation between owners for fuels, maintenance, engineering and other corporate services.
- Mill Creek Prudence Monitoring – Vantage is currently monitoring the construction cost and schedule of the Mill Creek generating plant being built by NorthWestern Energy in Montana. Vantage provides regular updates on progress for the Montana PSC.
- Energy Auction Conduct and Monitoring for Pennsylvania, Maryland, Delaware and Virginia – Vantage acted as the SOS Procurement monitor in these four states for over twenty-five different procurement cycles from 2006 to 2010. Since 2008, Vantage has conducted the auction in Pennsylvania for Duquesne Energy using a custom developed bid system on the Vantage web site.
- Power Plant Construction and Operations - Mr. Drabinski's early career was spent building, operating and maintaining coal, oil, hydro and nuclear facilities for Niagara Mohawk Power Company. Since that time he has worked on consulting assignments at almost 150 power plants throughout North America. Mr. Boismenu has spent his career in utility engineering and power plant operations.





- Design, Construction and Operation of T&D Systems and Power Plants - Mr. Boismenu has worked on the design of nuclear, coal- and oil-fired power plants. He has managed engineering of transmission and distribution facilities, and was Plant Manager of a large coal plant in New York and then Regional Manager for all of NRG's facilities in the northeast.
- Energy Markets - Vantage has had numerous assignments in recent years that have required in-depth understanding of the energy markets. These include conducting the Standard Offer Service auctions in Pennsylvania, Virginia, Delaware and Maryland from 2006 to 2009, an operational and governance audit of the California ISO for FERC, expert witness testimony on power plant jurisdictional issues, and management audits of almost two dozen utilities in which energy markets were addressed.
- International Experience - Vantage and our team members have performed utility assignments for the Governments of Curacao, Guam and St. Vincent. We have also worked for Guam Power, Edmonton Power, Alberta Power and Belize Electric Limited as well as regulatory assignments involving National grid and Iberdrola.
- PSE&G Restructuring Audit and Prudence Review - In 2001, Vantage reviewed almost 120 fossil and nuclear construction projects in order to assess prudence as part of the electric restructuring in New Jersey.
- Hedging Strategy and Risk Management - Vantage recently completed an audit of the Roseville City California System's risk management program.

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

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



## II. SCOPE AND OBJECTIVES

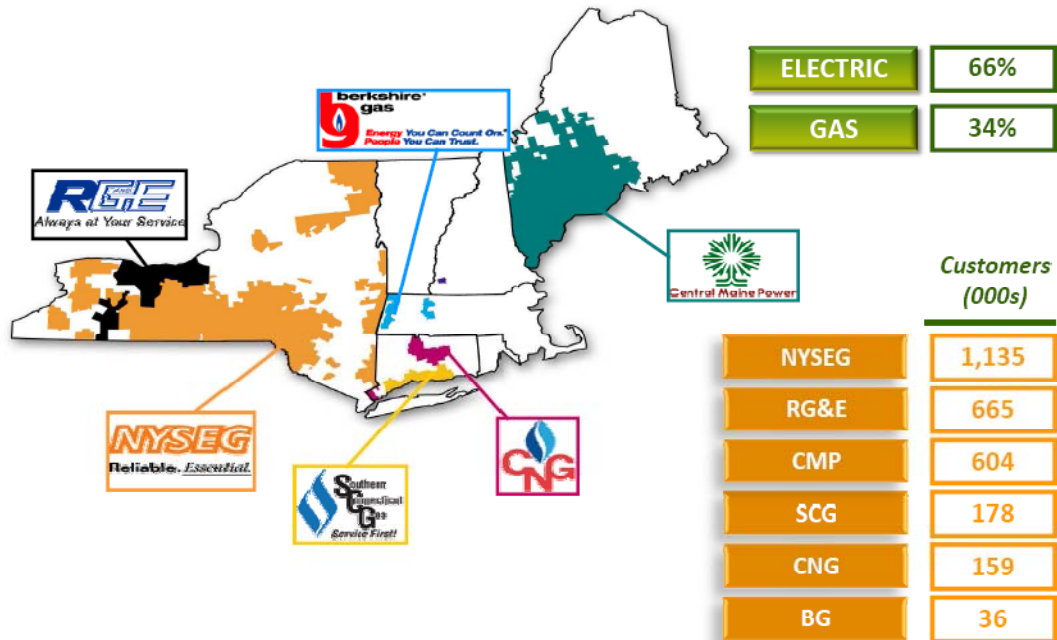
### A. BASIS FOR AUDIT

In preparing this proposal, Vantage reviewed a great deal of public information in order to get a sense of areas we may want to emphasize in our work. On December 16, 2010, the Commission issued a Request for Proposals (RFP) in Case 10-M-0551, for an independent consultant to conduct a management audit of Iberdrola USA's (IUSA) New York operating utilities – New York State Electric & Gas Corporation (NYSE&G) and Rochester Gas and Electric Corporation (RG&E) – and certain aspects of IUSA's and Iberdrola, S.A's (IBE) operations to evaluate the resulting impact on New York State ratepayers.

As noted by the Commission, IBE has an international corporate structure that differs from most other electric and gas utilities in the U.S. For example, IBE's executive management, including the Board of Directors, is located in Spain. The corporate offices for IUSA are located in New Gloucester, Maine which also includes some support services. The focus of this audit is on NYSE&G and RG&E. Particular emphasis of the audit is the construction program processes and operational efficiency and how the New York operations and ratepayers are impacted by decisions made outside of New York. In addition, a component of the management audit will also review whether sufficient accounting procedures and internal controls exist over affiliate transactions.

The following map illustrates the past holdings of Iberdrola in the northeast. Recently, the Connecticut gas utilities, Southeast Connecticut Gas and Connecticut Natural Gas were sold to United Illuminating.





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### REGULATORY STRUCTURE IN USA

The following chart illustrates the 2009 regulatory earning structure of the utilities.<sup>i</sup>

	CNG	SCG	NYSEG	RG&E
Rate Base at 31 Dec 09 (million)	\$357	\$445	\$583	\$443
Equity	52.5%	52%	Lower of 45.0% or Actual	Lower of 45.0% or Actual
ROE (after taxes) to Set Rates	9.31%	9.36%	10.50%	10.50%
Earnings Sharing	None	None	50/50 over 12.50%	50/50 over 12.00%
2009 Earned ROE (after taxes)	5.20%	7.16%	10.83%	8.16%

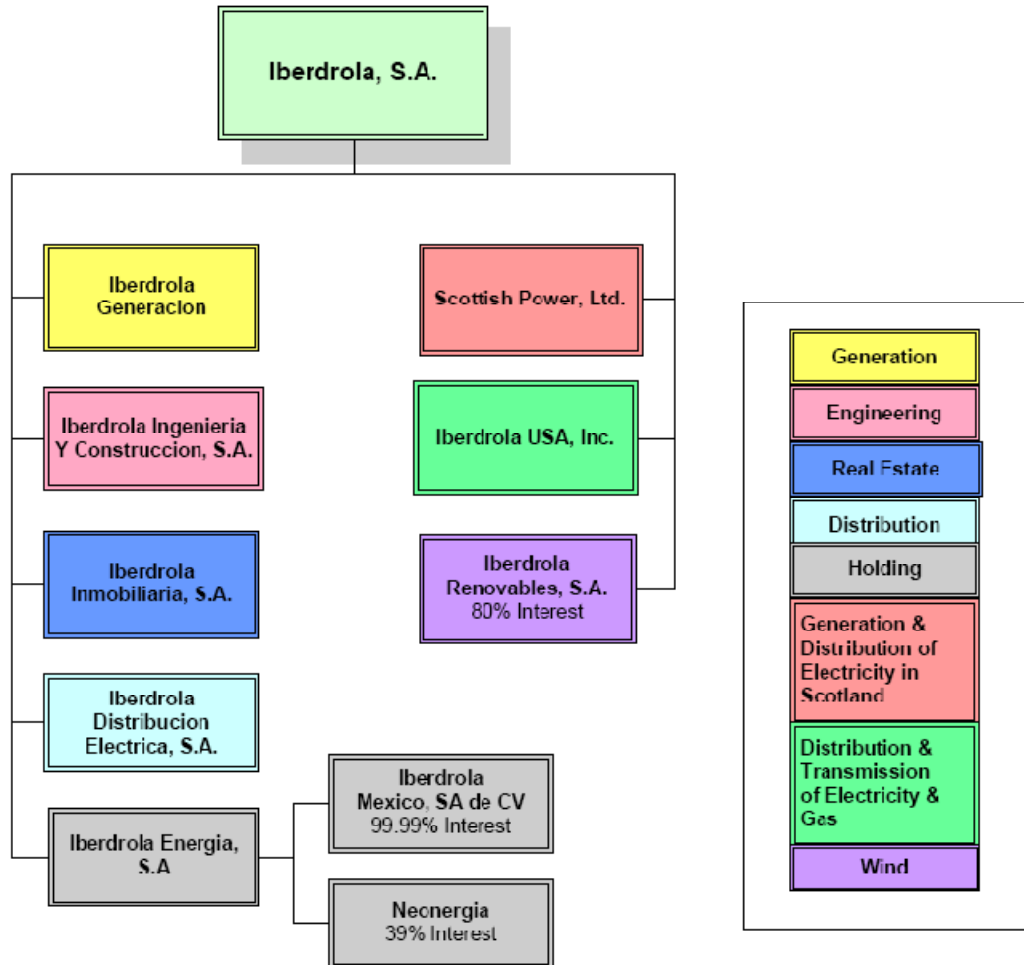
**ROE's lower than approved**

<sup>i</sup> / 2009 Annual Report Presentation

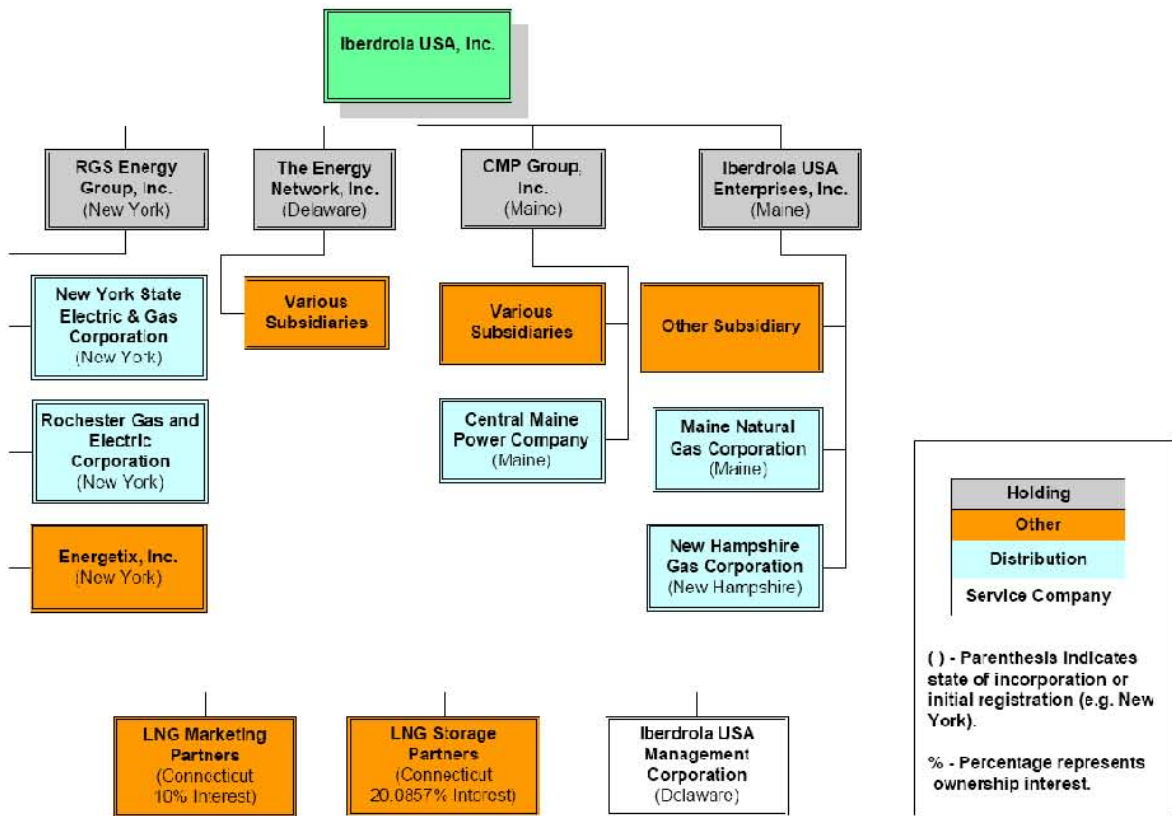


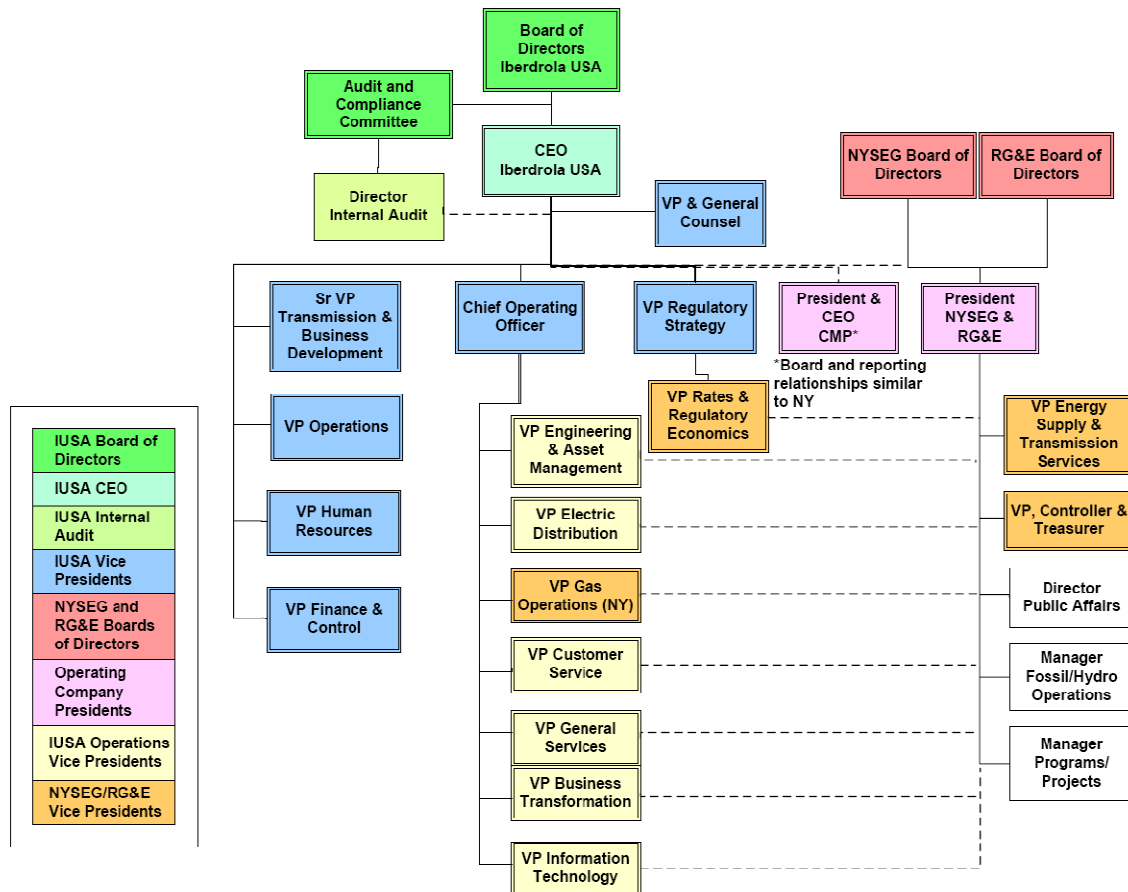
### IBERDROLA CORPORATE STRUCTURE

In order to properly assess how decisions are made within the IBE corporate structure it is important to understand the relationships of this complex organization. The following charts provide a pictorial description of the organization. The charts were included in the bidders' package provided by the Commission. The charts clearly illustrate the unusual and complex nature of the IBE organization.



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## PRE-IDENTIFIED ISSUES AND CONCERNS

There are a number of areas of concern which are raised by the structure, international ownership and recent charges to IBE. Vantage will be mindful of these as we progress through the audit. Of particular concern are the following.

## MANAGEMENT CONTROL ISSUES

The Commission raises a crucial question about how the interests of the New York retail customers are protected in this organization structure. It is not readily apparent from the charts how the senior management teams at NYSEG&G and RG&E influence the budgeting decisions. This raises a legitimate regulatory concern as to whether the budgeting and management decisions are made in the best interest of IBE or the NY retail ratepayers. Vantage will conduct extensive interviews of senior management in the U.S. and Spain to discern how decisions, policies, procedures and resources are addressed.

## **AFFILIATE TRANSACTIONS**

Given the organization of IBE, it is clear that there are costs incurred at the IBE and IBUSA levels that will be allocated to NYSG&E and RG&E as well as other affiliates both regulated and unregulated. This raises concerns not only about the level of costs but also the allocation of those costs. Does the organization structure add unnecessary cost? Is the allocation of costs to all of the affiliates equitable? Do the management teams at NYSG&E and RG&E have adequate discretion to pursue alternatives to the goods and services provided by IBE if they can be procured more efficiently? What impact did the sale of the Connecticut utilities have on the costs allocated to the remaining operating companies? These regulatory issues will be addressed in our audit.

### **Workforce reduction**

In the Iberdrola Consolidated Financial Statements for 2008-2009 they state:

“As part of an effort to reduce costs and increase efficiency, we have undertaken various measures to reduce workforce levels in 2010. On January 29, 2010, workforce levels were reduced by 140 through an involuntary separation. An additional reduction of approximately 55 employees has been announced in Connecticut. On February 12, 2010, we offered a voluntary early retirement program to approximately 500 employees. Eligible employees who accept the offer will receive a pension that is enhanced by the annuity value of one week's pay for every full year of service and not reduced by the normal early retirement factors.”

Vantage will investigate where these reductions took place, the amount of the actual reduction, the number of any further reductions beyond those announced above and the impact of the sale of the two Connecticut gas companies on these plans. Of particular concern will be the impact of the reductions on construction resources. Utilities across the U.S. are struggling with an aging line crew work force. Voluntary retirement incentives can have the unintended consequence of reducing this critical and experienced work force.

### **Sale of Southern Connecticut Gas, Connecticut Natural Gas and The Berkshire Gas Company**

In 2010, Iberdrola completed the sale of Southern Connecticut Gas, Connecticut Natural Gas and The Berkshire Gas Company to UIL Holdings. Although none of these gas utilities operated within New York State, there are implications for IUSA and its affiliates. Centralized support services are theoretically sized to meet the demand of their customers which are the operating companies and other affiliates. The costs of these support services are allocated through various means to those customers. With the sale of the three gas companies, Vantage will determine whether costs increased to the New York companies as a result of costs being allocated over a smaller pool without increase in service levels. Additionally, Vantage will determine whether purchasing power has been diminished for gas infrastructure and if so, the result on capital budgets.

**B. VANTAGE CORE PROJECT TEAM**

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

Name	Title	Office Location
Walter P. Drabinski, BSEE, MBA	Project Director	Cudjoe Key, FL.
Mark Fowler, BS, MBA	Senior Consultant	Ann Arbor, MI
Chuck Buechel, BS, MA	Senior Consultant	Lexington, KY
Mary Lovell, BA, MBA	Senior Consultant	Dallas, TX
Marie H. Davidson, CPA, MBA,BSBA	Senior Accountant	Columbia. MD
Michael Boismenu, PE (NYS)	Senior Engineer	Dunkirk, NY
Braulio Baez, Attorney at Law	Senior Consultant	Miami, FL
Cynthia Holste Pepper, MA, BA	Senior Consultant	Dearborn, MI
Chuck Weitzel, CPA	Senior Accountant	Key West, FL
Jacqueline Squilletts	Project Administrator	Cudjoe Key, FL

**Mr. Walter P. Drabinski, President of Vantage Consulting, Inc.** - will serve as the Project Director for this assignment. He has managed over one hundred comprehensive and focused utility assignments of varying magnitude and importance during his 26-year tenure as a management consultant. In addition, he worked on the generation side of Niagara Mohawk for ten years prior to becoming a consultant. This work has included construction, fuel procurement, operations assessments, environmental strategy, new technology selection and other related assignments. Some of his specific qualifications for this assignment include:

- Project Director on Comprehensive Management Audits of:
  - United Illuminating in Connecticut;
  - Duquesne Light Company in Pennsylvania;
  - Kentucky Utilities;
  - Louisville Gas & Electric;
  - West Texas Utilities;
  - Kentucky American Water Company;
  - General Waterworks - Pine Bluff Arkansas;
  - Philadelphia Gas Works;
  - Cumberland Valley Electric Cooperative;
  - Seattle City Light Company;
  - Philadelphia Suburban Water Company;





- St. Vincent Energy System;
- Aqueduct Electric and Water Company;
- Curoil Oil & Gas.
- Project Director and witness for numerous prudency reviews, including current reviews of:
  - Iatan 1 & 2 project where he recently submitted testimony regarding the prudence of construction costs for this \$2 billion plus project in both Kansas and Missouri;
  - Construction of three unit Mill Creek Project in Montana;
  - A group of small combustion turbines and repowerings for the NJ BPU;
  - Five nuclear projects.
- Project Manager and witness on approximately sixteen fuel procurement audits of Ohio based utilities;
- Project Director on Standard Offer Service procurements in Pennsylvania, Delaware, Maryland and Virginia;
- Project Director on operational audit of California ISO for FERC. Addressed market design, governance, and other operational issues. Evaluated generation models, procurement plans and emergency activities. Testified before House of Representatives subcommittee on major issues of the energy crisis;
- While with Niagara Mohawk Power Company, construction manager on 115KV and 345KV transmission lines. Later became Electrical Maintenance Supervisor responsible for fossil, nuclear, and hydro facilities in Oswego, NY. Also was Director of Training with responsibility for all technical and management training of generation personnel.

**Mark Fowler** has worked with Vantage since 1998. Mr. Fowler has worked on over 100 consulting assignments in the electric, gas, water and wastewater and telecommunications industries. His work has included investor-owned utilities, municipals, cooperatives and regulators at the state and federal level. Functionally his expertise includes management of work, services supporting operations such as fleet, materials and purchasing, process improvements and customer services. Of particular note for this project he has worked on the following assignments.

- Consultant on two assignments similar to this one for NYPSC. Mr. Fowler was a member of teams that audits National Grid and Central Hudson.
- Consultant on a number of assignments over the previous 20 years including those involving NYTEL, Consolidated Edison and an earlier review of Central Hudson.
- Consultant on an audit of Iberdrola affiliate Connecticut Natural Gas.
- Consultant on several assignments with Vantage that involved international utilities.
- Consultant on a series of affiliate compliance audits with Vantage over a six-year period. The audits included SEMPRA and Pacific Gas and Electric.

Prior to forming Fowler and Associates, Mark worked for the international consulting firms RCG, Hagler, Bailey and Impell Pacific as well as several small niche consulting firms specializing in utilities. Mr. Fowler also held various positions for Williams Energy/Buckeye Gas Products in the areas of mergers and acquisitions, operations and supply and distribution. He also worked with an Australian developer of software for call center work force management and billing software for the telecommunications and utility industries. Mr. Fowler has testified in several states in cases involving telecommunications and electric utilities. He maintains offices in Ann Arbor, Michigan and Bozeman, Montana. Mr. Fowler has a B.S. and MBA from the University of Tulsa.

**Mr. Chuck Buechel** - has over 25 years experience in the regulated utility industry. From 1979 to 1989, he was a member of the Staff at the Kentucky Public Service Commission. During that time, he progressed from Economist to Deputy Executive Director. As a consequence, Mr. Buechel lends a unique regulatory and theoretical perspective to our team. He has worked on numerous consulting engagements for state and federal regulatory commissions as well as investor-owned and cooperative utilities. In addition, he taught economics and finance classes at Morehead State University. He has worked on eighteen Vantage assignments, including the following.

- Lead Consultant on review of Lower Colorado River Authority Power Plant G&A Cost of Service Study.
- Lead Consultant on Compliance Audit of Duke Energy Ohio Cost Allocation Manual and Energy Supply Plan for the Public Utility Commission of Ohio.
- Lead Consultant for an audit of the municipally-owned Seattle City Light electric utility. Assigned issue was governance of the municipal utility. The audit yielded recommendations for training the council members to better understand the issues and to add additional resources for oversight of the utility.
- Senior Consultant for affiliated audit at PG&E for 2001 through 2004 calendar years to verify compliance with California PUC restructuring requirements. Assignment included Assessment of Company Plan and Audit of Affiliate Transactions. Acted as the lead consultant on areas that addressed Non-discrimination Standards, Disclosure and Information Standards, and Competitive Services. Recommendations from these reports addressed means of improving compliance.
- Senior Consultant for an operational audit of the California Independent System Operator. The audit was performed for FERC. Assigned issues of primary focus were market design, the relationships among the parties and governance of the ISO.
- Senior Consultant for an audit of Indianapolis Power & Light's quarterly performance reports regarding its compliance with meeting agreed reliability targets.



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

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

**Marie H. Davidson, CPA** - Marie has extensive experience in consulting and accounting. Her consulting experience addressed of accounting issues, cost of service allocation methods, project cost management, and holding company affiliated transactions. She was a member of the Ernst & Young Utilities Consulting practice from 1988 to April 1995, where she provided expertise in the areas of utility accounting, ratemaking, financial planning and operational analysis. Prior to that period, Ms. Davidson was a senior accountant with Arthur Andersen & Co. where she planned and supervised financial audit engagements for retail, manufacturing, and government contracting concerns. Marie completed assignments



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in the review of the Entergy Affiliated Transactions, the Affiliate Compliance Audits of SDG&E and SoCalGas, and the PSE&G Competitive Services Audit.

**Mike Boismenu PE** - Mike has extensive utility and power plant design, engineering, construction and operating experience. We will also utilize his experience as Director of Value Engineering, Transmission and Distribution Engineering, and as Director of Standards Engineering. In addition, Mike has worked as a Management Consultant with Vantage for four years on a diverse number of technical assignments. Some highlights include the following.

- Senior Engineer on review of Iatan project for the KCC. Did regular site inspections, assessed outage problems and briefed Commission Staff on potential problems. Did analysis on prudence of construction costs and root cause of turbine failure.
- Senior Engineer on the Consolidated Edison Audit of Consolidated Edison Company Emergency Preparedness and Storm Restoration for the NY PSC. Responsible for assessment of system planning, equipment standards, communications, field organization and root cause analysis.
- Provided input to NRG's Power Marketing Department to support the day ahead, off-peak and off-system power sales into the NYISO.
- Provided an overall assessment of the operation, maintenance, fuel handling, coal sampling, coal procurement, environmental controls, outage management and engineering for a large coal fired power plant in the Southeast.
- Responsible for departments and programs that addressed Value Engineering, Engineering Standards, Reliability Engineering and Strategic Asset Management for T&D activities.
- Conceptualized and directed the development of an Automated Distribution Station Design System. Resulted in a significant reduction in electric station engineering and design time.
- Directed the automation of the Company's Engineering Standards resulting in a significant improvement in the Line Department's performance.
- Managed the Dunkirk Power Plant for Niagara Mohawk and then NRG and acted as regional manager for other regions.
- Worked as a trouble shooter at NRG power plants throughout the U.S. addressing major fuel, efficiency and reliability issues.
- Provided expertise associated with the development of training material to train new operators at a large coal plant in Iowa.
- Provided the Transmission Standards for the Company, which optimized all available resources and proved a safe and readily maintainable transmission system.



- Developed and implemented the Fossil System Combustion Control Upgrade Project. The project resulted in an improvement of the Unit's overall efficiency and responsiveness, which supported the Company's continuance of the Fuel Adjustment Clause.
- Provided design engineering in support of an ASTM D03.23 Bias Testing Coal Sampling System for 2 large coal fired facilities.
- Provided engineering support for six (6) refueling outages at the Nine Mile Point Unit 1 and James Fitzpatrick Nuclear Power Plants.

**Mr. Braulio Baez** – is fluent in Spanish and an expert on the utility industry. He gained extensive experience as Chief Advisor, Commissioner and Chairman of the Florida Public Service Commission. His particular focus is on the transportation, energy/electric, telecommunications, and water and wastewater industries. Mr. Baez brings a wealth of experience in crisis management, strategic counsel and government procurement. He has served as C-level strategic counsel on Florida policy and political matters for some of the largest organizations doing business in the state. He helps his clients augment their network of relationships to achieve their strategic goals. His practice involves advising clients on strategic business, legislative, and regulatory policy risks involving local and state government.

**Ms. Cynthia Holste Pepper** has worked on the Vantage team for 18 years and as a consultant to the energy industry for 25 years. She has served as the Senior Consultant for 23 management audits, including LG&E, Kentucky Utilities, Union Light Heat and Power, Western Kentucky Gas, and Kentucky American Water Company, focusing on human resources, customer relations, and communications, among other operational areas. She has extensive experience as an operations consultant to utilities and other large organizations that have customer service as part of their mission.

- Since 2003, she has served as consultant to Semco Energy Gas Co., working with leadership in human resources, sales & marketing, customer relations, corporate communications, field operations, and IT on broad organizational issues, communications, performance programs, compensation systems, and regulatory compliance.
- Served as a consultant to Enstar Gas to resolve personnel issues across marketing, customer relations, and technical operations departments.
- Conducted preliminary compensation analysis as part of due diligence prior to acquisition of New Mexico Gas by Continental Energy Systems. Provided consulting services post-acquisition to NMG on compensation issues.
- Conducted 23 management audits in the utility arena, representing customers in 32 states. Work areas were human resources policies, labor contracts, and employee programs that drove employee behavior internally and with external stakeholders and customers.



- Worked as lead consultant to the president on organizational restructuring and integration following a merger between two large Ohio institutions. Conducted research on organizational mergers for publication in major industry periodical.
- Served as a Chair of three Joint Adjustment Committees for the Michigan Department of Energy, Labor and Economic Growth, working with municipalities and companies that are undergoing major workforce restructuring due to economic conditions.
- Provides strategic and operational planning facilitation for large organizations looking to connect more closely to their customers and funders. Customer relations strategies and activities, customer communications, internal processes, and workforce training are key focus areas for recommendations.
- Provides consulting services for a variety of for government, private industry, and non-profit organizations relative to legal and regulatory compliance, performance assessment and measurements.
- Provides individual coaching and business counseling services to leaders across industries, as well as design and deliver leadership and professional development programs for internal employee groups and board members.

**Mr. Charles Weitzel CPA**, - has ten years experience with Keys Energy Services of Key West Florida that includes work in Finance and Customer Service. In total he has over 26 years of auditing and consulting experience serving major corporations, small and mid-sized businesses, non-profit organizations, state and local governments, financial institutions, and electric utilities. He specializes in audits, reviews, compilations, financial management, accounting, budgeting, cost allocations, customer service, strategic and long-range planning. He maintains a Certified Public Accounting practice in both Florida and New Jersey and provides advice to corporations in Latin America.

**Jackie Squilletts** provides a range of practical services on assignments of this type. She has performed the important function of Project Administrator on twenty-nine projects since she joined Vantage six years ago. She has also worked as an analyst on a number of projects, assembling data and presenting it in readable, easily integrated format.



### III. APPROACH, METHODS AND PROJECT MANAGEMENT

#### A. PROJECT PHASES

Vantage anticipates organizing the project schedule into three phases. While the majority of the work hours are expended in Phase 2 - Project Analysis, we do provide a budget estimate for Phase 1 and Phase 3 in our cost estimate.

**Phase 1- Orientation and Work Plan Development** - This phase will address the initial development of project interview and data access. It will involve meetings with Staff and management to establish project guidelines. We will identify data and access methodologies for key accounting backup information. The Preliminary Work Breakdown Structure (WBS) will be modified and submitted to the Staff for review and approval.

**Phase 2 - Project Analysis** - This phase of the project addresses all of the work required to complete Steps 1 & 2 as defined in the RFP. It will encompass work beginning after the orientation until the Initial Draft Report is complete.

**Phase 3 - Report Preparation** - This phase constitutes the development of the Draft Report, Final Draft Report, Final Report and Presentations to the Commissioners.

#### B. PROJECT MANAGEMENT TECHNIQUES

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

#### COMMUNICATION AND PROJECT MANAGEMENT

We will use several effective project management techniques that will enable us to manage this project while enhancing communications among the project team members and Staff. This is extremely important on an assignment of this scope, number of project team members, and client representatives. This can only be accomplished through the efforts of strong project management, effective controls, and the coordinated efforts of senior personnel.

The Project Director is responsible for ensuring that the project work is progressing on schedule and within the planned budget. In addition, the Project Director is responsible for ensuring that work across all task areas appears uniform, coordinated, and integrated. Each team member is responsible for meeting schedules and providing interim deliverables.



## **QUALITY REVIEW**

A quality work product is a team effort. The process begins with the consultants - the individuals performing the day-to-day work. They must clearly understand the requirements of their assignments, have a well-considered plan of attack, and execute their assignments effectively. While it is the Project Director's responsibility to impart initial direction and focus, direct responsibility resides with the consultant for meeting detailed objectives and deadlines.

The Project Director will be responsible for day-to-day monitoring of work, reviewing work products for compliance with project goals and objectives, coordinating information requests, and for anticipating and responding to problems or concerns. He will be responsible for "fine-tuning" the process by: ensuring that the consultants are adequately supported; enforcing administrative controls; ensuring consistency among approaches and methods; and scheduling work to ensure that the consultants are efficient in their efforts. He will periodically review the work in progress including such quality control activities as attending interview sessions, reviewing the processes used in analysis, testing conclusions, and checking the understandability and completeness of all written materials.

In addition, the Project Director and team members will meet reporting standards to ensure that the written report communicates the results of the audit in a complete, accurate, objective, convincing, clear, concise, and timely manner. Reports will include:

- a statement of the audit objectives and description of the scope and methodology;
- a statement of professional standards adhered to in the analysis and the report;
- a listing of significant issues and questions, if any, needing further study and consideration;
- a listing of findings that are prioritized, relevant and practical;
- a statement as to whether any pertinent information was omitted because it was deemed privileged or confidential and a description of the nature of such information and the basis under which it was withheld.

These fieldwork and reporting standards are the foundation of our Quality Assurance Program. The quality review process involves the application of these standards at several points along the critical path.

## **CONFIDENTIALITY**

Vantage recognizes that all information collected from the work processed under this contract must be treated with care to preserve any issues of confidentiality. Vantage and all employees involved on this assignment will sign the Non-disclosure and Use of Information Agreement upon award of the project. Further, Vantage will utilize its internal controls to



ensure all materials are handled in a manner that prevents inappropriate dissemination. Internal controls consist of:

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

## **INFORMATION REQUEST MANAGEMENT SYSTEM**

Throughout the course of the review, the team will submit a number of information requests. Efficiently managing outstanding information requests and those documents received are crucial to the success of the project. We use a PC-based system designed to increase the efficiency of handling of all information requests. A copy of our information request form is provided below

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

**INFORMATION REQUEST FORM**

**SECTION 1 - CONSULTANT**

REQUEST #:

PRIORITY:

SOURCE REFERENCE:

REQUESTED FROM:

REQUESTED BY:

DESCRIPTION OF INFORMATION REQUIRED:

WORKPLAN AREA:

**SECTION 2 - ADMINISTRATOR**

DATE REQUESTED:

DATE DUE:

ACTUAL DATE RECEIVED:

COMMENTS:

**SECTION 3 - COMPANY**

DOCUMENT TITLE:

DESIGNATION #:

DOCUMENT RESTRICTION OR COMMENTS:

PERSON RESPONSIBLE, TEL #:



**INTERVIEW REQUEST FORM**

**SECTION 1 - CONSULTANT**

<u>INTERVIEW NUMBER:</u>	<u>CLIENT:</u>
<u>INTERVIEWEE:</u>	<u>TITLE OR FUNCTION:</u>
<u>REQUESTED BY:</u>	<u>OTHER CONSULTANTS/ ATTENDEES:</u>
<u>REQUESTED FROM:</u>	<u>INTERVIEW LENGTH:</u>
<u>TIME REQUESTED:</u>	<u>WORKPLAN AREA/TOPIC:</u>

**SECTION 2 - ADMINISTRATOR**

<u>DATE SENT TO COMPANY:</u>	<u>ACTUAL DATE &amp; TIME:</u>
<u>COMMENTS:</u>	

**SECTION 3 - COMPANY**

<u>INTERVIEWEE/TITLE:</u>	<u>DATE:</u>
<u>LOCATION:</u>	<u>TIME:</u>



## **AUDITING SAMPLING**

Vantage utilizes Section 350 of the Generally Accepted Auditing Standards. We refer to Wiley, 2010 Practitioner's Guide, pages 311-333, for details on both statistical and non-statistical sampling methods as applied to a performance audit of the type required for this assignment.

## **AUDITING STANDARDS**

Vantage utilizes all auditing standards that are appropriate on each assignment we address. This includes the following.

- We consider this assignment to be a Performance Audit in accordance with the Generally Accepted Government Auditing Standards (GAGAS) (also known as the Yellow Book).
- Vantage also utilizes the American Institute of Certified Public Accountants' (AICPA) Code of Professional Conduct when needed.
- The National Association of Regulatory Commissioners' Consultant Standards and Ethics for the Performance of Management Analysis
- "The Guide - A Guide for Consultants Submitting Proposals Management and Operations Audits" issued by the State of New York Department of Public Service in June, 2008.

## **REPORT DOCUMENTATION**

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

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

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



## **PROJECT DELIVERABLES**

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

- orientation meeting with Staff and NYSE&G and RG&E Utilities management and accounting personnel;
- regular verbal briefings of Staff;
- mid project briefing meeting(s) with Staff to review progress and findings to date;
- Initial Draft Report for delivery to Staff for initial review;
- Draft Report for delivery to Staff for final review;
- Final Draft Report to Staff;
- Final Report.



## IV. AUDIT AREAS AND ISSUES

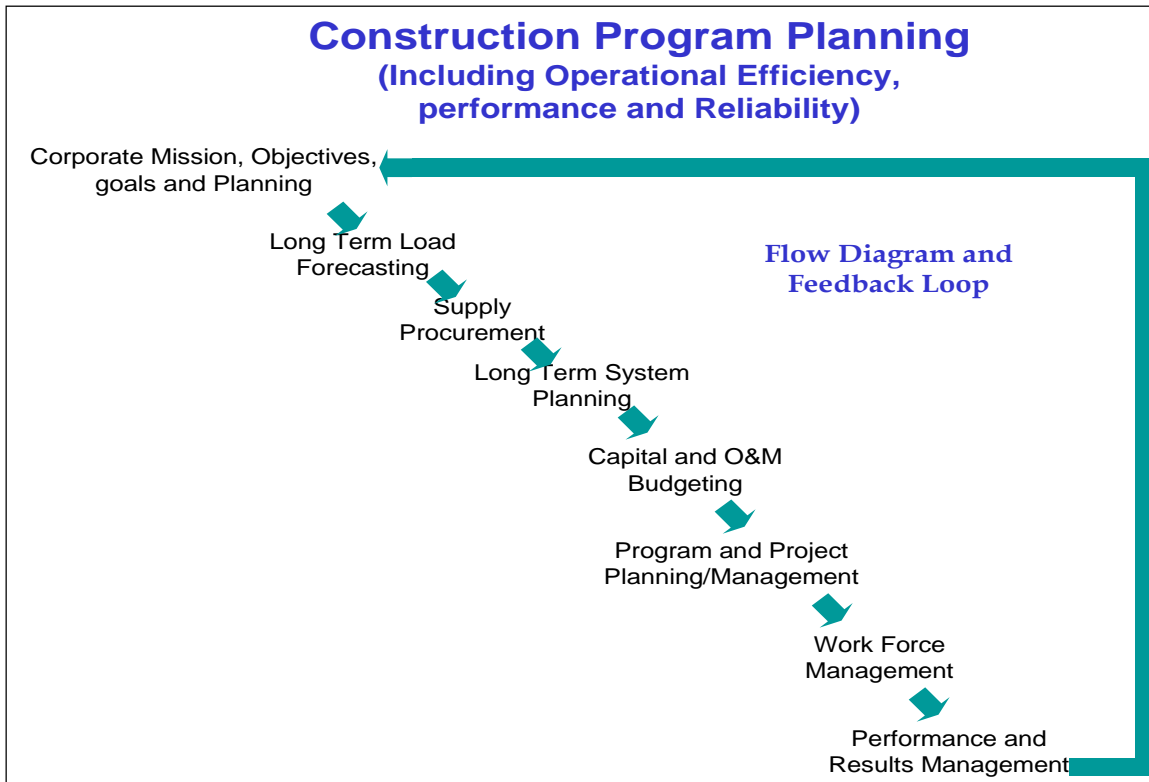
### A. DEVELOPMENT OF WORK PLAN AND PRELIMINARY WBS

This section of the proposal develops the preliminary Work Breakdown Structure (WBS) for this assignment. The Work Plan acknowledges that the framework is based on a series of elements or functions that are generally sequential in nature and that can be viewed as a flow diagram or feedback loop. This framework is illustrated in the feedback loop shown below. This WBS does not differentiate between RG&E and NYSE&G specifically or the gas and electric divisions of each company. This distribution will be prepared as the orientation and initial interviews determine common systems and processes as well as processes specific to either company.

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

The Project Organization was developed by selecting Consultants with the unique credentials necessary for the specific work activity to be performed. Each Task Area has a Lead Consultant and one or more Support Consultants. This redundancy ensures that the person conducting interviews, reviewing data and developing conclusions is an expert. The Lead Consultant has the responsibility of linking with the Lead of the Task preceding and succeeding it. We do not differentiate by gas and electric in the organization or WBS. Each consultant assigned to a functional task will have responsibility for both unless otherwise noted.

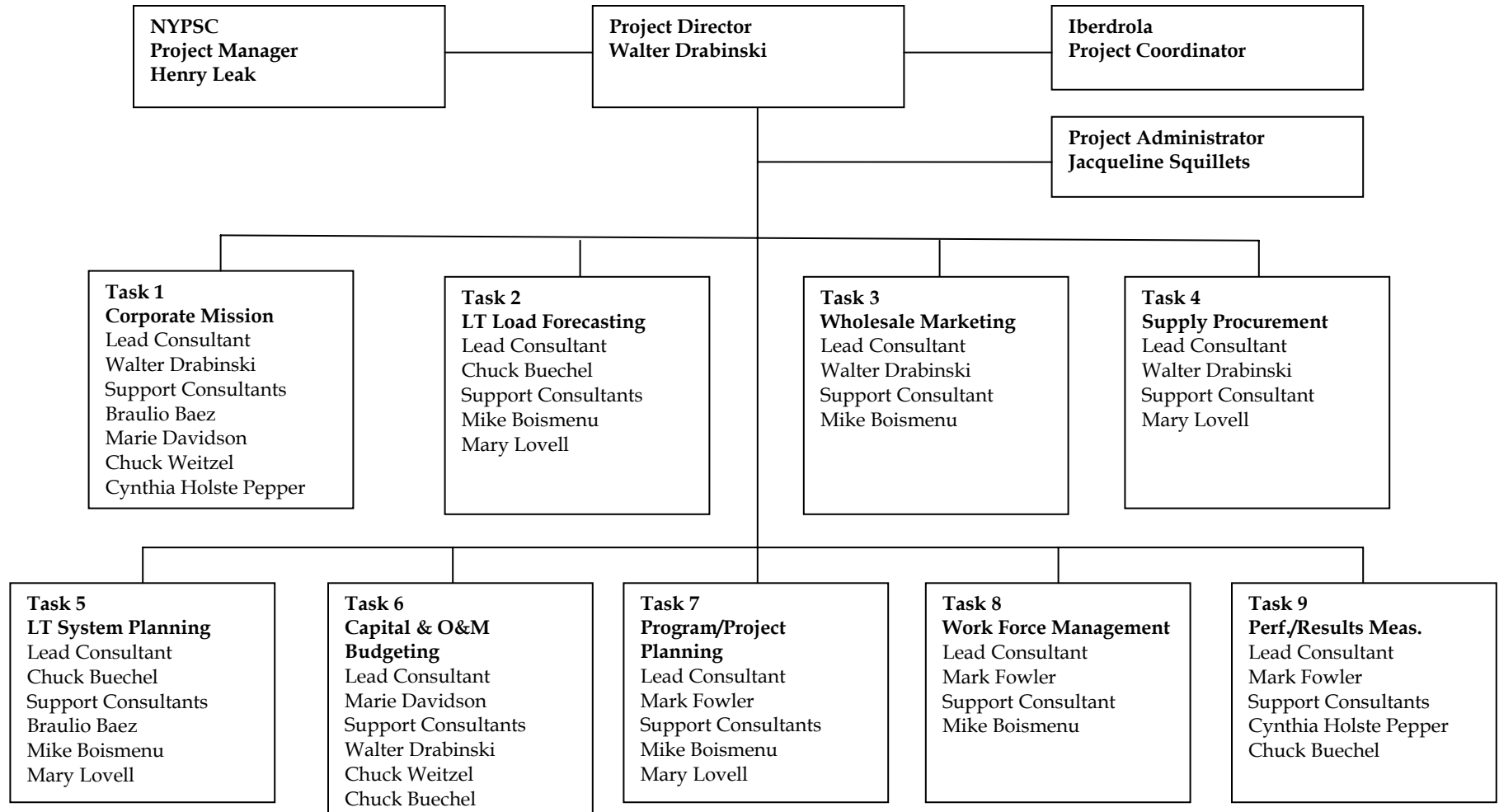




## ORGANIZATION OF TASK AREAS

- Task 1 - Corporate Mission, Objectives, Goals and Planning.
- Task 2 - Long-term Load Forecasting.
- Task 3 - Wholesale Market Issues.
- Task 4 - Supply Procurement.
- Task 5 - Long-term System Planning.
- Task 6 - Capital and O&M Budgeting.
- Task 7 - Program and Project Planning and Management.
- Task 8 - Work Force Management.
- Task 9 - Performance and Results Measurement Planning.

## Project Organization Chart





**WORK BREAKDOWN STRUCTURE**

**Task 1 - Corporate Mission, Objectives, Goals and Planning**

Evaluative Criteria	Consultants Assigned
<p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• The corporate mission should be developed based upon specific and quantifiable elements of the business that is being undertaken. It should be defined in a clear, concise manner and be easy for management and employees to understand, interpret and convert into meaningful work activities.</li> <li>• Objectives and Goals should be designed to reflect the true purpose of IUSA and IBE. They should be quantifiable, with performance measures in place.</li> <li>• Budgeting and asset allocation priorities should be set using clear and concise metrics, including rates, financial position and future threats.</li> <li>• The Board of Directors, as well as executive and senior management, should have involvement in establishing budgeting guidelines as well as providing appropriate oversight.</li> <li>• The role of Iberdrola USA in the corporate planning process should be clearly defined and allow adequate and meaningful input from the New York utilities.</li> <li>• Management compensation and performance should be aligned with the corporate mission as well as the goals and objectives.</li> <li>• The corporate planning process should have sufficient “bottom-up” input.</li> <li>• The allocation of affiliate costs should conform to defined allocation factors that distribute costs equitably.</li> </ul>	<p><b>Walter Drabinski</b> – President of Vantage will be the Lead Consultant on this important task. He has worked on approximately 75 general and focused audits in his 25 years of consulting.</p> <p><b>Braulio Baez</b> – Former Chairman of the Florida PSC will provide assistance and expertise with regard to Senior Management, Board of Directors and international finance and accounting issues. Mr. Baez is fluent in Spanish and has extensive experience in international financial issues.</p> <p><b>Marie Davidson, CPA and Chuck Weitzel, CPA</b> will provide analysis associated with affiliate controls, accounting and cost allocations. Mr. Weitzel has international accounting experience.</p> <p><b>Cynthia Holste Pepper</b>, a Human Resource expert will address missions, goals and the linking of salaries and benefits to corporate objectives.</p>

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<ul style="list-style-type: none"> <li>Each business unit should have a well-developed business strategy that is consistent with the accomplishments of the goals and objectives of the corporate plan.</li> </ul>			
<b>Work Requirements and Associated Steps</b>	<b>Consultant Assigned</b>	<b>Preliminary Data Requests and Analysis</b>	<b>Interviews/Site Visit/Field Work</b>
<p>Review how each of the Iberdrola New York utilities affects corporate planning decisions among the Iberdrola corporate entities.</p> <ul style="list-style-type: none"> <li>Interview senior management and BOD members to gain an understanding of interaction of members with preparation of Corporate Mission, Objectives, Goals and Planning.</li> <li>Review development process for preparing corporate mission and goals.</li> <li>Review Strategic planning process, with emphasis on how it links to Corporate Mission, Objectives, Goals and Planning.</li> <li>Determine if consideration has been given to the purchase and sale of significant operating segments.</li> </ul>	Drabinski, Baez and Holste Pepper.	<p>Corporate Plans for last three years.</p> <p>Corporate Planning procedures.</p> <p>Organization charts and descriptions of the various Iberdrola corporate entities including: the parent company; the holding company; and the operating subsidiaries.</p>	<p>Executive management team.</p> <p>Director of Corporate Planning.</p> <p>Selected Board members.</p> <p>Members of the Senior Management teams at Iberdrola and Iberdrola USA.</p>
<p>Review how each of the New York utilities affects corporate planning decisions among the Iberdrola corporate entities.</p> <ul style="list-style-type: none"> <li>Interview senior management and BOD members to gain an understanding of interaction of members with preparation of Corporate Mission, Objectives, Goals and Planning.</li> </ul>	Drabinski, Baez and Holste Pepper.	<p>Corporate Plans for last three years.</p> <p>Corporate Planning procedures.</p> <p>Organization charts and descriptions of the various</p>	<p>Executive management team.</p> <p>Director of Corporate Planning.</p>



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<ul style="list-style-type: none"> <li>Review development process for preparing corporate mission and goals.</li> <li>Review Strategic planning process, with emphasis on how it links to Corporate Mission, Objectives, Goals and Planning.</li> <li>Determine if consideration has been given to the purchase and sale of significant operating segments.</li> </ul>		Iberdrola corporate entities including the parent company; the holding company; and the operating subsidiaries.	Selected Board members.
<p>Examine budgeting priorities and allocations.</p> <ul style="list-style-type: none"> <li>Review minutes of budget meetings.</li> <li>Review process used for ranking projects.</li> <li>Review list of constraints placed on budgets.</li> </ul>	Weitzel.	Policies and Procedures for Budget Preparation. Budget guidelines for last 2 budgets.	Director of Budgeting.
<p>Examine the role of the Boards of Directors and executives and senior management in the development of budgeting guidelines and periodic budget reviews and approvals.</p> <ul style="list-style-type: none"> <li>Review any written guidelines or list of responsibilities re budgeting.</li> <li>Interview BOD members on budget committee.</li> </ul>	Baez.	Policies and Procedures for budget review.	Selected Board members. Budget Director.
<p>Examine if, or how, financial position and the level of its rates of the utilities are factored into the budgeting process.</p> <ul style="list-style-type: none"> <li>Review interaction between regulatory, financial planning and budget departments.</li> </ul>	Davidson, Baez.	Rates and tariffs for each of the Iberdrola NY utilities.	Budget Director. Chief Financial Officer. Director of Rates.



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<ul style="list-style-type: none"> <li>• Request any directives that defined budget constraints in recent years.</li> <li>• Examine whether the New York ratepayers would be better served if the same rate structures were the same for NYSG&amp;E and RG&amp;E.</li> <li>• Determine if the budget identifies goals for modernizing the transmission and distribution systems to comply with the Energy Independence and Security Act of 2007.</li> <li>• Assess whether the implementation of smart grid technologies has been considered in the budgeting and planning processes.</li> </ul>			
<p>Examine how executive management uses measurable goals to achieve the corporate mission and objectives, and how performance process measurement is handled by successive levels of management.</p> <ul style="list-style-type: none"> <li>• Review formal goals at each level of the organization.</li> <li>• Review and evaluate performance measures at each level of organization.</li> <li>• Evaluate how performance measures are used for feedback into the budgeting system.</li> </ul>	Drabinski, Holste Pepper.	<p>List of performance measures.</p> <p>Performance evaluation forms.</p> <p>Reports tracking performance.</p>	Director of Compensation.
<p>Evaluate how NYSE&amp;G and RG&amp;E ensure compliance with procedures and practices related to the scope of this audit, e.g., internal controls, Internal Audit function and Sarbanes Oxley Act.</p>	Davidson.	<p>Compliance reports.</p> <p>Internal audit reports for last 3 years which address controls over</p>	<p>Compliance Officer.</p> <p>Chief Audit Executive.</p>



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<ul style="list-style-type: none"> <li>• Review minutes of BOD meetings and other management correspondence re: SOX Act.</li> <li>• Assess level of input into SOX compliance.</li> <li>• Obtain and review copies of internal audit reports which address internal controls over affiliate transactions.</li> </ul>		intercompany cost allocations.	
<p>Evaluate how management performance and compensation are aligned with the corporate mission, objectives and goals at all levels within the corporation.</p> <ul style="list-style-type: none"> <li>• Review compensation plans and assess alignment with corporate mission, objectives and goals at all levels within the corporation.</li> <li>• Prepare analysis that shows portion of senior management compensation that is performance related.</li> <li>• Assess performance measures used for compensation and compare with measures used on an operational basis.</li> </ul>	Holste Pepper.	Policies and procedures for determining performance compensation.	Director of Human Resources.
<p>Review the allocation of corporate costs and determine if these costs are equitably distributed among the affiliates.</p> <ul style="list-style-type: none"> <li>• Review cost allocation manual.</li> <li>• Determine if the allocation factors are consistent with generally accepted allocation factors in the industry.</li> <li>• Sample selected affiliate transactions to determine if the allocations conform to the cost allocation manual.</li> <li>• Determine if the New York utility affiliates have the</li> </ul>	Davidson, Weitzel.	Cost allocation manual.  Sample of selected affiliate transactions.  Money pool agreements.  Cash management	Director of Accounting.  Director of Cash Management.



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<p>option to pursue cost effective alternative supplies of goods and services.</p> <ul style="list-style-type: none"> <li>Assess whether current money pool agreements and cash management agreements provide the NYSE&amp;G and RG&amp;E with funds at the least cost rate and also properly insulate the New York utilities from the risk associated with the operations of the non-regulated entities as well as IBE.</li> </ul>		<p>agreements.</p> <p>Income tax allocation agreements.</p>	
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**Task 2 - Long-term Load Forecasting**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• Long-term load forecasting programs should be based on sound methodologies that are proven over time and checked against past history for accuracy.</li> <li>• Long-term load forecasting programs should provide consistent and useful data for all financial, regulatory, budgeting and compliance models.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Chuck Buechel</b> – Has extensive experience in load forecasting as both a consultant with Vantage and previously when he had responsibility for IRP development in Kentucky. Recently he did similar analysis for Entergy- Mississippi.</p> <p><b>Mike Boismenu</b> – has direct experience in load forecasting based on his experience in the industry.</p> <p><b>Mary Lovell</b> – Has direct experience based on years as a senior officer in various positions with Atmos Energy.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>Assess the models used by NYSE&amp;G and RG&amp;E to forecast local and system-wide load requirements.</p> <ul style="list-style-type: none"> <li>• Request a complete copy of, or access to, the load forecast model used for financial, regulatory, budgeting, system planning and compliance adherence.</li> <li>• Review all assumptions for relevancy and review sources and change methods in place.</li> <li>• Assess adequacy of models for intended purpose.</li> </ul>	<p>Buechel.</p>	<p>Integrated Resource Plan.</p> <p>User’s manual and all supporting documentation for the development and preparation of the load forecast.</p> <p>Load forecast and listing of all assumptions</p>	<p>Director of Planning and Forecasting.</p>



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<ul style="list-style-type: none"> <li>Determine whether the forecasting process allows for adequate sensitivity analysis.</li> </ul>		incorporated into the forecast.	
<p>Determine how demand side management (demand response, etc.) and energy efficiency, and other initiatives are considered in the forecasting process.</p> <ul style="list-style-type: none"> <li>Review DSM program and energy efficiency, and other initiatives considered in the forecasting process.</li> <li>Assess the assumed penetration rates for these programs and examine other assumptions utilized for assessing the impact of these programs.</li> </ul>	Buechel, Boismenu.	List of all demand side management and energy efficiency programs currently used or under consideration.	
<p>Review the load forecasting organization.</p> <ul style="list-style-type: none"> <li>Review organization of forecasting functions.</li> <li>Determine whether appropriate consideration is given to all factors that could influence the forecast.</li> </ul>	Boismenu.	Organization chart for load forecasting function.	Director of Load Forecasting.
<p>Determine if the planning for electric load is properly integrated with gas operations and the overall business strategies of NYS&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>Review how outputs of discrete models are integrated for overall corporate use.</li> <li>Evaluate how region-specific factors are</li> </ul>	Lovell.	Load forecast for the gas operations.	





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<p>incorporated into the forecasts.</p>			
<p>Consider the New York Independent System Operator's (NYISO) role and impact on the electric load forecasting efforts of NYS&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• Interview personnel who interface with NYISO planning personnel.</li> <li>• Review process for integrating ISO requirements into company plans.</li> <li>• Determine if the load forecasting process is consistent with FERC/NERC Reliability Standard BAL-502-RFC-02</li> </ul>	<p>Boismenu, Buechel.</p>	<p>NYISO load forecasting requirements.</p> <p>FERC/NERC Reliability Standard compliance plan.</p>	<p>NYISO liaison.</p> <p>FERC/NERC Compliance Officer.</p>



**Task 3 – Wholesale Market Issues**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• The Corporate and Strategic Plan should explicit address the integration of wholesale market and generation practices.</li> <li>• Retail customers should be protected from potential risks of participating in wholesale markets.</li> <li>• The utilities should embrace and effectively participate in NYISO and FERC processes that encourage competition in the wholesale market.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Walter Drabinski</b> – Has spent most of his career in the supply side of electric utility structure. He is currently monitoring or conducting procurement for a number of utilities and Commissions.</p> <p><b>Michael Boismenu</b> – Direct experience in the New York markets based on his experience as a plant manager and senior manager of power plants in New York.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>Review the corporate and strategic plans of NYSE&amp;G and RG&amp;E to determine if they include formalized goals and objectives for encouraging competition in the wholesale markets.</p> <ul style="list-style-type: none"> <li>• Determine if the goals and objectives are effective for the encouragement and development of a robust wholesale market.</li> <li>• Assess whether the companies’ plans to participate in the wholesale market have the potential to adversely impact the retail ratepayers.</li> <li>• Determine how the short- and long- term interests of retail customers are protected from potential risks of</li> </ul>	<p>Drabinski.</p>	<p>Corporate and Strategic Plan.</p>	<p>Strategic and Corporate Planning Officer.</p>



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participation in the wholesale market.			
<p>Evaluate the reasonableness and efficiency of the companies' generator interconnection process for both wholesale and distributed generation.</p> <ul style="list-style-type: none"> <li>Review the process utilized to determine the potential interconnection of wholesale loads.</li> <li>Review and assess the process used to determine the potential interconnection of distributed generation loads.</li> </ul>	Boismenu.	<p>Large Generator Interconnection Standard.</p> <p>Distribute Generator Interconnection Standard Operating Procedure.</p>	<p>Engineering Manager.</p> <p>Electric Operations Manager.</p>
<p>Evaluate the effectiveness of the companies' participation in NYISO and FERC processes.</p> <ul style="list-style-type: none"> <li>Interview the NYISO and FERC liaisons for NYSE&amp;G and RG&amp;E.</li> <li>Determine if there is a consistent corporate message provided to both NYISO and FERC.</li> </ul>	Drabinski.	FERC/NERC Reliability Standard compliance plan.	<p>NYISO liaison.</p> <p>FERC liaison/counsel</p> <p>FERC/NERC Compliance Officer.</p>



**Task 4 - Supply Procurement**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• Successful supply procurement should include dependable inputs, appropriate risk assessment, current evaluation of market forces and short- and long-term projections that address unknowns and other risks.</li> <li>• The utilities should have good business associations with suppliers in order to execute flexible contracts and arrangements that benefit both the utilities and the suppliers.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Walter Drabinski</b> – Has spent most of his career in the supply side of electric utility structure. He is currently reviewing procurement for a number of utilities and Commissions as well as risk management issues as part of an audit of Duke energy.</p> <p><b>Mary Lovell</b> – Has broad experience on the natural gas side of business working for both pipe line and LDC companies. Recently she addressed hedging strategies of NJ LDCs as part of a Vantage Assignment.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>Identify and evaluate supply portfolio principles, goals and objectives for mass market default customers.</p> <ul style="list-style-type: none"> <li>• Review all policies and procedures used for portfolio development.</li> </ul>	<p>Lovell.</p>	<p>Policies and procedures for procurement.</p>	<p>Director of Procurement.</p>
<p>Identify and evaluate risk management strategies and practices.</p> <ul style="list-style-type: none"> <li>• Review risk management program in place.</li> <li>• Assess historical success in mitigating market fluctuations through appropriate risk management activities.</li> </ul>	<p>Lovell.</p>	<p>Policies and procedures for risk mitigation.</p>	<p>Risk Manager.</p>



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<p>Review supply procurement strategies, policies, processes, and methods.</p> <ul style="list-style-type: none"> <li>Review procurement strategies, policies, processes, and methods currently in place, as well as changes in recent years to reflect changing markets.</li> </ul>	Drabinski.		Director of Procurement.
<p>Review the financial and physical hedging practices NYS&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>Review current hedging program.</li> <li>Summarize both financial and physical hedging program in place.</li> </ul>	Lovell.	Documentation for hedging programs.	Risk Manager.
<p>Examine use of performance benchmarking with other utilities relative to the procurement function.</p> <ul style="list-style-type: none"> <li>Review all benchmarking taking place relative to supply portfolio development and risk management.</li> </ul>	Drabinski, Lovell.	Benchmarking data used for intercompany comparisons.	Corporate performance personnel.
<p>Review portfolio performance goals.</p> <ul style="list-style-type: none"> <li>Assess portfolio goals and results for the last five years.</li> </ul>	Drabinski.	Portfolio performance data.	
<p>Evaluate portfolio oversight and controls.</p> <ul style="list-style-type: none"> <li>Review oversight organization.</li> <li>Review all meeting minutes and presentations regarding oversight.</li> </ul>	Lovell.		
<p>Determine if appropriate consideration is given to the role of demand management/response, energy efficiency, and migration of retail customers to competitive suppliers in the</p>	Lovell.		



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<p>portfolio and procurement processes.</p> <ul style="list-style-type: none"> <li>In conjunction with work in previous task, assess how demand management/response, energy efficiency, and migration of retail customers to competitive suppliers is accounted for and planned.</li> </ul>			
<p>Examine whether the company has adequately considered the impacts of increased local and regional natural gas production on supply and capacity procurement.</p> <ul style="list-style-type: none"> <li>Review gas cost projections.</li> <li>Determine how projections of gas costs are incorporated into the gas forecasts.</li> </ul>	Lovell.	Gas forecasts.	Director of Gas Procurement.



**Task 5 - Long-Term System Planning**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• There should be a well defined process in place, with competent personnel who collect the appropriate information, on a timely basis and analyze it with well tested models.</li> <li>• Management should be in the loop as new policies or strategies for system planning are considered.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Chuck Buechel</b> – has extensive experience in system planning both for utility clients and with the Kentucky PSC.</p> <p><b>Mike Boismenu</b> – has extensive utility based experience with engineering, standards, and operations. Has had responsibility at the division level for a number of utilities.</p> <p><b>Mary Lovell</b> – She has extensive experience developing LT plans.</p> <p><b>Braulio Baez</b> – Experienced at the corporate and regulatory level with LT Planning.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>Assess infrastructure planning and engineering functions.</p> <ul style="list-style-type: none"> <li>• Interview planning and engineering department personnel to understand planning and engineering functions.</li> <li>• Review all current plans.</li> <li>• Assess changes in plans based on recent reliability and restoration problems.</li> </ul>	<p>Boismenu, Buechel.</p>	<p>Organization chart for Engineering and Planning Departments.</p> <p>Ten-Year Capital Plan.</p>	<p>Director of Engineering.</p> <p>Director of System Planning.</p>



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<p>Examine the priorities, guidance and other instructions for evaluations, tradeoffs and decision-making relative to long-term supply.</p> <ul style="list-style-type: none"> <li>Review interface between management and engineering planners as they deal with tradeoffs and project evaluation.</li> <li>Review any models or processes used to address evaluations, tradeoffs and decision making.</li> </ul>	Buechel.	<p>Policies and Procedures for Development of Long-Term System Plan.</p> <p>Long-Term System Plan.</p> <p>List of all assumptions included in the Long-Term System Plan.</p>	<p>Director of Engineering.</p> <p>Director of System Planning.</p>
<p>Examine the development of forecasts for local area networks and infrastructure requirements.</p> <ul style="list-style-type: none"> <li>Review all current analysis associated with local area network and infrastructure requirements.</li> <li>Determine if inputs to forecasts are reasonable.</li> </ul>	Boismenu, Lovell.	<p>Studies in support of local area networks and infrastructure requirements.</p> <p>List of assumptions used in the studies.</p>	<p>Director of Engineering.</p> <p>Director of System Planning.</p>
<p>Determine if alternative resources such as distributed generation and demand response initiatives are considered in the planning process.</p> <ul style="list-style-type: none"> <li>Review all plans for alternative generation processes that may affect distribution growth solutions.</li> </ul>	Buechel.	<p>Studies on the impact of distributed generation and alternative resources on supply plans.</p>	<p>Director of System Planning.</p>
<p>Determine if other load and infrastructure factors, such as advanced metering, smart grid, and energy efficiency initiatives are considered in the planning process.</p>	Boismenu, Lovell.	<p>Studies on advanced metering, smart grid and energy efficiency</p>	<p>Director of System Planning.</p>





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<ul style="list-style-type: none"> <li>Review impact of other load and infrastructure factors, such as advanced metering, smart grid, and energy efficiency initiatives considered in the planning process.</li> <li>Review the companies' position on the National Institute of Standards and Technology Smart Grid Interoperability Standard.</li> </ul>		initiatives.	Research and Development Director.
<p>Examine how the needs for major projects (e.g., substations, breakers, switches, transmission feeders, secondary system, etc.) are developed.</p> <ul style="list-style-type: none"> <li>Review bottoms up assessment of substations, breakers, switches, transmission feeders, secondary system and other distribution system components.</li> <li>Determine the process for making repair or replace decisions and associated benefit and cost analysis.</li> </ul>	Boismenu.	<p>Recent studies in support of major projects such as substations, breakers, switches, transmission feeders, secondary system, etc.</p> <p>Project Management Procedures that are utilized to prioritize competing projects.</p> <p>Project Management Procedures that are utilized to manage a given project through its life cycle.</p>	<p>Engineering Director.</p> <p>Project Manager Director.</p>
<p>What is the process and criteria for making decisions regarding replace versus repair, including how the overall construction program planning (CPP) process is affected?</p> <ul style="list-style-type: none"> <li>Review any models or ranking programs that assist in repair/replace decisions.</li> </ul>	Buechel.	Guidelines for making replace versus repair decisions for system equipment.	<p>Engineering Director.</p> <p>Project Manager Director.</p>



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<ul style="list-style-type: none"> <li>• Determine if appropriate risk assessment is included in decisions.</li> <li>• Determine if the decision process regarding replace versus repair optimizes the trade-offs of replacing older technology with newer technology.</li> <li>• Assess whether the impact on useful lives and depreciation assumptions of existing infrastructure, cash flow and system reliability have been considered.</li> </ul>			
<p>Determine if the system planning process considers: (a) network versus radial systems; (b) underground versus overhead systems; (c) reliability versus new business tradeoffs; and (d) regional versus central planning dynamics.</p> <ul style="list-style-type: none"> <li>• Each of these elements must be examined from the point of view as to how it impacts central planning.</li> <li>• Develop a flow chart as to how planning is addressed for each of the above.</li> </ul>	Boismenu.	System Planning Procedures.	Engineering Director.  Project Manager Director.
<p>Determine the extent to which benefit/cost analyses and risk analysis are considered in the decision-making process including whether the level of consideration is appropriate and effective. Include an examination of the specific types of benefit/cost and risk analysis methodology being used.</p> <ul style="list-style-type: none"> <li>• Examine any benefit/cost analyses used in making long-term system planning decisions.</li> <li>• Assess whether the benefit/cost analyses give</li> </ul>	Baez, Buechel.	Description of how risk is explicitly incorporated into long-term system planning decisions.  Description of how benefit/cost analyses are used in the system planning process.	Engineering Director.  Project Manager Director.



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<p>appropriate consideration to the impact on customer rates.</p> <ul style="list-style-type: none"> <li>• Determine how risk analysis is integrated into planning process.</li> <li>• Determine what risk factors are considered.</li> </ul>		<p>Project Management Procedures that are utilized to prioritize competing projects.</p>	
<p>Assess infrastructure planning and engineering functions.</p> <ul style="list-style-type: none"> <li>• Interview planning and engineering department personnel to understand planning and engineering functions.</li> <li>• Review all current plans.</li> <li>• Assess changes in plans based on recent reliability and restoration problems.</li> </ul>	<p>Boismenu, Lovell.</p>	<p>Organization chart for Engineering and Planning Departments. Ten-Year Capital Plan.</p>	<p>Director of Engineering. Director of System Planning.</p>
<p>Examine the priorities, guidance and other instructions for evaluations, tradeoffs and decision-making relative to long-term supply.</p> <ul style="list-style-type: none"> <li>• Review interface between management and engineering planners as they deal with tradeoffs and project evaluation.</li> <li>• Review any models or processes used to address evaluations, tradeoffs and decision making.</li> </ul>	<p>Buechel, Baez.</p>	<p>Policies and Procedures for Development of Long-Term System Plan. Long-Term System Plan.</p>	<p>Director of Engineering. Director of System Planning.</p>
<p>Examine the development of forecasts for local area networks and infrastructure requirements.</p>	<p>Boismenu.</p>	<p>Studies in support of local area networks and infrastructure</p>	



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<ul style="list-style-type: none"> <li>Review all current analysis associated with local area network and infrastructure requirements.</li> <li>Determine if inputs to forecasts are reasonable.</li> </ul>		<p>requirements.</p> <p>List of assumptions used in the studies.</p>	
<p>Determine if alternative resources such as distributed generation and demand response initiatives are considered in the planning process.</p> <ul style="list-style-type: none"> <li>Review all plans for alternative generation processes that may affect distribution growth solutions.</li> </ul>	Buechel.	Studies on the impact of distributed generation and alternative resources on supply plans.	
<p>Determine if other load and infrastructure factors, such as advanced metering, smart grid, and energy efficiency initiatives are considered in the planning process.</p> <ul style="list-style-type: none"> <li>Review impact of other load and infrastructure factors, such as advanced metering, smart grid, and energy efficiency initiatives considered in the planning process.</li> </ul>	Boismenu.	Studies on advanced metering, smart grid and energy efficiency initiatives.	Director of System Planning.
<p>Examine how the needs for major projects (e.g., substations, breakers, switches, transmission feeders, secondary system, etc.) are developed.</p> <ul style="list-style-type: none"> <li>Review bottoms up assessment of substations, breakers, switches, transmission feeders, secondary system and other distribution system components.</li> </ul>	Boismenu.	Recent studies in support of major projects such as substations, breakers, switches, transmission feeders, secondary system, etc.	



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<ul style="list-style-type: none"> <li>Determine what calculations are made on the above systems to determine repair vs. replace decisions.</li> </ul>			
<p>What is the process and criteria for making decisions regarding replace versus repair, including how the overall construction program planning (CPP) process is affected?</p> <ul style="list-style-type: none"> <li>Review any models or ranking programs that assist in repair/replace decisions.</li> <li>Determine if appropriate risk assessment is included in decisions.</li> </ul>	Buechel, Boismenu.	Guidelines for making replace versus repair decisions for system equipment.	
<p>Determine if the system planning process considers: (a) network versus radial systems; (b) underground versus overhead systems; (c) reliability versus new business tradeoffs; and (d) regional versus central planning dynamics.</p> <ul style="list-style-type: none"> <li>Each of these elements must be examined from the point of view as to how it impacts central planning.</li> <li>Develop a flow chart as to how planning is addressed for each of the above.</li> </ul>	Boismenu.		
<p>Determine the extent to which benefit/cost analyses and risk analysis are considered in the decision-making process including whether the level of consideration is appropriate and effective. Include an examination of the specific types of</p>	Buechel, Baez.	<p>Description of how risk is explicitly incorporated into long-term system planning decisions.</p> <p>Description of how</p>	<p>Risk Mgt Personnel.</p> <p>Senior Management.</p>



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<p>benefit/cost and risk analysis methodology being used.</p> <ul style="list-style-type: none"> <li>• Examine any benefit/cost analyses used in making long-term system planning decisions.</li> <li>• Assess whether the benefit/cost analyses give appropriate consideration to the impact on customer rates.</li> <li>• Determine how risk analysis is integrated into planning process.</li> <li>• Determine what risk factors are considered.</li> </ul>		<p>benefit/cost analyses are used in the system planning process.</p>	
<p>Review the system operations and planning procedures and practices of NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• Examine and evaluate the system operation and planning procedures and practices under both normal and emergency strategies/conditions.</li> <li>• Review the adequacy of storm restoration procedures.</li> <li>• Determine if sufficient preparations and drills are conducted.</li> </ul>	<p>Buechel.</p>	<p>Storm Restoration Plan. Reports on Major Outages that occurred during the period 2006-2010.</p>	<p>Director of Outage Planning. Dispatch Manager. Call Center Manager.</p>
<p>Evaluate the adequacy of the integrated long-range plans of NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• Determine if the plans adequately identify reliability benefits.</li> <li>• Determine if the plans give appropriate consideration to short and long-term rate impacts.</li> </ul>	<p>Buechel, Boismenu.</p>	<p>Integrated Resource Plans for 2008-2010.</p>	<p>Director of System Planning.</p>
<p>Determine if public policy initiatives are incorporated into the</p>	<p>Buechel.</p>	<p>Studies on Renewable</p>	<p>Director of</p>



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<p>planning processes.</p> <ul style="list-style-type: none"> <li>Evaluate the extent to which renewables, energy efficiencies, climate and environmental initiatives are considered.</li> </ul>		<p>Alternatives.</p> <p>Studies on Impact of Energy Efficiency Programs.</p> <p>Studies on issues related to climate and environment.</p>	<p>System Planning.</p>
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**Task 6 - Capital and Operation and Maintenance (O&M) Budgeting**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as RG&amp;E and NYSE&amp;G.</p> <ul style="list-style-type: none"> <li>• Capital and O&amp;M budgeting should be addressed with the appropriate balance of input from all levels.</li> <li>• The mechanics of establishing budgets, prioritizing projects and estimating costs should be done with a consistent and proven methodology.</li> <li>• There should be no diversion of assets without proper assessment of all impacts.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Marie Davidson, CPA</b> – Has worked as an accountant on many related projects.</p> <p><b>Chuck Weitzel</b> – Has extensive experience in these areas with utilities throughout the U.S. and Latin America. His past experience, as the Director of Accounting, for a utility gives him detailed insight into many aspects of budgeting.</p> <p><b>Walter Drabinski</b> – Has analyzed these areas on numerous audits, including the recent assessment of Con Edison's outage management and storm restoration audit.</p> <p><b>Chuck Buechel</b> – Has analyzed these areas on numerous audits including United Illuminating.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>What are the roles of the Iberdrola Boards of Directors and executive and senior management? At what point and to what extent do they get involved in the capital and operation and maintenance budgets? What level of detail do the Boards see? What are the Boards responsibilities?</p> <ul style="list-style-type: none"> <li>• Interview all levels of management to assess</li> </ul>	<p>Drabinski.</p>	<p>Flowchart describing the capital and O&amp;M budget process at NYSE&amp;G and RG&amp;E.</p>	<p>Senior management in U.S. and Madrid.  U.S. planning personnel.</p>





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<p>involvement is each part of the budgeting process.</p> <ul style="list-style-type: none"> <li>Review decisions made by senior management and the BOD.</li> </ul>			
<p>Evaluate the construction/capital priority setting process.</p> <ul style="list-style-type: none"> <li>Review, along with work done above, the setting of priorities for construction and capital spending.</li> </ul>	Davidson.	Describe the process used to establish priorities in the construction program.	Chief Financial Officer.
<p>How does optimization of repair versus replace decisions impact infrastructure/capital expenditures?</p> <ul style="list-style-type: none"> <li>Review repair/replace policies, as addressed above, and determine how it impacts infrastructure concerns such as reliability and business intrusion.</li> </ul>	Drabinski.	For both RG&E and NYSE&G, for gas and electric, describe the repair versus replacement criteria and models used.	Planning dept. personnel. Operations engineers.
<p>How is incremental O&amp;M associated with new construction factored into the budgeting process?</p> <ul style="list-style-type: none"> <li>Conduct a historical evaluation of O&amp;M versus new construction.</li> <li>Assess how policies in place impact this relationship.</li> </ul>	Drabinski.	Project Management Procedures that are utilized to prioritize competing projects. Project Management Procedures that are utilized to manage a given project through its life cycle.	Engineering Director. Project Manager Director.
<p>How is incremental O&amp;M associated with new construction factored into the budgeting process?</p> <ul style="list-style-type: none"> <li>Conduct a historical evaluation of O&amp;M versus new construction.</li> <li>Assess how policies in place impact this relationship.</li> </ul>	Drabinski.	Review all budget development documents.	Director of Budget and staff.
<p>How do allowed revenues/rates and financing opportunities</p>	Buechel.		Director of



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<p>or constraints affect budget levels and priorities?</p> <ul style="list-style-type: none"> <li>• Develop an analysis of rate related revenue as it has impacts on budget levels.</li> <li>• Assess results of ongoing rate case and its direct and verifiable impact on budgets.</li> </ul>			<p>Rates.</p> <p>Director of Budget.</p>
<p>Compare planned/budgeting expenditures, rate case proposed expenditures, and actual expenditures.</p> <ul style="list-style-type: none"> <li>• Review and track planned/budgeting expenditures, rate case proposed expenditures, and actual expenditures.</li> <li>• Assess reasons for any deviations.</li> </ul>	Buechel, Weitzel.	<p>Capital budgets included approved and actual for the years 2006-2010.</p> <p>O&amp;M budgets included approved and actual for the years 2006-2010.</p>	Director of Budget and staff.
<p>Define and evaluate the capital budgeting process, including project authorization, project appropriation, increase/decrease of authorization/appropriation, capital budget status reporting, validation in advance of appropriation, funding control, etc.</p> <ul style="list-style-type: none"> <li>• Review process in place for approval of capital budget.</li> <li>• Review authorization levels and degree to which there are disagreements.</li> </ul>	Davidson.	Capital Budgeting Policies and Procedures.	Director of Budgeting.
<p>Evaluate use of budgeting guidelines, practices and procedures, including "zero-based" and other alternative methods.</p> <ul style="list-style-type: none"> <li>• Review policies re. zero based versus incremental changes to historical levels based on new business and inflation.</li> <li>• Review any alternative practices that have been</li> </ul>	Davidson.	Procedure manuals.	Director of Budgeting.



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considered and rejected for relevancy.			
<p>Examine the roles of and relationships between regional and centralized planning and budgeting functions.</p> <ul style="list-style-type: none"> <li>Review responsibilities and authority between Divisions and central engineering department.</li> </ul>	Davidson.		Corporate and regional budget directors.
<p>What is the methodology for prioritizing and determining which capital projects get approved? Include an examination of modeling software for capital and operation and maintenance budgeting.</p> <ul style="list-style-type: none"> <li>Review modeling software, as well as any written practices in place.</li> </ul>	Buechel.		Director of Budget and staff.
<p>How are expenditures managed and controlled? What methodologies are used to control and manage total company, program and project capital costs in the near and long term?</p> <ul style="list-style-type: none"> <li>Review all periodic reports that address budget to actual and causes for deviations.</li> </ul>	Buechel.	Budget to Actual Reports for 2008-2010.	Director of Budget and staff.
<p>What is the annual process for reviewing and determining whether total capital and O&amp;M planned expenditures are adequate? Evaluate cost control systems and processes from both a top-down and bottom-up perspective. Are there sufficient controls in place to ensure that increases and decreases to the construction budget/expenditures are justified and appropriately approved?</p> <ul style="list-style-type: none"> <li>Compare results of financial models to capital requests and assess methods used for determining final expenditure levels.</li> <li>Review revisions to the budgets for the last five</li> </ul>	Drabinski, Davidson.	Financial model results. Studies on historical accuracy.	<p>Director of Budget and staff.</p> <p>Corporate planning personnel.</p> <p>Senior management team.</p>



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years to see how, when and with what approval changes were made.			
Examine the bottom-up and top-down processes for developing the budgets for capital/construction classifications and categories.  <ul style="list-style-type: none"> <li>Review system of classifying budget components.</li> </ul>	Weitzel.		Director of Budget and staff.
How are budget forecasts incorporated into rate case revenue requirements?  <ul style="list-style-type: none"> <li>Review workup process for rate case projections.</li> </ul>	Buechel.		Director of Rates.



**Task 7 - Program and Project Planning and Management**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see.</p> <ul style="list-style-type: none"> <li>• There should be a very clear and concise means of moving from proposed plans to approved budget projects.</li> <li>• Prioritization and approval of projects should be well documented and clear.</li> <li>• Projects should be clearly prioritized.</li> <li>• Responsibility for managing projects and programs should be clearly defined.</li> <li>• Documentation should reflect proper authorizations, schedules, inspection releases and final acceptance.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Mark Fowler</b> - Has audited programs and projects at numerous utilities. He has also audited former Iberdrola gas utilities.</p> <p><b>Mary Lovell</b> - Has extensive experience on issues of program and project planning and management in the gas industry.</p> <p><b>Mike Boismenu</b> - Has broad experience on electric operations project assessments.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>How do capital and O&amp;M plans and budgets convert to specific programs and projects?</p> <ul style="list-style-type: none"> <li>• Review process for allocating budgeted funds to specific programs and projects.</li> </ul>	<p>Lovell - Gas, Boismenu - Electric.</p>	<p>Capital budgets for 2006-2010.</p> <p>O&amp;M budgets for 2006-2010.</p> <p>Capital and O&amp;M budget procedures.</p> <p>Project Management Procedures that are utilized to prioritize competing projects.</p>	<p>Senior Management.</p> <p>Engineering Director.</p> <p>Project Manager Director.</p>



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<p>How are programs and projects prioritized and approved over various time horizons?</p> <ul style="list-style-type: none"> <li>Review planning timeline as it applies to budgeting.</li> </ul>	<p>Lovell - Gas, Boismenu - Electric.</p>	<p>Approval guidelines showing dollar approval levels and management titles.</p> <p>Project Management Procedures that are utilized to prioritize competing projects.</p>	<p>Senior Management.</p> <p>Engineering Director.</p> <p>Project Manager Director.</p>
<p>Define and review program and project planning, design, estimating, engineering, costing, scheduling and execution.</p> <ul style="list-style-type: none"> <li>Work with all other consultants to develop an overall assessment of program and project planning, design, estimating, engineering, costing, scheduling and execution elements.</li> </ul>	<p>Lovell - Gas, Boismenu - Electric.</p>	<p>Project Management Procedures</p>	<p>Engineering Director.</p> <p>Project Manager Director.</p>
<p>How are materials, equipment, transportation and other logistical support planned and managed for programs and projects?</p> <ul style="list-style-type: none"> <li>Review through policy and procedures and field investigations the means of procuring and distributing materials, equipment, transportation and other logistical support.</li> </ul>	<p>Lovell - Gas, Boismenu - Electric.</p>	<p>Electric Operations Procedures .</p>	<p>Electric Operations Director.</p> <p>System Transportation Director.</p>
<p>How are tradeoffs analyzed and decisions made in order to optimize the use of in-house workforce versus contractor labor?</p> <ul style="list-style-type: none"> <li>Review policies and procedures for optimizing the</li> </ul>	<p>Lovell - Gas, Boismenu - Electric.</p>	<p>Description of the utilization strategy for contractors in both the gas and electric operations.</p> <p>Contractor Utilization</p>	<p>Procurement Director.</p>



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use of in-house workforce versus contractor labor.		Procedure.	
<p>Examine contractor and engineering bidding practices.</p> <ul style="list-style-type: none"> <li>Review procedures for selecting outside contractors and engineers.</li> <li>Review specific samples of this selection process, including change orders and cost control.</li> </ul>	Lovell - Gas, Boismenu - Electric.	Contracting policy regarding gas and electric construction.	Procurement Director. Purchasing and contracting representatives. Program and project managers.
<p>Evaluate how construction projects are planned and managed.</p> <ul style="list-style-type: none"> <li>Review procedures and interview personnel responsible for planning and managing contractors and construction projects.</li> <li>Use statistical sampling method to select a group of construction projects for both utilities. Selection should include both large and small projects and include a diverse set of project types.</li> <li>Assess construction programs to assess all aspects of planning process and cost control.</li> </ul>	Lovell - Gas, Boismenu - Electric.	Project Management Procedures.	Engineering Director. Project Manager Director.
<p>Evaluate quality assurance and quality control at the program and project level.</p> <ul style="list-style-type: none"> <li>Review QA/QC programs</li> </ul>	Lovell - Gas, Boismenu - Electric.	Procedures of insuring quality control of gas and electric projects.	QC Director.
<p>Examine contractor management, project/program management, including accountability, goals, objectives, and</p>	Lovell - Gas, Boismenu - Electric.	Contractor Evaluation Program. System reports and	Engineering Director. Project



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<p>performance measurement.</p> <ul style="list-style-type: none"> <li>Review all programmatic systems in place for managing contractors.</li> </ul>		<p>program details.</p>	<p>Manager Director.</p>
<p>Examine methodology for tracking costs, work units and work quality for specific programs and projects. What are the typical variances between original budgeted and actual capital expenditures and work units? How does the Company track and minimize the variances in order to improve the cost control, efficiency/productivity and work quality?</p> <ul style="list-style-type: none"> <li>Review all project tracking programs in place.</li> <li>Analyze budgeted to actual reports and graph results.</li> <li>Determine at what level of variance management actions are taken.</li> </ul>	<p>Lovell - Gas, Boismenu - Electric.</p>	<p>Companies' Cost Control and Tracking System.</p>	<p>Operating company CFOs.  Engineering Director.  Project Manager Director.</p>
<p>How do capital and O&amp;M plans and budgets convert to specific programs and projects?</p> <ul style="list-style-type: none"> <li>Review process for allocating budgeted funds to specific programs and projects.</li> </ul>	<p>Lovell - Gas, Boismenu - Electric.</p>	<p>Capital budgets for 2006- 2010.  O&amp;M budgets for 2006- 2010.  Capital and O&amp;M budget procedures.</p>	<p>Senior Management.</p>
<p>How are programs and projects prioritized and approved over various time horizons?</p>	<p>Lovell - Gas, Boismenu -</p>	<p>Approval guidelines showing dollar approval levels and management</p>	<p>Senior Management.</p>





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<ul style="list-style-type: none"> <li>Review planning timeline as it applies to budgeting.</li> </ul>	Electric.	titles.	
<p>Define and review program and project planning, design, estimating, engineering, costing, scheduling and execution.</p> <ul style="list-style-type: none"> <li>Work with all other consultants to develop an overall assessment of program and project planning, design, estimating, engineering, costing, scheduling and execution elements.</li> </ul>	Lovell - Gas, Boismenu - Electric.	To be determined.	System design and engineering personnel.
<p>How are materials, equipment, transportation and other logistical support planned and managed for programs and projects?</p> <ul style="list-style-type: none"> <li>Review through policy and procedures and field investigations the means of procuring and distributing materials, equipment, transportation and other logistical support.</li> </ul>	Lovell - Gas, Boismenu - Electric.	Sample of projects for which documentation is to be identified.	Program and Project Managers.
<p>How are tradeoffs analyzed and decisions made in order to optimize the use of in-house workforce versus contractor labor?</p> <ul style="list-style-type: none"> <li>Review policies and procedures for optimizing the use of in-house workforce versus contractor labor.</li> </ul>	Lovell - Gas, Boismenu - Electric.	Description of the utilization strategy for contractors in both the gas and electric operations.	To be determined.
<p>Examine contractor and engineering bidding practices.</p> <ul style="list-style-type: none"> <li>Review procedures for selecting outside contractors and engineers.</li> </ul>	Lovell - Gas, Boismenu - Electric.	Contracting policy regarding gas and electric construction.	Purchasing and contracting representatives. Program and



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<ul style="list-style-type: none"> <li>Review specific samples of this selection process, including change orders and cost control.</li> </ul>			project managers.
<p>Evaluate how construction contractor projects are planned and managed.</p> <ul style="list-style-type: none"> <li>Review procedures and interview personnel responsible for planning and managing contractors and construction projects.</li> <li>Determine how projects are inspected and accepted.</li> <li>Determine how contract disputes are resolved.</li> </ul>	Lovell - Gas, Boismenu - Electric.	To be determined based on orientation meetings.	
<p>Evaluate quality assurance and quality control at the program and project level.</p> <ul style="list-style-type: none"> <li>Review QA/QC programs.</li> <li>Determine programs that are conducted beyond those required by regulation.</li> </ul>	Lovell - Gas, Boismenu - Electric.	Procedures of insuring quality control of gas and electric projects.	Operating executives.
<p>Examine contractor management, project/program management, including accountability, goals, objectives, and performance measurement.</p> <ul style="list-style-type: none"> <li>Review all programmatic systems in place for managing contractors.</li> <li>Identify the process and responsibility for qualifying and disqualifying contractors.</li> </ul>	Lovell - Gas, Boismenu - Electric.	Contracting procedures from corporate purchasing. See also work management.	Corporate purchasing executives. See work also work management .
<p>Examine methodology for tracking costs, work units and work quality for specific programs and projects. .What is the typical variances between original budgeted and actual capital expenditures and work units? How does the Company track and minimize the variances in order to improve the cost</p>	Lovell - Gas, Boismenu - Electric.	Actual to budget reports for the previous five years.	Operating company CFOs.



control, efficiency/productivity and work quality? <ul style="list-style-type: none"><li>• Review all project tracking programs in place.</li><li>• Analyze budgeted to actual reports and graph results.</li><li>• Determine at what level of variance management actions are taken.</li></ul>			
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**Task 8 - Work Force Management**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as RG&amp;E and NYSG&amp;E.</p> <ul style="list-style-type: none"> <li>• An effective work force management program should be developed with sound principles, should be easy to implement and track, and reports should be the basis for taking actions.</li> <li>• Work force management should be viewed holistically by identifying all inputs to the work force management equation, not simply “wrench time”.</li> <li>• Different work force management systems and tools should be applied to work groups with different characteristics.</li> <li>• Any work management system applied should have a clear benefit in terms of cost/service quality.</li> <li>• Work force management practices should actually be utilized in the field and be consistent with identified practices.</li> <li>• As work moves from long-term to shorter term, the work and resource granularity should continually increase.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Mark Fowler</b> – Has developed work force management programs at utilities as both a consultant and employee. He has also audited work management at former Iberdrola gas utilities.</p> <p><b>Mike Boismenu</b> – Has both developed and operated work force management programs at utilities.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>Examine how planning and execution of programs and projects are converted into short-term and day-to-day work planning and management.</p> <ul style="list-style-type: none"> <li>• Review all work planning and management tools used by field personnel for short-term projects.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Sample of annual work plans for NYSE&amp;G and RG&amp;E for both gas and electric. Broken down by work group as defined by the</p>	<p>Senior managers of electric and gas operations at both utilities.</p> <p>Field visits to local offices managing</p>



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<p>Review the process for effectively deploying the internal workforce.</p>		<p>companies 'Transmission, distribution and substation, vegetation management organizations.</p>	<p>electric and gas operations personnel.  Field visits to construction locations with local managers.</p>
<p>Examine how planning and execution of programs and projects are converted into short-term and day-to-day work planning and management.</p> <ul style="list-style-type: none"> <li>• Review all work planning and management tools used by field personnel for short-term projects.</li> <li>• Review development and use of reports from short-term tools.</li> <li>• Determine how progress is measured and reported against plans.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Sample of annual work plans for NYSE&amp;G and RG&amp;E for both gas and electric. Broken down by work group as defined by the companies'. Transmission, distribution,</p>	<p>Senior managers of electric and gas operations at both utilities.  Field visits to local offices managing electric and gas operations personnel.  Field visits to construction locations with local managers.</p>
<p>Evaluate work management systems that are used to schedule and manage field crews, including transportation, equipment, and materials.</p> <ul style="list-style-type: none"> <li>• Review all work management tools, reports, models and other systems.</li> </ul>	<p>Fowler, Boismenu</p>	<p>By company and by work group, provide a listing of the work management systems and processes used to schedule and manage</p>	<p>Group presentation to provide an overview of work force management</p>



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<ul style="list-style-type: none"> <li>Sample reports and determine if action is taken when deviations are identified.</li> </ul>		gas and electric construction crews at each company. (Identify any planned changes).	system.
<p>Review the roles and responsibilities of project managers, supervisors, inspectors, etc.</p> <ul style="list-style-type: none"> <li>Interview project managers, inspectors and other management personnel to ascertain their duties.</li> <li>Review job descriptions for above.</li> </ul>	Fowler, Boismenu.	Project management policies and procedures.	Sampling of project managers, supervisors and inspectors.
<p>How do the companies manage quality assurance and quality control?</p> <ul style="list-style-type: none"> <li>Review QA/QC program as it applies to construction management.</li> <li>Coordinate with program and project management consultants.</li> </ul>	Fowler, Boismenu.	<p>Quality control requirements as applied to electric and gas construction.</p> <p>Inspection criteria as it applies to gas and electric construction. What projects are inspected, by whom and what is the documentation.</p>	Sampling of project managers, supervisors and inspectors.
<p>How does NYSE&amp;G and RG&amp;E measure and manage employee availability, utilization, efficiency, productivity and effectiveness?</p> <ul style="list-style-type: none"> <li>Review all systems in place for measuring and managing employee resources.</li> </ul>	Fowler, Boismenu.	<p>Resource Based Project Scheduling system.</p> <p>Overview of Workforce Management System.</p>	Operations Superintendents.



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<p>How are work program and project schedules managed on a short-term and day-to-day basis?</p> <ul style="list-style-type: none"> <li>Review development and revision of daily work schedules.</li> <li>Determine how they are integrated into larger resource schedules.</li> <li>Identify how contractors and alternative internal resources are used to manage daily schedule changes.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Sample of the daily schedules used by field managers in both gas and electric construction. Identify to job title of the persons(s) using the schedules.</p> <p>Workforce Management System.</p>	<p>Field visits to local offices with interviews of field supervisors.</p> <p>Site visits to ongoing projects.</p>
<p>How does NYSE&amp;G and RG&amp;E measure and manage employee availability, utilization, efficiency, productivity and effectiveness?</p> <ul style="list-style-type: none"> <li>Review all systems in place for measuring and managing employee resources.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Resource Based Project Scheduling system.</p> <p>Workforce Management System.</p>	<p>Operations Superintendents.</p>
<p>How does NYSE&amp;G and RG&amp;E measure and manage employee availability, utilization, efficiency, productivity and effectiveness?</p> <ul style="list-style-type: none"> <li>Review all systems in place for measuring and managing employee resources.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Resource Based Project Scheduling system.</p> <p>Workforce Management System.</p>	<p>Operations Superintendents.</p>
<p>How does NYSE&amp;G and RG&amp;E measure and manage employee availability, utilization, efficiency, productivity and effectiveness?</p>	<p>Fowler, Boismenu.</p>	<p>Resource Based Project Scheduling system.</p> <p>Workforce</p>	<p>Operations Superintendents.</p>



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<ul style="list-style-type: none"> <li>Review all systems in place for measuring and managing employee resources.</li> </ul>		Management System.	
<p>How are work program and project schedules managed on a short-term and day-to-day basis?</p> <ul style="list-style-type: none"> <li>Review development and revision of daily work schedules.</li> <li>Determine how they are integrated into larger resource schedules.</li> <li>Identify how contractors and alternative internal resources are used to manage daily schedule changes.</li> </ul>	Fowler, Boismenu.	<p>Sample of the daily schedules used by field managers in both gas and electric construction. Identify to job title of the persons(s) using the schedules.</p> <p>Workforce Management System.</p>	<p>Field visits to local offices with interviews of field supervisors.</p> <p>Site visits to ongoing projects.</p>
<p>How does information about rework, failures, repair history, etc. get translated into corrective actions, infrastructure aging analysis, repair versus replace decisions, etc?</p> <ul style="list-style-type: none"> <li>Review process for integrating rework, failures, and repair history into corrective actions, infrastructure aging analysis, and repair versus replace decisions.</li> </ul>	Fowler, Boismenu.	<p>Identify any significant infrastructure which is being repaired or replaced as a result of known or projected failures or repair costs. (Cast iron, families of equipment etc.)</p> <p>Workforce Management System - Rework Tracking Module.</p>	Senior managers of electric and gas operations at both utilities.





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<p>How do workforce and work management systems feed back into performance improvement opportunities?</p> <ul style="list-style-type: none"> <li>Review feedback mechanisms that provide input to management systems.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Workforce Management System – Performance Tracking Module.</p>	<p>Senior managers of electric and gas operations at both utilities.</p>
<p>How does NYSE&amp;G and RG&amp;E measure and manage employee availability, utilization, efficiency, productivity and effectiveness?</p> <ul style="list-style-type: none"> <li>Review all systems in place for measuring and managing employee resources.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Performance reports.</p>	<p>Senior managers of electric and gas operations at both utilities.</p>
<p>How are work program and project schedules managed on a short-term and day-to-day basis?</p> <ul style="list-style-type: none"> <li>Review development and revision of daily work schedules.</li> <li>Determine how they are integrated into larger resource schedules.</li> <li>Identify how contractors and alternative internal resources are used to manage daily schedule changes.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Sample of the daily schedules used by field managers in both gas and electric construction. Identify to job title of the persons(s) using the schedules.</p>	<p>Field visits to local offices with interviews of field supervisors.</p> <p>Site visits to ongoing projects.</p>
<p>How does information about rework, failures, repair history, etc. get translated into corrective actions, infrastructure aging analysis, repair versus replace decisions, etc?</p> <ul style="list-style-type: none"> <li>Review process for integrating rework, failures,</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Identify any significant infrastructure which is being repaired or replaced as a result of known or projected</p>	<p>Senior managers of electric and gas operations at both utilities.</p>



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<p>and repair history into corrective actions, infrastructure aging analysis, and repair versus replace decisions.</p>		<p>failures or repair costs. (Cast iron, families of equipment etc.)</p> <p>Workforce Management System - Rework Tracking Module.</p>	
<p>How do workforce and work management systems feed back into performance improvement opportunities?</p> <ul style="list-style-type: none"> <li>Review feedback mechanisms that provide input to management systems.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Workforce Management System - Performance Tracking Module.</p>	<p>Senior managers of electric and gas operations at both utilities.</p>
<p>How does information about rework, failures, repair history, etc. get translated into corrective actions, infrastructure aging analysis, repair versus replace decisions, etc?</p> <ul style="list-style-type: none"> <li>Review process for integrating rework, failures, and repair history into corrective actions, infrastructure aging analysis, and repair versus replace decisions.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>Identify any significant infrastructure which is being repaired or replaced as a result of known or projected failures or repair costs. (Cast iron, families of equipment etc.)</p>	<p>Senior managers of electric and gas operations at both utilities.</p>
<p>How do workforce and work management systems feed back into performance improvement opportunities?</p> <ul style="list-style-type: none"> <li>Review feedback mechanisms that provide input to management systems.</li> </ul>	<p>Fowler, Boismenu.</p>	<p>To be determined.</p>	<p>Senior managers of electric and gas operations at both utilities.</p>



**Task 9 - Performance and Results Measurement Planning**

<p><b>Evaluative Criteria</b></p> <p>The following Evaluative Criteria define the good practices that an experienced management consulting firm would expect to see at a utility such as NYSE&amp;G and RG&amp;E.</p> <ul style="list-style-type: none"> <li>• An effective system for performance and results measurement must use clear and easily measured indices, that have a high correlation to work requirements</li> <li>• Planning associated with performance measurement should readily accept results and then translate these results into actionable changes in policy or asset allocation.</li> <li>• Results must be communicated quickly and accurately to the appropriate levels of management.</li> <li>• Results should be acted upon when circumstances dictate.</li> </ul>		<p><b>Consultants Assigned</b></p> <p><b>Mark Fowler</b> - Will tie this information to previous sections. Mark has developed performance reports for utilities as well as auditing the process.</p> <p><b>Chuck Buechel</b> - Has extensive experience developing and tracking performance and results for utility operations.</p> <p><b>Cynthia Holste Pepper</b> - Will address corporate mission and goals.</p>	
<p><b>Work Requirements and Associated Steps</b></p>	<p><b>Consultant Assigned</b></p>	<p><b>Preliminary Data Requests and Analysis</b></p>	<p><b>Interviews/Site Visit/Field Work</b></p>
<p>How does Company performance (reliability, productivity, etc.) feed back to its corporate mission, objectives and goals so that it can improve its processes, redirect resources, and change priorities? At what point and to what extent are the Boards involved in this feedback loop?</p> <ul style="list-style-type: none"> <li>• After reviewing all performance measurement systems determine how they interface with senior level mission statements, objectives and goals.</li> </ul>	<p>Holste Pepper, Fowler, Buechel.</p>	<p>Corporate mission statements.</p> <p>Dashboards or other monthly management reports provided to senior management for the period 2006-2010.</p>	<p>Senior managers at IBE, IUSA and NYSE&amp;G and RG&amp;E.</p>



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<p>Are managers held accountable for performance improvements, e.g., cost savings and productivity gains anticipated from specific capital and O&amp;M programs and projects, specific corporate goals, etc.?</p> <ul style="list-style-type: none"> <li>Determine in what way performance results affect managers performance evaluations.</li> </ul>	Buechel.	See above.	Senior managers at IBE, IUSA and NYSE&G and RG&E.
<p>Are there impediments that tend to constrain performance improvements and necessary changes?</p> <ul style="list-style-type: none"> <li>Ascertain whether there are any structural or communication barriers that are impediments to improvements and changes.</li> </ul>	Holste Pepper, Fowler, Buechel.		Senior managers at IBE, IUSA and NYSE&G and RG&E.
<p>Are there additional performance measures or indicators that are needed to facilitate the corporate mission, objectives and goals? For example, in addition to lagging indicators, are there appropriate leading indicators, metrics and measures that will help improve performance?</p> <ul style="list-style-type: none"> <li>Provide a list of additional or alternate measures that should be considered.</li> </ul>	Holste Pepper, Fowler, Buechel.		Senior managers at IBE, IUSA and NYSE&G and RG&E.



## V. PROJECT TEAM AND RESPONSIBILITIES

### A. PROJECT ORGANIZATION AND CONSULTANTS

The project organization was presented at the beginning to of the Work Breakdown Structure (WBS). In Section I of this proposal we described the many related projects our team has worked on. The following table provides details on which consultants worked on past projects.

### B. BREAKDOWN OF HOURS BY CONSULTANT AND WORK STEP

The following table provides the breakdown of hours by consultant for each work step in the work plan. These estimates are preliminary and will be adjusted after the orientation process.

<b>Costs Per Task (Includes allocation of orientation and report writing.)</b>	<b>Total Hours</b>	<b>Total Fees</b>	<b>Total Exp.</b>	<b>Total Cost</b>	<b>Ave. Hourly Rate</b>
Task 1 - Corporate Mission, Objectives, Goals and I	874	214,151	\$15,643.72	\$229,795	\$263
Task 2 - Long-term Load Forecasting	618	139,151	\$10,202.43	\$149,354	\$242
Task 3 - Wholesale Markets	394	88,751	\$5,441.30	\$94,192	\$239
Task 4 - Supply Procurement	474	114,151	\$7,141.70	\$121,293	\$256
Task 5 - Long-term System Planning	610	140,991	\$10,032.39	\$151,023	\$248
Task 6 - Capital and O&M Budgeting	650	153,071	\$10,882.59	\$163,954	\$252
Task 7 - Program and Project Planning and Manag	538	121,551	\$8,502.02	\$130,053	\$242
Task 8 - Work Force Management	458	102,351	\$6,801.62	\$109,153	\$238
Task 9 - Performance and Results Measurement	578	134,351	\$9,352.23	\$143,703	\$249
<b>Totals and Project Averages</b>	5,192	\$1,208,520	\$84,000	\$1,292,520	\$249



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<b>Costs Per Consultant</b>	<b>Total Hours</b>	<b>Total Fees</b>	<b>Total Exp.</b>	<b>Total Cost</b>	<b>Ave. Hourly Rate</b>
Drabinski	920	\$253,000	\$14,884	\$267,884	\$291
Fowler	680	\$163,200	\$11,002	\$174,202	\$256
Buechel	680	\$163,200	\$11,002	\$174,202	\$256
Davidson	480	\$115,200	\$7,766	\$122,966	\$256
Lovell	576	\$138,240	\$9,319	\$147,559	\$256
Pepper	368	\$88,320	\$5,954	\$94,274	\$256
Baez	304	\$83,600	\$4,918	\$88,518	\$291
Weitzel	240	\$52,800	\$3,883	\$56,683	\$236
Boismenu	600	\$120,000	\$9,707	\$129,707	\$216
Squilletts	344	\$30,960	\$5,565	\$36,525	\$106
<b>Total and Averages</b>	5192	\$1,208,520	\$84,000	\$1,292,520	\$249



## VI. SCHEDULE AND BUDGETS

### A. DETAILED BUDGET PROPOSAL

#### HOURS, FEES AND EXPENSES

The following is the **firm fixed price** cost of our work requirement for the project. Given the uncertainty of exact durations and even specific work requirements, we provide this estimate to give a sense of our rates and cost approach. The detailed work plan and budget, once completed, will not exceed the firm fixed price. The rates provided below are standard hourly rates, based on an eight-hour day and include all personnel expenses for travel and incidentals.

The following Table provides a summary of our fees. The schedule duration, complexity, and uncertainty as to the scope of each task has led us to propose a preliminary distribution of hours. After the project is awarded, the Vantage team will meet with the Project Team and Staff to determine the most appropriate hourly distribution.

#### INVOICING

Invoices will be submitted monthly and are due 20 days after submitted to Company. Invoice backup will include:

- a breakdown of charges by consultant and expense category;
- time reports for each consultant and staff person.

#### INSURANCE COVERAGE

Vantage carries extensive insurance coverage for assignments of this type. While we currently carry the levels shown below, we have the ability to increase our coverage to the required level and will commit to do so prior to starting work. A certificate of Insurance demonstrating coverage will be submitted upon award of the contract.

- Personal and General Liability coverage of \$1,000,000 per occurrence and \$2,000,000 per year.
- Automobile coverage of \$1,000,000 per occurrence with \$2,000,000 aggregate.
- Appropriate workers' compensation and disability insurance for all employees.



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**BUDGET**

NYSE&G/RG&E Management Audit Cost Audit												
Hour and Fee Estimate												
	Project	Lead	Lead	Lead	Lead	Senior	Senior	Senior	Senior	Project		
	Director	Consultant	Consultant	Consultant	Consultant	Consultant	Consultant	Accountant	Consultant	Admin	Total	Total
	Drabinski	Fowler	Buechel	Davidson	Lovell	Pepper	Baez	Weitzel	Boismenu	Squillets	Hours	Fees
	\$275	\$240	\$240	\$240	\$240	\$240	\$275	\$220	\$200	\$90		
<b>Phase 1 - Orientation and Work Plan</b>	80	40	40	40	40	24	24	24	24	40	376	\$86,440
<b>Phase 2 - Analysis</b>												
Task 1 - Corporate Mission, Objectives, Goals and Planning	160			160		160	160	80		16	736	\$183,840
Task 2 - Long-term Load Forecasting	24		200		120				120	16	480	\$108,840
Task 3 - Wholesale Markets	120								120	16	256	\$58,440
Task 4 - Supply Procurement	160				160					16	336	\$83,840
Task 5 - Long-term System Planning	24		160		96		80		96	16	472	\$110,680
Task 6 - Capital and O&M Budgeting	120		80	200				96		16	512	\$122,760
Task 7 - Program and Project Planning and Management	24	200			80					80	400	\$91,240
Task 8 - Work Force Management	24	200								80	320	\$72,040
Task 9 - Performance and Results Measurement	24	160	120			120				16	440	\$104,040
<b>Phase 3 - Report Writing</b>	160	80	80	80	80	64	40	40	80	160	864	\$186,360
<b>Project Total Hours</b>	920	680	680	480	576	368	304	240	600	344	<b>5,192</b>	
<b>Project Total Fees</b>	<b>\$253,000</b>	<b>\$163,200</b>	<b>\$163,200</b>	<b>\$115,200</b>	<b>\$138,240</b>	<b>\$88,320</b>	<b>\$83,600</b>	<b>\$52,800</b>	<b>\$120,000</b>	<b>\$30,960</b>		<b>\$1,208,520</b>
<b>Estimated Number of Trips</b>	10	7	7	6	5	5	5	4	9	2	60	
<b>Estimated Travel Expenses</b>												
Onsite Percentage		30%										
Hours per trip		24										
Hotel cost per trip		\$320										
Airfare per trip		\$750										
Ground Trans. per trip		\$150										
Per diem per trip		\$180										
Cost per trip		\$1,400										
Number of consultant trips		60										
<b>Travel Expenses</b>		<b>\$84,000</b>										
<b>Total Project Cost</b>		<b>\$1,292,520</b>										





## B. PROJECT SCHEDULE

ID	Task Name	Duration	Start	Finish	2012																	
					Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
1	Contract Award/Signing	20 days	Mon 3/7/11	Fri 4/1/11																		
2	Orientation Interviews and Initial DRs	10 days	Mon 4/4/11	Fri 4/15/11																		
3	Develop and Submit Detailed DRs	10 days	Mon 4/18/11	Fri 4/29/11																		
4	Review DRs and Prep for Interviews	10 days	Mon 5/2/11	Fri 5/13/11																		
5	Develop Initial Detailed Workplan	20 days	Mon 5/16/11	Fri 6/10/11																		
6	Develop Final Detailed Workplan	5 days	Mon 6/13/11	Fri 6/17/11																		
7	Submit Revised WP, Continue Interviews	20 days	Mon 6/20/11	Fri 7/15/11																		
8	Review DRs, Conduct Interviews	40 days	Mon 7/18/11	Fri 9/9/11																		
9	Develop Preliminary Findings	15 days	Mon 9/12/11	Fri 9/30/11																		
10	Mid-Term Meeting and Findings Presentation	5 days	Mon 10/3/11	Fri 10/7/11																		
11	Mid Project Summary Report	4 days	Mon 10/10/11	Thu 10/13/11																		
12	Continue Analysis/Draft Report	40 days	Fri 10/14/11	Thu 12/8/11																		
13	Develop Verification Analysis	20 days	Fri 12/9/11	Thu 1/5/12																		
14	Meeting w/Staff to Present Recommendation	25 days	Fri 1/6/12	Thu 2/9/12																		
15	Send Draft Report to Staff	20 days	Fri 2/10/12	Thu 3/8/12																		
16	Send Draft Report to NG	20 days	Fri 3/9/12	Thu 4/5/12																		
17	Prepare Final Draft Report	20 days	Fri 4/6/12	Thu 5/3/12																		
18	Issue Final Report	20 days	Fri 5/4/12	Thu 5/31/12																		



## VII. EXPERIENCE AND QUALIFICATIONS OF THE INDIVIDUALS AND FIRM

### A. VANTAGE DESCRIPTION AND REFERENCES

This section describes the Vantage Energy Consulting, LLC., Firm, project organization, and the experience and qualifications of the team proposed to assist the Illinois Commerce Commission on this assignment.

#### VANTAGE ENERGY CONSULTING, LLC., (VANTAGE)

21460 Overseas Hwy.  
Cudjoe Key, FL 33042  
Tel. (305) 744-3440/Fax (305) 744-3450  
Web Site: [WWW.VANTAGECONSULTING.COM](http://WWW.VANTAGECONSULTING.COM)  
E-MAIL: [WDRABINSKI@VANTAGECONSULTING.COM](mailto:WDRABINSKI@VANTAGECONSULTING.COM)  
Federal Tax ID #: 27-2585-037

Vantage Energy Consulting LLC., (Vantage) is a management consulting firm headquartered in Cudjoe Key, Florida. Vantage consultants possess a broad background in all business aspects of electric, gas, and water utilities, but retain particular expertise in utility operating functions.

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

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

### B. CURRENT AND RECENT PROJECTS

Vantage has a number of on-going projects that are multi-year and permit us to maximize the utilization of our consulting team. Current projects are detailed below.

Client	Description	Timeframe
Delaware PSC	Independent Monitor Delmarva SOS	2010-2011
Duquesne Light Company	DLC SOS Solicitation consultant and IM	2009-2010
Kansas Corporation	Iatan 1 & 2 construction oversight and	2008-2011



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Commission	prudence testimony	
Missouri Retailers Assn.	Witness on Iatan 1 & 2 rate case	2010-2011
King & Spaulding, Houston	Expert witness on power plant accident litigation	2010
Indiana Office of Rate Counsel	Assessing utility merger	2010-2011
Duke Energy Ohio	Affiliate Rules Audit	2010
Duke Energy Indiana	Affiliate Rules Audit	2010
Duke Energy Kentucky	Affiliate Rules Audit	2010

**HISTORICAL VANTAGE ASSIGNMENTS**

The following table summarizes the projects Vantage and its core employees have worked on. Many of these projects were similar in size or much larger than this proposed assignment.

<b>Company</b>	<b>Project</b>
Alberta Power	Power plant efficiency review
Allegheny Power Systems	Fuel Procurement Review
Alltel of Pennsylvania	Comprehensive Operations Review
Alstom Development	Cogeneration Development
Ameritech	Review of merger savings
Ameren Illinois	Emergency response planning and development
American Water-New Jersey	Operations Audit
Aqualectra	Management Audit
Belize Electric Limited	Process Improvement
Bell Atlantic - District of Columbia	Comprehensive Operations Review
Bell Atlantic - New Jersey	Developed a cost activity analysis
BellSouth Services	Reviewed marketing opportunities for technical services
BellSouth	Review of customer service and financial systems
Bonneville Power	Maintenance Practices
Central Hudson Electric and Gas	Management Audit
Central Hudson Electric and Gas	Construction Program Review
Choptank Electric Cooperative	Organizational Review
City of Colorado Springs Utilities	Operations Improvement Project
City of Columbus Georgia	Consolidation
City of Corpus Christi	Process Reengineering
Cleveland Electric Illuminating	Fuel Procurement Review
Columbia Gas of Maryland	Fuel Procurement Review
Columbia Gas of Ohio	Credit and Collections Review
Columbus Southern Company	Fuel Procurement Review
Commonwealth Edison	Outage and Reliability
Consolidated Edison	Audit of emergency response
Contel California (Verizon)	Attestation Examination
Contel Service Corporation	Mgmt. and financial information systems rollouts.
Curoil	Management Audit
Dayton Power & Light Company	Fuel Procurement Review
Dominion East Ohio	Credit and Collections Audit
Duke Energy Ohio	Credit and Collections Review
Duquesne Light Company	Comprehensive Operations Review



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Entergy Corporation	Fuel Procurement Audit
Edmonton Power	Power plant work management system implementation
Entergy Corporation	Affiliate Transactions Review
East Kentucky Power Cooperative	Fuel Procurement Review
El Paso Natural Gas Company	Business Unit Reorganization, Reengineering
FERC	California Energy Crisis
General Waterworks Company	Comprehensive Operations Review
GTE of California	Attestation Examination
Guam Power	Operational Audit
Hampton Roads, Va. Planning Com.	Emissions Credits Banking Strategy
Houston Light and Power	Nuclear Prudence Review
Indianapolis Power & Light	Review of storm response
Illinois Bell Telephone	Affiliate Transactions Review
Kansas City Power and Light	Construction Review and Prudency Testimony
Kentucky American Water Company	Comprehensive Operations Review
Kentucky Utilities Company	Merger Regulatory Support
Kentucky Utilities Company	Governmental Affairs Benchmarking
Kentucky Utilities Company	Comprehensive Operations Review
Louisville Gas & Electric Company	Merger Regulatory Support
Louisville Gas & Electric Company	Comprehensive Operations Review
Montana Power	Power Plant Outage Process Improvement
National Grid	Outage Response
National Grid	Construction Program Audit
New Hampshire Electric Cooperative	Emergency Response
NorthWestern Energy	Construction Review and Prudency Testimony
NYTEL	Affiliate Transactions Review
NRG Big Cajun 2 Coal Fired Power Plant	Operational Assessment
NRG Dunkirk Coal fired Power Plant	Plant Management
NRG Huntley Coal Fired Power Plant	Plant Management
NRG Indian River Coal Fire Power Plant	Organizational Design Assessment and Analysis
NRG Oswego Oil Fired Power Plant	Plant Management
NRG Texas Purchase	Purchase and Integration of Assets into the NRG System
Pacificorp	Power Plant Maintenance
PacBell	Attestation
Pacific Gas & Electric Company	DSM Analysis
PECO Energy	Nuclear Prudence Review
Pennsylvania Power & Light Company	Staffing Review
PEPCO	Power plant fuel procurement and management
Philadelphia Gas Works	Operations Review, Capital Project Analysis
Philadelphia Suburban Water Company	Comprehensive Operations Review
Philadelphia Suburban Water Company	Reengineering of Operating Departments
PowerSouth	Organizational Design Assessment and Analysis
Plains Electric Generation and Transmission	Power Plant Construction
Public Service Co. - New Hampshire	Power Plant Outage Management
Public Service Co. - New Hampshire	Management audit of T&D operations
Public Service Co. - New Hampshire	Review of Emergency Response
Public Service Electric & Gas Company	Restructuring Plan Review
Public Service Electric & Gas Company	Nuclear Prudence Review
Public Service Electric & Gas Company	Generation and Environmental Planning
Public Service Electric & Gas Company	Fossil Generation Rate Case



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Public Service Electric & Gas Company	Clean Air Act Compliance
San Diego Gas & Electric Company	Performance Based Ratemaking
San Diego Gas & Electric Company	DSM Analysis
Scranton Steam Heat	Plant Management
Seattle City Light	Comprehensive Operations Review
SEMPRA	Affiliate Transactions
Southern California Edison	DSM Analysis
Southern California Gas Company	DSM Analysis
Southern California Gas Company	Management audit of gas operations
Southern California Gas Company	Affiliate Transactions Audit
Southern Connecticut Gas	Management Audit
South Jersey Gas	Process Reengineering
Southern New England Telephone	Technical re. long-run cost modeling docket
Southwestern Bell Telephone	Call Center Work Management
St. Vincent	Management Audit
Toledo Edison Company	Fuel Procurement Review
Unitil	Emergency Response
Union Light Heat & Power	Operations Review
United Telephone of Pennsylvania	Comprehensive Operations Review
United Telephone of Texas	Comprehensive Operations Review
Vectren Energy	Credit and Collections Audit
Washington Gas Light	Fuel Procurement Review
West Ohio Gas Company	Gas Procurement Analysis
West Texas Utilities	Comprehensive Operations Review
Western Kentucky Gas	Comprehensive Operations Review
Yankee Gas	Management Audit



**C. REFERENCES**

<b>Client:</b>	Connecticut Department of Public Utility Control
<b>Assignment:</b>	Diagnostic Performance Audit
<b>Utility:</b>	United Illuminating
<b>Contact:</b>	Mr. Bob Palermo Tel: 860-827-2760. Email: <a href="mailto:Robert.Palermo@po.state.ct.us">Robert.Palermo@po.state.ct.us</a>
<b>Project Description:</b>	Comprehensive Management Audit of United Illuminating Company (UI) Utilities Operations and Management Analysis (UOMA) Unit of the Department of Public Utility Control (Department or DPUC).
<b>Period Worked</b>	2008

<b>Client:</b>	Public Utilities Commission of Kentucky
<b>Assignment:</b>	Conduct a Compliance Audit of Duke Energy Kentucky
<b>Utility:</b>	Duke Energy Kentucky
<b>Contact:</b>	Rocco D'Ascenzo Tel: (513) 419 1852, email: <a href="mailto:D'Ascenzo@duke-energy.com">D'Ascenzo@duke-energy.com</a>
<b>Project Description:</b>	Assess DE-Kentucky's compliance with Kentucky Revised Statute, KRS 278.2201 through 278.2219; the established KPSC regulation Kentucky Administrative Regulation 807 KAR 5:080, Procedural and filing requirements and safeguards concerning non-regulated activities of utilities or utilities or utility affiliates; as well as the agreed merger commitments. Offer an opinion as to whether DE-Kentucky has successfully implemented the recommendations from the previous audit.
<b>Period Worked</b>	2010

<b>Client:</b>	Kentucky Public Service Commission
<b>Assignment:</b>	Management Audits and Focused Reviews of numerous utilities.
<b>Utility:</b>	BellSouth, LG&E, Kentucky Utilities, ULH&P, West Kentucky Gas, and Kentucky American Water Company
<b>Contact:</b>	Mr. John Rogness, KPSC - Audit Dept. Manager (502) 564-3940, jarogness@ky.gov
<b>Project Description:</b>	Vantage and its consultants have performed six comprehensive audits in Kentucky. Projects varied from \$100,000 to \$400,000
<b>Period Worked</b>	1994 through 2007



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<b>Client:</b>	Duquesne Light Company
<b>Assignment:</b>	Performed comprehensive management audit in 1999 Conduct DLC Generation Service Procurement using proprietary system.
<b>Contact:</b>	Mr. Gary Jack, Assistant General Counsel, Duquesne Light Co. Tel: (412) 393-1541, email: <a href="mailto:gjack@duqlight.com">gjack@duqlight.com</a>
<b>Project Description:</b>	Conduct and monitor POLR energy procurement.
<b>Period Worked</b>	Audit in 1999 Energy procurement from 2008 to present
<b>Consultants:</b>	Walt Drabinski, Chuck Buechel, Jackie Squilletts

<b>Client:</b>	Pacific Gas & Electric Company
<b>Assignment:</b>	Audits of Affiliate Rules Compliance per CPUC
<b>Utility:</b>	PG&E, PGE Enterprise and affiliates
<b>Contact:</b>	Mr. Michael T. Chinen, CPA, Tel: (415) 407-3713, Cell (415) 407-3713 email: <a href="mailto:mtac32@yahoo.com">mtac32@yahoo.com</a>
<b>Project Description:</b>	Vantage and its consultants have performed five years of annual audits which addressed affiliate rules compliance. This included procurement of natural gas for affiliates.
<b>Period Worked</b>	2002 - 2005



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<b>Client:</b>	Indiana Office of Utility Consumer Counselor
<b>Assignment:</b>	Conduct a Compliance Audit of Duke Energy Indiana, Review of merger costs and benefits for Citizen's merger, oversight of Indianapolis Power & Light reliability program.
<b>Utility:</b>	Duke Energy Indiana, Citizen's Merger, IPL Audit
<b>Contact:</b>	Sara Campo, Executive Office Director. Tel: (317) 233-0892. Email: <a href="mailto:Scampo@oucc.IN.gov">Scampo@oucc.IN.gov</a>
<b>Project Description:</b>	<ol style="list-style-type: none"> <li>1) Assessed DE-Indiana's compliance with the established Affiliate Standards and offered an opinion as to whether DE-Indiana had successfully implemented the recommendations from the previous audit.</li> <li>2) Assessed merger costs and benefits of City of Indianapolis water, wastewater, gas and cooling into a single utility.</li> <li>3) Provided audit and oversight for three years following implementation of reliability improvement program at Indiana Power &amp; Light.</li> </ol>
<b>Period Worked</b>	2010

<b>Client:</b>	Lower Colorado River Authority
<b>Assignment:</b>	Conduct a corporate G&A Cost of Service and Cost Comparison study FY 2010.
<b>Contact:</b>	Craig Sloan - Controller Tel: (512) 473-3200, ext 2330, email: <a href="mailto:craig.sloan@lcra.org">craig.sloan@lcra.org</a>
<b>Project Description:</b>	Study of G&A Cost of Service allocations associated with Lower Colorado River Authority's (LCRA) Fayette Power Plant (FPP) and the Wholesale Power Systems Division (WPS) Business Unit.
<b>Period Worked</b>	2009

<b>Client:</b>	Kansas Corporation Commission
<b>Assignment:</b>	Review of Iatan I & II AQCS and coal plant construction for prudence. Testify in prudence hearings.
<b>Contact:</b>	Mr. Patrick T. Smith, Litigation Counsel, Tel: (785) 271-3173, email: <a href="mailto:p.smith@kcc.ks.gov">p.smith@kcc.ks.gov</a> Mr. Jeff McClanahan, Chief of Accounting and Financial Analysis Tel: (785) 271-3212, email: <a href="mailto:j.mcclanahan@kcc.ks.gov">j.mcclanahan@kcc.ks.gov</a>
<b>Project Description:</b>	Vantage was retained to monitor construction and then develop prudence testimony regarding Iatan 1 & 2 power plant construction...
<b>Period Worked</b>	2008 - 2010





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<b>Client:</b>	NorthWestern Energy (Montana PSC)
<b>Assignment:</b>	Oversight of construction of Mill creek Project
<b>Utility:</b>	NorthWestern Energy
<b>Contact:</b>	Kate Whitney, Administrator - Utility Division Tel: (406) 444-3056, email: <a href="mailto:kwhitney@state.mt.us">kwhitney@state.mt.us</a> Bill "Dusty" Rhoads, Director - Montana Production Tel: (406) 497-3496, email: <a href="mailto:William.Rhoads@northwestern.com">William.Rhoads@northwestern.com</a>
<b>Project Description:</b>	Monitored Greenfield construction of 3-unit combustion turbine project during 2009-2010 periods.
<b>Consultants:</b>	Walt Drabinski, Mike Boismenu.



## D. RESUMES

The resumes of Walter Drabinski, Mark Fowler, Chuck Buechel, Mary Lovell, Marie Davidson, Mike Bosimenu, Braulio Baez, Cynthia Holste-Pepper, Chucks Weitzel and Jacqueline Squilletts follow.



## RESUME OF MR. WALTER P. DRABINSKI

### AREAS OF SPECIALIZATION

Mr. Drabinski is President of *Vantage Energy Consulting LLC*. He has more than 38 years of experience in the utility industry as both a utility company manager and a management consultant. His functional expertise includes all aspects of power plant construction and operations, utility strategy, organization, executive and financial management, productivity improvement, operations and maintenance, engineering, and environmental compliance. As a utility manager, Mr. Drabinski held the positions of Operations Project Engineer on the construction of a 1,700 MW project, System Training Director, Fossil Generation; and Supervisor, Electrical Maintenance for Niagara Mohawk Power Corporation in upstate New York. As a management consulting principal, he has worked for national firms and has been President of his own firm for 20 years. During that time he has managed more than 150 consulting engagements; he has performed work related to almost 140 generation units that were under construction or operating and he has testified in formal regulatory hearings over 50 times.

### SELECTED CONSULTING EXPERIENCE

#### OPERATIONAL AND MANAGEMENT AUDITS

*Consolidated Edison Company* - Performed an audit of emergency restoration and outage planning capabilities for the New York PSC. Audit followed a number of large and highly public outages. Major recommendations were made to develop new strategies and programs for addressing reliability and outage response.

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

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

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

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



**Resume of Mr. Walter P. Drabinski**

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

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

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

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

*New Jersey Board of Public Utilities* – Director on major project to review hedging practices of the four gas distribution utilities in New Jersey. Working with Pace Energy as a sub-contractor, alternate hedging strategies were developed and proposed using more advanced techniques, including options.

*Cumberland Valley Electric Cooperative* – Performed a focused management audit of this small, rural cooperative. Worked with management to develop transition to new management team.

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

- examinations of surcharge collections of “high cost fund” and “teleconnect fund” amounts for AT&T, Verizon, Sprint, and PacBell. In each project significant accounting, interpretational and transmittal errors were discovered, leading to the recovery of amounts well in excess of project costs;
- examinations of claims requests of “high cost fund” and “teleconnect fund” for Verizon, PacBell, and Roseville.

*Indiana Power & Light* – Vantage acted as the evaluator, at the request of the Indiana Utility Regulatory Commission, for a three-year program in which customer service and



**Resume of Mr. Walter P. Drabinski**

distribution system reliability are being monitored with penalties for missing targets. A major element of this program was enhanced vegetation control.

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

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

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

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

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

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

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

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

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

**Resume of Mr. Walter P. Drabinski**

DSM. Vantage provided feedback to a number of working groups on the needs of energy service companies.

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

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

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

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

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

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

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



**Resume of Mr. Walter P. Drabinski**

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

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

**AFFILIATE TRANSACTION AUDITS**

*Duke Energy Ohio* - Project Manager, in support of the Public Utility Commission of Ohio, for audit related to compliance with affiliate rules, merger compliance issues, cost allocation manual and transfer of assets between affiliates for the period of January 2008 through June 2009.

*Duke Energy Indiana* - Project Manager, in support of the Indiana RUC, for audit related to compliance with affiliate rules, merger compliance issues, cost allocation manual and transfer of assets between affiliates.

*Duke Energy Kentucky* - Project Manager for audit related to compliance with affiliate rules, merger compliance issues, cost allocation manual and transfer of assets between affiliates.

*Lower Colorado River Authority* – Project Manager for review of power plant cost allocations, development of cost allocation manual, and assessment of compliance with agreements with Austin Energy.

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

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



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

*Pacific Gas & Electric Co.*– Project Director for affiliated audit for 2001,2002, 2003, 2004 and 2005 calendar years to verify compliance with California PUC restructuring requirements. Assignment included assessment of company plan and audit of affiliate transactions. Acted as the lead consultant on areas that addressed Nondiscrimination Standards, Disclosure and Information Standards, and Competitive Services. Recommendations from these reports addressed means of improving compliance.

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

**Power Generation, Construction Management, and Engineering**

*Kansas City Power & Light Iatan 1&2* – At the request of the Kansas Corporation Commission (KCC) Staff, provided oversight of the \$500 million installation of a Air Quality Control System (AQCS) on the existing (KCP&L) Iatan Unit 1and monitored construction of the \$2 billion Iatan Unit 2 coal fired, supercritical power plant. Reviewed organization, cost, schedule, project controls, contractor performance, contract monitoring, site conditions, and other key attributes associated with a mega-project. Provided regular assessments to the KCC on progress and risks, monitored startup and acceptance testing, and provided testimony in rate cases for both Iatan 1 and 2, with recommendations for almost \$240 million in prudence disallowances.

*North West Energy – Mill Creek Station* – Monitored the construction of this three-unit 150 MW combustion turbine power plants for the Montana Public Service Commission. Visited construction site on a regular basis and provided input to the construction tem as well as the Montana PSC. Reviewed quarterly reports and testified before the Commission after each report. Provided insight on In-service criteria testing and other key design and operational elements.

*Philadelphia Electric Company* – Lead Consultant on a retrospective investigation of the Limerick Nuclear Power Plant. Analyzed the Company's financial condition during the





**Resume of Mr. Walter P. Drabinski**

construction program and reviewed construction management practices on the project. Prepared testimony for prudence hearings on construction management and financial performance.

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

***California Independent System Operator*** – FERC - Project Director on an Independent Operational Audit of the CAISO for the period of October 2001 through October 2002. Analysis involved all aspects of the CAISO interface with power plants and transmission systems in California and the western portion of the US. This assignment was performed at the request of the FERC and led to a series of five global recommendations. Shortly after the completion of the audit, Mr. Drabinski testified before the House of Representatives, Subcommittee on Subcommittee on Energy Policy, Natural Resources & Regulatory Affairs.

***Massachusetts Municipal Wholesale Electric Utility (MMWEC)***– Performed analysis on options for equipment upgrades and construction requirements at major power plant and performed limited life extension analysis. Assisted with economic analysis on new generation sources.

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

***St. Vincent Energy Services Ltd.*** - At the request of the Board of Directors and Prime Minister, Vantage conducted a review of system reliability and fuel procurement for the utility generation sources. Significant findings resulted in a new strategic plan, a reorganization of management and a legal investigation into procurement practices. Made numerous recommendations related to the economics of refurbishment of older units and the construction of new generation sources.

***Public Service Electric & Gas*** – Engagement Manager during a long-term engagement with PSE&G. Specific assignments he directed are listed below.

- Developed a 30-year environmental plan, addressing power generation and environmental strategy.
- Assisted in development of innovative rate strategy for Bergen combined cycle unit.



**Resume of Mr. Walter P. Drabinski**

- Worked on a team of utility employees, lobbyists, legislative staff members and the DOE to develop a program for voluntary reduction of CO<sub>2</sub> and global warming initiatives.
- Reviewed gas procurement strategy for 1300 MW of combine cycle generation.
- Conducted a tactical and strategic alternatives study of the Company's fleet of 158 combustion turbine generation plants.
- Developed a plan for complying with the 1990 Clean Air Act Amendments.
- Assisted in a study of the 1992 Energy Policy Act and prepared a report that illustrated how it would impact company operations.
- Wrote and supported testimony in the area of fossil generation on behalf of the Company in a major rate case.
- Developed protocols for NO<sub>x</sub> emission trading within NESCAUM.

*Colonial Chemical Company* – Assisted in identifying candidates for Selective Non-Catalytic Reduction systems to reduce nitrous oxide emissions from power plants throughout the east coast and Midwest..

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

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

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

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

- Assisted in design and then installation of new boiler control technology associated with conversion of four – 100 MW units from coal to oil in 1972.
- Provided design review and input on two 850 MW oil fired units (Oswego 5-6)
- Represented utility during acceptance testing, start-up, and turnover of all electrical power systems, auxiliary equipment, and turbine and boiler instrumentation and control systems for the Oswego 5 – 850 MW oil fired unit which went commercial in 1975.
- Monitored construction of two new switchyards, installation of two-115 KV underground transmission lines and three-345 KV overhead transmission lines.



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**Power Plant Operations and Fuel Procurement**

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

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

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

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

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

*Centerior Companies (Cleveland Electric Illuminating Company and Toledo Edison)* – Project Manager on audit of electric fuel procurement practices and procedures for the Public Utilities Commission of Ohio in 1991. Responsibilities included the review of fuel procurement planning, long-term contracts, and spot procurement. Made



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recommendations regarding coal contracts, interstate wheeling arrangements, and coal transportation costs. Testified twice regarding results of audit report.

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

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

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

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

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

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

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

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



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

**ENERGY PROCUREMENT ASSIGNMENTS**

*Maryland Public Service Commission* – Monitored all RFP solicitations for 2007 and 2008 bid years. This amounted to nine solicitations for all four utilities in Maryland. Provided oversight on bid day, reviewed applications, provided confidential analysis and briefings to the Commissioners and testified on results.

*Alleghany Power Virginia* – Monitored RFP solicitations for 2007 and 2008 bid years. Provided oversight on bid day, reviewed applications, provided a final report on results for the Virginia regulatory agencies.

*Delaware Public Service Commission* – Monitored all RFP solicitations for 2006 and 2010-11 bid year. Provided oversight on bid day, reviewed applications, provided confidential analysis and briefings to the Commissioners and testified on results.

*Maryland Public Service Commission* – Provided analysis and related testimony on restructuring-related cases in 2007 and 2008. Testimony involved wholesale market issues, portfolio options and rebuttal relative to utility witnesses.

*Duquesne Light Company* – Project Manager on assignment in which Vantage conducted solicitation of energy for POLR customers. Vantage utilized its own proprietary software and secure web site to conduct bidding. Vantage also constructed webinar to educate potential bidders and acted as conduit for all information requests and dissemination of confidential load data.

**OTHER BUSINESS AND PROFESSIONAL EXPERIENCE**

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

*Electrical Maintenance Supervisor* for Niagara Mohawk Power Corporation. Managed two supervisors and thirty electricians performing electrical construction, maintenance, and repair. Developed and implemented a preventive maintenance program for a six-unit/2000



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megawatt power plant. Managed roving maintenance crew, providing personnel, equipment, and expertise to nuclear power plants during outages. Responsibilities included all plant, fuel handling, and pollution control electrical equipment, switchyards, 345 kV overhead and 115 kV underground transmission lines, relay systems, telemetering, and telecommunication systems.

**TESTIMONY**

Testimony was provided in the following cases.

- Cases 09-246 and 10-1025 for the Kansas Corporation Commission. Provided direct testimony on prudence of construction for Iatan 1 and Iatan 2 coal fired power plants.
- Montana PSC - Testify quarterly in results of monitoring Mill creek power plant construction project.
- Case 99-434 Bell South of Kentucky. Audit and modification of Price Regulation Plan.
- Maryland PSC - Testified approximately 20 times on Provider of Last Resort (POLR) rules, regulation and energy solicitation results.
- Duquesne Light Company - Testified six times regarding POLR solicitations.
- CPUC Telco cases - Testified on eight occasions regarding results of attestation exams of Verizon, PacBell, Sprint, AT&T, and Roseville.
- Various energy solicitation projects - Testified after acting as independent monitor during energy solicitations in Delaware (2 occasions)
- Commonwealth Edison - Testified before Illinois PSC on outages of 1999.
- PSE&G Restructuring hearing. Lead witness on all aspects of unbundling, restructuring, stranded costs, and deregulation issues.
- Case No. 97-105-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Dayton Light Company for the PUC of Ohio.
- Case No. 95-106-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Monongahela Power Company for the PUC of Ohio.
- Case No. 96-106-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Monongahela Power Company for the PUC of Ohio.
- Case 93-02-041 Financial Audit of the Demand-Side Management Pilot Bidding Program Administrative Services of Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company for the California PUC.
- Case D94-08-023 Mid-Point Evaluation of SDG&E's Base Rates Performance Based Ratemaking Mechanism for the California PUC.
- Case No. 94-219-GA-GCR Management Performance Audit of West Ohio Gas Company for the PUC of Ohio.



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- Case No. 91-103-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Toledo Edison for the PUC of Ohio.
- Case No. 91-104-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Cleveland Electric Illuminating Company for the PUC of Ohio.
- Case No. 89-100-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Ohio Power Company for the PUC of Ohio.
- Case No. 89-101-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Columbus Southern Company for the PUC of Ohio.
- Case No. 90-100-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Ohio Power Company for the PUC of Ohio.
- Case No. 90-101-EL-EFC Management Performance Audit of Fuel Related Policies and Practices of Columbus Southern Company for the PUC of Ohio.

**PUBLICATIONS**

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

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

**EDUCATION**

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

**PROFESSIONAL AFFILIATIONS**

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



## RESUME OF MR. MARK D. FOWLER

### SUMMARY OF QUALIFICATIONS

Mr. Fowler has over 25 years experience in the electric, gas, water and telephone industries as both a management consultant and employee. His functional expertise in the electric industry includes reliability, emergency restoration, power plant construction and maintenance, customer service and support services. He has recently worked with a large Midwestern investor-owned electric utility to develop an Emergency Response Plan and Organization. Mr. Fowler was formerly a senior consultant for the utility consulting practices of RCG/Hagler, Bailey, Inc., and Impell Pacific, Inc. He has performed numerous consulting assignments in the utility industry related to reliability, emergency response, operational improvements as well as other topics in the electric industry. He has a B.S. and an MBA from the University of Tulsa with emphasis in Operations Research.

### Utility Management Audit Experience

**Niagara Mohawk** - Lead consultant for work management on the management audit of Niagara Mohawk for the New York PSC.

**Ohio PUC** - Lead consultant for the state-wide review of the credit and collection practices of the four Ohio gas utilities for the Ohio PUC.

**Southern Connecticut Gas** - Lead consultant in a review of Southern Connecticut Gas for the Connecticut DPUC. Responsible for review of the non-regulated charges to the operating company and for the review of the support-services and operations functions including work planning, materials, purchasing, MIS, and facilities.

**Potomac Edison** - Consultant for a management and operations audit of the manpower planning, productivity, and staffing functions of Potomac Edison for the Maryland PSC. Focused on all areas, including contractors, distribution and plant fuel procurement.

**Belize Electric** - Lead Consultant on an 18-month process reengineering and organizational review of Belize Electric. The review addressed organizational realignment and process improvements in new service installation, emergency preparation, materials management, distribution, and computer systems.

**South Jersey Gas** - Conducted an operational improvement project for South Jersey Gas which examined all aspects of the field operations and dispatch.

**Yankee Gas Services** - Consultant in a management review of Yankee Gas Services for the Connecticut DPUC. Areas included construction, maintenance and support services.

**Central Hudson Gas & Electric Corporation** - Consultant on management audit of Central Hudson Gas & Electric Corporation for the New York PSC. Areas of review included corporate budgeting and the management of contractors.





**Proposal to State of New York Department of Public Service Case # 10-M-0551  
Management Audit of Iberdrola, USA's New York Operating Utilities**

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**Southern Connecticut Gas** - Lead consultant for support services on the management audit of Southern Connecticut Gas for the Connecticut DPUC.

**Southern California Gas** - Consultant on two management reviews of Southern California Gas performed for the California PUC. Areas of review included affiliate transactions and relationships, gas transmission and distribution, engineering, and construction.

**Connecticut Natural Gas** - Lead consultant for support services for Connecticut Natural Gas in a comprehensive management review for the Connecticut DPUC. Review included charges from the parent company to subsidiary operations.

**California ISO** - Lead Consultant on a FERC mandated audit of the California ISO following the California Energy Crisis.

**Pacific Gas & Electric** - Directed a review of the affiliate transaction compliance of Pacific Gas & Electric.

**SEMPRA** - Conducted two affiliate reviews of SEMPRAs in which the focus was on the gas trading, purchasing, storage, transmission and storage operations of Southern California Gas, San Diego Gas & Electric and their affiliates.

**Potomac Electric Power Company** - Consultant on a management audit of the fuel procurement activities of Potomac Electric Power Company for the Maryland PSC. Areas of review included fuel inventory management, gas and oil procurement, transportation, and storage.

**Pacific Gas & Electric** - Reviewed the gas operations of Pacific Gas & Electric. This review included intrastate pipeline operations, scheduling, systems used for scheduling gas shipments, trades and storage arrangements.

**Emergency Restoration Consulting Experience**

**New Hampshire electric utilities** - Lead consultant on a review of the response of four New Hampshire electric utilities and two telephone utilities to the ice storms of 2009. This extensive review included the emergency response organizations, emergency response preparations, procedures and processes, communications, actions and actual response. It involved not only utilities but state and local government officials.

**Midwestern utility** - Lead Consultant on an assignment to develop an Emergency Response Organization and Emergency Response Plan at a large Midwestern utility. This two year multi phase assignment included initially assisting the company in responding to audit interrogatories and then helping the company to establish a new emergency response plan



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and organize a new emergency response organization. This project involved extensive communication and data gathering with other utilities, as to their emergency operations.

**Commonwealth Edison** - Lead Consultant on an audit of the Emergency Response of Commonwealth Edison to the storms of 2006. Mr. Fowler reviewed the OMS and SCADA systems and usage, the organization, community communication and customer service responses.

**Consolidated Edison** - Lead Consultant on a review of a series of major outages which impacted Consolidated Edison in substations, underground cables and transformers. These outages were ultimately found to be specifically unrelated but pointed to systemic issues in repair and replacement.

**Indianapolis Power and Light** - Lead consultant on a three year review of the emergency response performance of Indianapolis Power and Light(IP&L). Initiated as an audit of IP&L response to a series of tornados, the project continued to monitor the performance of IP&L as well as their implementation of audit recommendations over a three year period.

**Emergency Response** - Reviewed emergency response as a part of broader audits and projects including Central Hudson, Belize Electric Limited, Guam Power, Aqualectra(Curacao owned electric utility)

**Water Utility Experience**

**New Jersey American Water** - Lead consultant on a recently completed management audit of New Jersey American Water (NJAW). Mr. Fowler's portions of the audit included all support services including legal, fleet, security, purchasing, materials management, real estate, risk management and IT. He was also responsible for reviewing all field operations and the specialized topics of contractor management and work management. The audit included the relationships of NJAW with corporate and service company operations which perform many of the NJAW daily functions.

**City of Corpus Christi** - As part of a larger review of all city services, Mr. Fowler was responsible for reviewing plant operations, distribution, laboratories and customer service. The audit identified numerous opportunities for reducing redundant and overlapping services.

**City of Colorado Springs Municipal Utilities** - Mr. Fowler was Engagement Director on a series of studies for the electric, gas, water and wastewater utilities of the city of Colorado Springs. The studies looked at the management of work especially coordination between



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utilities for overlapping projects. Another of the studies examined possibilities for consolidating or better coordinating the supply chain function.

**WORK EXPERIENCE**

Independent Consultant (1990-2000,2001-2008)

Director Business Development-North America-Hansen Industries, Melbourne, Australia (2000-2001)

Senior Consultant RCG/Hagler Bailly (1989-1990)

Senior Consultant Impell Pacific(1986-1989)

Senior Financial Manager- Plains Electric Generation and Transmission(1985-1986)

Director Gas Trading and Distribution- Western US- Buckeye Gas Products (1979-1985)

**OTHER RELEVANT EXPERIENCE**

Formally trained in Incident Command as part of Wildland Firefighter Training

Wilderness First Responder (WFR)

**EDUCATION**

MBA, The University of Tulsa

BS, The University of Tulsa

Mr. Fowler is a member of the International Society of Arborist.



## RESUME OF MR. CHUCK BUECHEL

### AREAS OF SPECIALIZATION

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

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

### SELECTED CONSULTING EXPERIENCE

#### Utility Operations and Management Audits

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

*Connecticut Department of Public Utility Control* - Senior Consultant for a management audit of United Illuminating Company. Reviewed primary planning documents and processes for the development of the documents.

*Consolidated Edison Company* - Senior Consultant on an audit of emergency restoration and outage planning capabilities for the New York PSC. Audit followed a number of large and highly public outages. Major recommendations were made to develop new strategies and programs for addressing reliability and outage response.

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

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



**Resume of Mr. Chuck Buechel**

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

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

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

*Henderson County Water District* - Lead Consultant for a comprehensive operations review. The study was sponsored by the district's Board of Directors. Areas of responsibilities included operations planning, organization and staffing, system management, and customer service.

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

**Affiliate Transaction Audits**

*Duke Energy of Ohio, Indiana and Kentucky* - Senior consultant for the three affiliate audits of Duke Energy in Ohio, Indiana and Kentucky. The purpose of the audits was to examine Duke Energy's compliance with the various state compliance requirements as well as any relevant merger commitments made during the regulatory proceedings for the Duke Energy merger with Cinergy.

*Lower Colorado River Authority* - Senior consultant for an audit of LCRA's cost allocation methods for assigning costs to various divisions.

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

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



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

*Louisville Gas and Electric Company* - Lead Consultant in the preparation of its application to establish a holding company. The application included proposed guidelines to be used in financial dealings between the subsidiary companies, as well as the allocation of costs between the companies.

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

**Regulatory**

*Big Rivers Electric Corporation* - Regulatory advisor for the presentation of Big Rivers' Unwind proposal to Kentucky Public Service Commission.

*Kentucky Public Service Commission* - Witness before the Federal Energy Regulatory Commission regarding AEP's membership in PJM and the KPSC's role in approving the membership.

*North American Stainless* - Witness for NAS in Kentucky Utilities Company Case No. 2003-00434 regarding KU's proposed Non-Conforming Load Tariff.

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

*Louisville Electric & Gas and Kentucky Utilities* - Actively participated in the development of a comprehensive performance-based regulation mechanism and provided support for development of tariff, preparation of testimony, and witness preparation and worked with attorneys to prepare briefs.

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

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



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

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

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

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

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

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

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

**Energy and Fuel Procurement**

*Delaware Public Service Commission* - Monitored all RFP solicitations for 2006 bid year. Provided oversight on bid day, reviewed applications, provided confidential analysis and briefings to the Commissioners and testified on results.

*Maryland Public Service Commission* - Monitored all RFP solicitations for 2007 and 2008 bid years. This amounted to nine solicitations for all four utilities in Maryland. Provided

**Resume of Mr. Chuck Buechel**

oversight on bid day, reviewed applications, provided confidential analysis and briefings to the Commissioners on results.

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

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

**OTHER BUSINESS AND PROFESSIONAL EXPERIENCE**

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

*Deputy Executive Director* for the Public Service Commission of Kentucky, 1986-January 1989. Primary responsibilities include the following.

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

*Director, Division of Research*, for the Public Service Commission of Kentucky, 1983-1986. Primary responsibilities include the following.





**Resume of Mr. Chuck Buechel**

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



**Proposal to State of New York Department of Public Service Case # 10-M-0551  
Management Audit of Iberdrola, USA's New York Operating Utilities**

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**Resume of Mr. Chuck Buechel**

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

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

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

**TESTIMONY**

Testimony was provided in the following:

- Federal Energy Regulatory Commission on behalf of the Kentucky Public Service Commission regarding AEP's membership in PJM and the KPSC's role in approving the membership.
- Case No. 2003-00434, Kentucky Utilities' rate case, before the Kentucky Public Service Commission on behalf of North American Stainless regarding a proposed non-conforming load tariff.
- New Jersey Board of Public Utilities on behalf of the Staff of the NJBPU regarding Public Service Electric & Gas' cost of service studies and unbundling proposals in support of its Restructuring Plan.
- Case Nos. 2009-00548 and 00549, Kentucky Utilities and Louisville Gas & Electric rate cases, before the Kentucky Public Service Commission on behalf of the Kentucky School Board Association.
- Case No. 2010-00204, transfer of Kentucky Utilities and Louisville Gas & Electric to PP&L, before the Kentucky Public Service Commission on behalf of the Kentucky School Board Association.

**EDUCATION**

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

M.A. in Economics, University of Kentucky.

Ph.D. Candidate, University of Kentucky



## RESUME OF MS. MARY S. LOVELL

### AREAS OF SPECIALIZATION

Ms. Lovell provides 25 years of experience as a senior manager of a major utility and as a management consultant positioning companies to succeed in the increasingly competitive natural gas industry. She applies executive experience to increase revenue and markets, leads teams that provide value, transforms organizations and achieves results through positive goal-oriented leadership. She infuses teams with purpose, enthusiasm and execution. She achieves results, identifies opportunities and manages risk. Mary is a creative leader who produces successful outcomes, even under the most difficult circumstances.

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

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

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

### SELECTED CONSULTING EXPERIENCE

*Lead consultant* on monitoring of energy procurement in Maryland and Delaware.

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

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

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



Resume of Ms. Mary Lovell

**OTHER BUSINESS EXPERIENCE**

**MSL Group, LLC.** - Dallas, Texas - Present

**President**

Created business plans for emerging businesses and development teams. Created compelling cases to fund inspiring not-for-profit organizations that transform their clients and communities. Coached and created professional education courses on accounting and ratemaking fundamentals. Created curriculum for industry board related to Sarcomas-Oxley. Project manager on engagement that addressed corporate organization, structure and policies related to risk management in natural gas industry. Technical consultant on engagement evaluating electric power procurement.

**Arthur Andersen LLP** - Dallas, Texas, 2001-2002

Major public accounting and consulting firm.

**Senior Manager -Risk Consulting**

Managed consulting engagements valued *in excess of \$1 million* with key pipeline and utility accounts. Client initiated follow-up engagements as a result.

**Independent Contractor** - Dallas, Texas 1998-2001

Conducted executive business process assessment for executive management reporting engagement. Subject matter expert for energy industry association on regulatory, supply and accounting.

**Atmos Energy Corporation** - Dallas, Texas, 1988 - 1998

Largest gas natural gas distribution company in U.S. serving over one million customers in twelve states. Company was top quartile performer and executed four acquisitions during this period.

**Senior Vice President- Utility Services** - 1995-1998

One of six direct reports to Chairman, President & CEO. Member of Management Committee. Co-chair of Technology Task Force and Merger Integration teams.

Resulting reorganization reduced labor costs over 20% and strategically positioned firm for subsequent acquisitions and business process improvements.

**Vice President, Rates & Regulatory Affairs**- 1990-1995

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



**Resume of Ms. Mary Lovell**

pipeline restructuring. Co-coordinated management audit conducted by regulatory authority. Responsible for operating budget of approximately *\$2 million*.

**System Vice President, Rates- 1988-1990**

Built department and formulated revenue and integration strategies following a major acquisition. Department functioned as consultant for internal clients. Ensured adequacy of company prices and price structures and competitiveness of prices. Intervened in supplier rate proceedings at federal level. Analyzed gas supply contracts, support contract negotiations. Provide expert testimony.

**Gulf South Pipe Line Company (formerly known as United Gas Pipe Line Company)  
Houston, Texas, 1982 - 1988**

Major interstate natural gas pipeline company.

**Director Rates**

Leader in rate department during time of historic industry restructuring by FERC and reorganizations due to acquisitions. Represented Company on all major Pipeline Partnership Committees.

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

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

**Rate Associate**

Analyzed markets and market structures following NGPA of 1978. Evaluated implications for supply portfolio. Adjunct faculty in business administration, University of Houston.

**TESTIMONY**

Testimony was provided in the following cases:

- - Rate Case 95-010 Western Kentucky Gas Company
- - Rate Case Greeley Gas Company
- - Rate Case 93I-701G Greeley Gas Company
- - Rate CaseU-17779 Translouisiana Gas Company
- - Admin. Case 346 Western Kentucky Gas Company
- - Rate Case92-558 Western Kentucky Gas Company
- - U-19631 Translouisiana Gas Company
- - Rate Case8122 & 8205 Energas Company
- - Rehearing90-013 Western Kentucky Gas Company
- - Rate Case90-013 Western Kentucky Gas Company
- - Admin Case 327 Western Kentucky Gas Company
- - FERC RP85-209 United Gas Pipe Line Company



Resume of Ms. Mary Lovell

- - FERC RP85-167 Sea Robin Pipeline Company

**PUBLICATIONS**

*Pipeline & Gas Journal*: Article published January 2000.

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

**EDUCATION**

MBA Harvard Business School - Boston, Massachusetts  
BA University of Wisconsin-Milwaukee

**PROFESSIONAL AFFILIATIONS AND HONORS**

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

Southern Gas Association, advisor on course development

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

American Association of University Women;

Sigma Sigma Sigma sorority alumnae (Treasurer).

DFW Technology Executives Networking Group ("TENG"),

**SOUTHERN GAS ASSOCIATION/CORPORATE TELELINK NETWORK**

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

*Marketing/Consultative Sales* - (June 2005)

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

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

*Pipeline Integrity Management Rulemaking*" (March 2003)

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

- *Opening the Energy Market-Impact on Growth/Profits* (September 2002)
- *An Energy Update: Crisis or Continued Growth* (October 3, 2001)  
Panelists on the program included: Andrew Lundquist, the Honorable Nora Brownell, Donald F. Santa Jr., Keith Bailey, Curt Launer, and Vicky Bailey.
- *Competitive Advantage: How to Minimize Lost & Unaccounted for Gas* (March 2001)



Resume of Ms. Mary Lovell

- *Globalization of Energy: Looking Down from 30,000 ft* (November 2000)
- *Unbundling: Win, Lose or Draw* (September 1999) Panelists: Charles Goodman (Atmos), Mark Caudill (AGL), Warren Darby (SCANA), Carol Freedenthal (Joffree)
- *Commissions in Transition* (June, 1999) Panelists: Curt Herbert, Jr. (FERC), Edward Holmes (Kentucky PSC), David Wirick (NRRI)
- *Unbundling: A Transition to the 21<sup>st</sup> Century* (July 1998) Panelists: Linda Breathitt (FERC), Walt Higgins (AGL), Keith Kettle (M/A/R/C).
- *Pricing Flexibility for Interstate Pipeline Capacity* Panelists: Branko Terzic (Yankee Energy), Dick O'Neill (FERC), Brian O'Neill (LeBouef, Lamb), Dave D'Alessandro (Morris, Hecker)

**SPEAKER AT INDUSTRY CONFERENCES:**

Southeast Regulatory Utility Commissioners Annual Conference (Panel moderator)

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

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

**DEVELOPED AND DELIVERED COURSES:**

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

Gas Accounting 202 (Course workshop September 2003)

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



## RESUME OF MS. MARIE H. DAVIDSON, CPA

### AREAS OF SPECIALIZATION

Ms. Marie Davidson is a Senior Consultant with *Vantage Consulting, Inc.* and has extensive experience in the gas and electric utility industries. She has a broad range of consulting experience in the areas of accounting, cost of service allocation methods, project cost management, and holding company affiliated transactions. She was a member of the Ernst & Young Utilities Consulting practice from 1988 to April 1995, where she provided expertise in the areas of utility accounting, ratemaking, financial planning, and operational analysis.

Prior to that period, Ms. Davidson was a senior accountant with Arthur Andersen & Co. where she planned and supervised financial audit engagements for retail, manufacturing, and government contracting concerns. In addition, she evaluated financial control systems of client companies, prepared financial forecasts and assisted clients with public stock offerings. She was also employed in the Pratt Group Treasury Department, a large international manufacturing concern in Melbourne, Australia. Her duties included arranging for short-term borrowings from the company's banks and analyzing the financial results of the company's U.S. operations.

### SELECTED CONSULTING EXPERIENCE

*Duke Energy Ohio* – Lead consultant for a review of affiliated transactions between DEO and its affiliates, parent and other regulated subsidiaries. All aspects of compliance with the merger between Cinergy and Duke Energy were reviewed. Affiliated transactions were audited, the Cost Allocation Manual was reviewed and services provided by the Duke Service Company were addressed..

*Public Service Electric & Gas* – Senior Consultant on a comprehensive review of all competitive services and affiliate standards based on recently implemented Affiliate Rules in New Jersey. Ms. Davidson addressed the issue of cross-subsidization for the overall organization. This included extensive work with SAP and other accounting systems.

*Sempra Energy* – Lead Accountant for an independent audit of the holding company's compliance with the affiliated interest guidelines established by the California Public Utilities Commission. Projects included:

- Audit of San Diego Gas & Electric
- Audit of Southern California Gas Company

*New Jersey Board of Public Utilities* – Assisted in the evaluation of Public Service Electric & Gas's stranded cost quantification as part of the utility's electric deregulation proposal. Testified before the Board of Public Utilities regarding the utility's calculation of deferred income taxes, accumulated depreciation, and electric plant balances. This included a reconciliation of FERC and regulatory balance sheets, analysis of proposed changes of T&D





**Resume of Ms. Marie H. Davidson, CPA**

depreciation rates, an assessment of proposed capital additions, reconciliation of cost-of-service inputs, analysis of depreciation and tax changes needed for stranded cost calculation, and assessment of tax implications of tax issues of securitization.

*Entergy Corporation* - Consultant for an affiliated relations audit for five commissions composed of four states (Arkansas, Louisiana, Mississippi, Texas) and the city of New Orleans. Audit focused on transactions between the regulated affiliates and the non-regulated affiliates, but included an overall review of all transactions which was performed using statistical sampling.

*California Utilities* - Consultant on this financial audit for the California Public Utility Commission of Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric, and Southern California Gas Company's Demand-Side Management Pilot Bidding Program comparing administrative costs and services between the utilities and developing recommendations and methodologies for future competitive services with energy service companies.

*Pacific Bell, AT&T, Sprint and Verizon* - Lead Consultant for an Attestation Examination of Surcharge Revenues collected for the California High Cost Fund B and the California Teleconnect Fund. Project was done for the respective committees at the CPUC.

*Baltimore Gas & Electric Company* - Directed a review of the Company's affiliated company transactions and policies. Identified and quantified additional costs which should be allocated to the non-utility subsidiaries and developed new inter-company cost allocation procedures. Developed expert testimony.

*Jersey Central Power & Light Company* - Reviewed the company's accounting, cash management, internal audit, affiliated transactions, and financial management practices as part of a comprehensive management audit.

*South Jersey Gas Company* - Reviewed the company's accounting, financial management, income taxation, regulatory affairs, and internal audit practices as part of a comprehensive management audit.

*Centra Gas British Columbia* - Conducted a cost of common service allocation study in order to develop an allocation of common operating and maintenance costs to the Fort St. John district.

*Southeast Compact Commission* - Conducted a review of all actual and budgeted expenditures to be incurred in constructing a low-level radiological waste facility. Developed recommendations for improving the estimation of project costs.



**Resume of Ms. Marie H. Davidson, CPA**

*Village of Freeport* - Directed the cost of service analysis prepared in connection with the village's proposed addition of new generating and transmission facilities.

*Abitibi-Price Inc* - Assisted in the review of Newfoundland and Labrador Hydro's proposed new cost of service methodology and developed portions of expert testimony relating to cost of service methodologies.

*Commonwealth Electric Company* - Reviewed the company's budgeting and cost control practices as part of a focused management audit.

*Duquesne Light Company* - Reviewed the company's accounting, internal audit, financial management, and affiliated transactions practices as part of a comprehensive management audit.

*Destec Energy Corporation* - Developed an alternate basis for pricing cogenerated power.

*Public Utility Commission of Texas* - In a prudence review of the South Texas Nuclear Project, Ms. Davidson evaluated the cost overruns that were incurred during the project's construction and assessed the actions that were taken by the project's owners to minimize the construction costs. Ms. Davidson developed portions of expert testimony relating to cost analysis of the project and presented testimony for the PUCT staff on quantification of unreasonable costs.

*Cajun Electric Cooperative* - Developed a methodology to quantify damages pursuant to a litigation claim and identified information which would be required to calculate damages.

*Texas-New Mexico Power Company* - In a prudence review of Texas-New Mexico Power's TNP One Project, Ms. Davidson performed a cost management analysis. This task required reconciling actual cost increases to the conceptual estimate. In addition, Ms. Davidson developed portions of expert testimony relating to financial prudence of the project.

*Arizona Corporation Commission* - In a prudence review of the Palo Verde Nuclear Generating Station, Ms. Davidson quantified the costs associated with delays in placing nuclear units in operation by assessing past and future differences in system-wide energy costs and fixed costs of operations. Ms. Davidson also calculated the net present value of costs and benefits ratepayers would realize as a direct result of the delay in placing these nuclear units in operation and developed portions of expert testimony relating to revenue requirements analysis.

*State of Vermont* - Assisted the State of Vermont in its evaluation of the projected financial statements of one of its electric cooperatives. Developed a financial projection model and prepared expert testimony.



Resume of Ms. Marie H. Davidson, CPA

**EDUCATION**

MBA, University of Virginia

BSBA, Georgetown University (cum laude)

Ms. Davidson is a Certified Public Accountant



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

### AREAS OF SPECIALIZATION

Mike Boismenu has significant experience in power plant and T&D engineering, management, maintenance, operations and construction. His work includes detailed electrical and controls engineering, project management, managerial, asset management and senior management positions in a variety of diverse technical areas. He has conducted extensive evaluations of mega-project construction cost, schedule, productivity, and prudence. He has strong interpersonal and technical skills coupled with a participative and collaborative management style which supports effective teamwork and consensus building.

### SUMMARY OF CONSULTING AND WORK EXPERIENCE

#### Power Generation, Construction Management, and Engineering

*Kansas City Power & Light Iatan 1&2 – Senior Engineer and Consultant* - Provided oversight of the \$500 million installation of a Air Quality Control System (AQCS) on the existing (KCP&L) Iatan Unit 1 and monitored construction of the \$2 billion Iatan Unit 2 coal fired, supercritical power plant. Specific activities on this assignment included:

- Review of KCP&L Construction Management organization for coverage of project requirements, qualifications of candidates, and timeliness of hiring.
- Analyzed cost estimates and budgets to determine root cause and prudence of any changes.
- Reviewed schedule systems and modifications to determine changes in critical path, new critical or sub critical paths, loss of float on no critical areas, and general schedule aberrations.
- Review quality and timeliness of project controls as they were developed and implemented. Reviewed audits that addressed project controls with emphasis on responses to criticisms.
- Monitored contractor performance using standard industry measurement techniques. Monitored compliance with contracts.
- Surveyed site conditions, and other key attributes associated with a mega-project and communicated observations to KCP&L.
- Developed In service criteria for project and reviewed startup to determine completion.
- Provided regular assessments to the KCC on progress and risks, with quantitative value of potential schedule and cost impacts.
- Assisted in development of testimony in rate cases for both Iatan 1 and 2, with recommendations for almost \$240 million in prudence disallowances.



**Resume of Mr. Michael C. Boismenu**

*NorthWestern Energy - Mill Creek Station* - Monitored the construction of this three-unit, 150 MW combustion turbine power plants for the Montana Public Service Commission. Visited construction site on a regular basis and provided input to the construction team as well as the Montana PSC. Reviewed quarterly reports and prepared detailed analysis on change orders, engineering issues and other concerns for the Commission after each report. Provided insight on In-service criteria testing and other key design and operational elements. Provided advice on organization issues and operational concerns.

*Lower Colorado River Authority* - Assessed power plant A&G costs and allocations to partners.

*Niagara Mohawk Power Corporation - Project Engineering* - As a Project Engineer with NiMo Mr. Boismenu was responsible for all phases of a variety of complex projects including the upgrade of the Combustion Control and Data Acquisition for the entire Niagara Mohawk fleet of fossil stations including, Dunkirk, Huntley and Oswego.

*Project Engineer*, while at NiMo, Mr. Boismenu was responsible for all phases of up to 30 projects at any given time. Many of the projects were both EPC and multi-prime based contracts. Responsibilities included the conceptual engineering, justification, engineering review, project management, procurement, construction, start-up and commissioning and project verification. In the Project Management phase he utilized resource based scheduling tools linked with the Companies accounting program to support the tracking of each project to assure completion of each project on schedule and under budget.

*Niagara Mohawk Power Corporation - Fossil Generation* - Provided the detailed design engineering for a variety of complex projects in support of the Niagara Mohawk fossil fleet, which included the interface with 2 new large 850mw oil fired units at the Oswego Station.

*Design Engineering* - Supervised the fossil electric design group, which provided the maintenance engineering for the fleet.

*Engineering and Design Review* - Supervised review of the Oswego oil fired station management systems that resulted in a significant improvement in station availability.

*Niagara Mohawk Power Corporation - Nuclear Generation* - Provided the detailed design in support of the Nine Mile Point Unit 1 initial engineering and maintenance engineering activities.

**Other Management Consulting Assignments**

*O'brien and Gere Corporation* - As an independent consultant, leveraged his broad utility experience coupled with his extensive network in the electric utility industry in support of new business development initiatives in Florida, Delaware, Massachusetts and New York.



**Resume of Mr. Michael C. Boismenu**

Client has been successful in providing proposals in support of the users environmental control strategy.

*General Physics* - Developed Operator Training Systems for the electric power generation industry to meet the needs of the client's manpower initiative, as associated with an aging workforce situation.

*PowerCore Inc.* - Established an electrical contractor in Florida as a certified Florida Power and Light contractor. Contractor provided construction support to the Florida Power and Light transmission and distribution system.

*General Physics* - Implemented a staffing, organizational design and operational and maintenance assessment of a large power generating facility in Alabama.

*Vantage Consulting* - As an independent consultant conducted a process and operational assessment of the Consolidated Edison emergency planning and response system.

*E-Pro Inc* - Consultant to a large engineering design firm in the northeast that provides services to utilities and industrial companies.

**Power Utility Experience**

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

As Plant Manager of this four unit, 600 MW coal fired power plant, Mr. Boismenu provided total Operation and Maintenance leadership for the Station in the non-regulated electric supply business. He was a direct interface with the Corporation's Operations leadership, Asset Management and Power Marketing organizations. The Dunkirk Generating Station utilizes Combustion Engineering steam generators and General Electric turbine generators. His duties included:

- The leadership to successfully transition the workforce from the regulated electric generation business to a non-regulated electric generation competitor.
- The completion of a Station Reliability Assessment and Root Cause Analysis Program which recommended targeted projects. All projects were completed on schedule and under budget, and resulted in a 10% improvement in Station availability and a continued reduction in Heat Rate.



**Resume of Mr. Michael C. Boismenu**

- Instituted a targeted attrition and position abolishment program which reduced staffing level from 208 to 125 employees. This coupled with innovative partnering agreements with vendors resulted in a reduction of the Station's Operation and Maintenance budget by 45% from 1994 levels.
- Through active involvement with the local business community, Mr. Boismenu negotiated a property tax PILOT agreement which resulted in a \$2 million reduction in property taxes.

*NRG Special Assignment on Big Cajun Electric II, 1700 MW Coal Plant* - Mr. Boismenu provided an assessment of the Big Cajun II operation and maintenance process. The assessment resulted in a significant improvement in availability and a more functional and responsive organization design.

*NRG's interim Regional Director of Operations in the Mid-Atlantic Region*- Mr. Boismenu was asked to assume the position of interim Regional Manager for a period of one year prior to his retirement. He helped to institute a combination of station physical, organizational and employee development and improvement programs which contributed to the significant reduction in the Indian River Station's forced outage rate. The Mid-Atlantic Region includes CE and Foster Wheeler coal fired steam generators with GE, Westinghouse and Siemens turbine generators and Pratt simple cycle gas turbines.

*NRG's interim Regional Director of Operations for NRG's New York Region* - While completing his assignment as interim Regional Director of Operations for NRG's New York Region, Mr. Boismenu finalized the Regional plan for emergence from bankruptcy, redirected the Region to assure appropriate input from each Station and coordinated the Company's response to the 2003 Blackout. New York Region includes CE, B&W and Foster Wheeler coal fired steam generators with GE, Westinghouse and Siemens turbine generators and Pratt and Westinghouse simple cycle gas turbines.

**NIAGARA MOHAWK POWER CORPORATION (1968-1999)**

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

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



Resume of Mr. Michael C. Boismenu

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

*Director Value Engineering, Syracuse, New York 1989-1995*

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

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





**Resume of Mr. Michael C. Boismenu**

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

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

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

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

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

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

**EDUCATION:**

- Lemoyne College, Syracuse, New York, Masters in Business Administration (in progress)
- Erie County Technical Institute, Buffalo, New York, Electrical and Electronics Engineering Technology
- Registered Professional Engineer February 1987

**AFFILIATIONS:**

- Institute of Electrical and Electronic Engineers
- Power Engineering Society
- Chautauqua County Reengineering Team
- New York State Education Department
- Professional Engineer February 1987



**RESUME OF MR. BRAULIO L. BAEZ.**

**AREAS OF SPECIALIZATION**

Mr. Baez has particular focus on the transportation, energy/electric, telecommunications, and water and wastewater industries. Mr. Baez brings a wealth of experience in crisis management, strategic counsel, government procurement, utilities, telecommunications. served as C-level strategic counsel on Florida policy and political matters for some of the largest organizations doing business in the state. He helps his clients augment their network of relationships to achieve their strategic goals. His practice involves advising clients on strategic business, legislative, and regulatory policy risks involving local and state government.

**SUMMARY OF WORK EXPERIENCE**

**Florida Public Service Commission - Chairman/Commissioner** - August 2000 – January 2006 (5 years 6 months). Independent regulatory agency serving the public of Florida by managing its public utilities. High-profile leadership role guiding energy policy for the State of Florida. Directed the agency, overseeing 360 employees and allocating \$24 million budget. Established rates and service requirements for regulated companies in the electric, natural gas, telecommunications, and water and wastewater industries. Presided over agenda conferences and administrative proceedings, where the Commission exercised quasi-judicial and quasi-legislative functions related to regulated utilities.

**Chief Advisor, Florida Public Service Commission** - January 1994 – January 1998. Provided advice on major issues to Commissioners. Provided direction for staff on major cases and policy matters.

**Holland & Knight, LLP.** - Senior Counsel. Jan 2006 – Sept 2009. (Public Policy industry). International law firm offering more than 20 practice areas in the United States, Asia, and Mexico. Mr. Baez drove legal strategies involving critical infrastructure issues for Fortune 500 electric utility, independent power producers, private equity firms, investment banks, and other clients in the electric, telecommunications, and water and wastewater industries. He secured regulatory approvals from Federal Communications Commission and Colorado Public Utilities Commission to transfer customers and authorizations from a Fortune 100 telecommunications company to a smaller communications and cable services provider. Mr. Baez led successful \$39 million procurement bid for Fortune 500 technology vendor to provide services at Miami International Airport. He also directed response stage of proposed \$1.3 billion transportation project on behalf of a North American subsidiary of a leading Spanish infrastructure conglomerate.



**Proposal to State of New York Department of Public Service Case # 10-M-0551  
Management Audit of Iberdrola, USA's New York Operating Utilities**

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**Resume for Mr. Braulio Baez**

**Akerman Senterfitt** - Executive-Level Counsel Of Counsel. Oct 2009 – Apr 2010. (Privately Held; 501-1000 employees; Law Practice industry). Florida's largest and most respected law firm, with over 450 attorneys. Advocate business, legislative, and regulatory policies before local, state, and federal governments for a diverse range of clients in the energy, telecommunications, water, wastewater, and technology industries. Mr. Baez advanced business goals for technology and management consulting clients by strengthening state procurement practices and preparing effective responses to competitive solicitations.

**Akerman Senterfitt** - Senior Counsel Aug 2000 – Jan 2006. (Government Agency; Public Safety industry). Chief Advisor. Jan 1994 – Jan 1998. (Government Agency; Public Safety industry). Independent regulatory agency serving the public of Florida by managing its public utilities. Mr. Baez' high-profile leadership role guided energy policy for the State of Florida. He directed the agency, overseeing 360 employees and allocating \$24 million budget. Mr. Baez also established rates and service requirements for regulated companies in the electric, natural gas, telecommunications, and water and wastewater industries. He presided over agenda conferences and administrative proceedings, where the Commission exercised quasi-judicial and quasi-legislative functions related to regulated utilities.

**Leibowitz & Associates, PA**, Associate. Jan 1998 – Jan 2000. (Law Practice industry). Recruited to build firm's practice representing local jurisdictions in all aspects of telecommunications law. Played key role in creating municipal telecommunications networks. Advanced legislative policies and negotiated municipal and related agreements. Negotiated cable franchise renewal with Time Warner Cable, securing substantial additional franchise fees for the cities of Ocoee, Live Oak, Kissimmee, and Cocoa Beach. Obtained key concessions from AT&T (Comcast) in negotiating cable franchise renewal for the City of Miami; securing new municipal telecommunications network at minimal cost.

**AFFILIATIONS:**

- 315 connections – Industry and Public Policy.
- Leadership Florida (Class XXII).
- Greater Miami Chamber of Commerce.
- Cuban-American Bar Association.
- Dade County Bar Association.
- MiamiLink.org.
- Energy & Utilities Network.
- Belen Alumni.
- Electric Utility Professionals.
- Lobbying attorneys.
- FIU Alumni Association.
- Telecom Lawyers / Regulatory Counsels.



Resume for Mr. Braulio Baez

- Legal Issues in the Energy Industry Forum.
- JobsinLobbying.com - Find Lobbyist, Government Relations, Advocacy, and Public Policy jobs.
- CABA - Cuban American Bar Association.

**EDUCATION:**

- Nova Southeastern University – Shepard Broad Law Center .
- Florida International University - College of Business Administration.
- Belen Jesuit Prep.



## **RESUME OF MS. CYNTHIA HOLSTE PEPPER**

### **AREAS OF SPECIALIZATION**

Cynthia Holste Pepper has over 28 years of experience as a human resources professional and as a management consultant. Within a broad spectrum of private and public companies, she has directed projects on human factors reengineering, advised senior management on culture change strategic and tactical HR issues, developed all levels of total compensation programs designed to support company goals and foster increased productivity, integrated staffing analyses with job evaluation, pay, performance measurement, and employee development programs, written corporate affirmative action plans, and written policies and procedures manuals that facilitated an effective communication program. In an era of cost pressures and productivity requirements, she has worked with organizations to emphasize the values of the organization along with the achievement of performance initiatives. The focus of her work is to achieve the organization's goals and mission through the design and implementation of effective employee programs and strategies.

In the utility arena she has emphasized the changing nature of the regulated environment, and has worked with both municipals and investor-owned utilities to bring about changes that will support a more effective operation. In addition, Ms. Holste Pepper has participated as a Lead or Technical Consultant on 20 management and operations reviews of water, gas, electric and telecommunications companies.

Ms. Holste Pepper is a recognized expert in pay practices and total compensation, and serves as a Commissioner on the Local Officials Compensation Commission for the City of Dearborn. She has given numerous talks on pay practices, including the presentation "Process for Determining Executive Compensation," for the NARUC Staff Subcommittee on Management Analysis, Winter 1993. Her work with employee/ management development programs and their support of organizations' strategic goals has been used as a model for a fortune 50 global corporation. She has conducted many training programs on Affirmative Action/ Equal Employment Opportunity and diversity, and the impact of state and federal regulations on the operations of an organization.

Ms. Holste Pepper served as a delegate from Michigan to the 1995 White House Conference on Small Business Administration. Her past service includes a position on the Board of Directors for the National Association of Women Business Owner (NAWBO and currently sits on the Executive Board of Directors for the Small Business Association in Michigan. She is active in many professional associations and serves the Michigan Workforce Development Board in a volunteer capacity.



Resume of Ms. Cynthia C. Holste Pepper

**SELECTED CONSULTING EXPERIENCE**

*Kentucky-American Water Company* - Lead Consultant for a management and operations review for the Kentucky Public Service Commission. Investigated the human resources area, including manpower planning, wage and salary practices, EEO/AA programs, employee benefits, labor relations, management development and training, and safety management. A total of 11 recommendations were made that address potential improvements.

*Trenton Water Works* - Lead consultant in a management study of the human resources core processes, with an emphasis on process improvement through team involvement. Ms. Holste Pepper is the facilitator for a team comprised of senior utility, City, and State personnel, with a charter to identify and improve core process delivery. A detailed management assessment of the current and recommended processes, along with detailed staffing and organization plans resulting from improvements in core business processes and technological advances are deliverables.

*United Water Pennsylvania* - Lead Consultant for the review of the human resources policies, practices, and programs as the company was integrated in the United Water organization from General Waterworks. The assessment included recommendations pertinent to blending the two cultures, integrating programs between two previously separate companies, developing personnel, managing compensation, benefits, promotional opportunities, etc. between two culturally-distinct entities.

*Philadelphia Suburban Water Company*- Lead Consultant for a management and operations audit of the Human Resources function for the Pennsylvania Public Utility Commission. The review included human resource planning and selection, EEO/AA programs, training and development, compensation, supervision, compliance, and productivity and staffing levels (work force management).

*Duquesne Light Company* - Lead Consultant for a management and operations review of all human resources programs, including the extent to which the design, development, and administration of human resources programs support the corporate mission and goals. Short-term and long-term tactical and strategic issues were identified.

*United Illuminating* - Lead Consultant for a management and operations review of all human resources programs. Addressed major changes in corporate policies, including wage and benefits programs as Company dealt with economic downturn and rate structure issues.

*Pennsylvania Gas and Water Company* - Lead Consultant for a management and operations review for the Pennsylvania Public Utility Commission. Ms. Holste Pepper



**Resume of Ms. Cynthia C. Holste Pepper**

investigated all areas related to human resources, including executive compensation and staffing.

*Entergy Corporation* - Lead consultant on this review of affiliated transactions. Ms. Holste Pepper assessed various executive and employee compensation programs to determine how they impacted decisions made relative to affiliated relations. Additionally, she investigated the issue of "brain drain" between the regulated and non-regulated segments of the corporation.

*Louisville Gas & Electric Company* - Lead consultant on this comprehensive management audit for the Kentucky Public Service Commission. Incremental improvements were identified in the areas of executive incentive programs, management of benefit programs, and gains sharing for employees. These changes were made during a time of considerable downsizing, labor issues, and internal changes from a hierarchical to a team-based organization.

*PECO Energy Company* - Lead Consultant on a reengineering project of the major utilities Materials Management Department. The assignment included the integration of a new business design into an existing organization. It involved the assessment of the existing HR programs and policies, and a team approach to achieving the desired outcomes and goals. Development of new job specifications, work rules, organization and staffing design, pay levels, recruitment sources, etc. were critical to the success of the project.

*Alltel Pennsylvania, Inc.* - Lead Consultant for a management review of all human resources programs, including compensation, benefits, staffing programs and costs, labor relations, training and employee development, and regulatory compliance. The cost burden to Pennsylvania ratepayers relative to the total corporate service area was investigated.

*Commonwealth Telephone Company* - Lead Consultant on the assessment of the Human Resources program within Commonwealth Telephone Company and its parent CTEC Corporation. Reviewed the delineation of Human Resources activities between the two organizations, measured the effectiveness of the design, reviewed staffing levels, compensation, diversity, employee movement, cost allocations, benefits programs and costs, and labor programs.

*Union Light, Heat & Power Company* - Consultant for a management and operations audit of the Human Resources function for the Kentucky Public Service Commission. The review included human resource planning and selection, EEO/AA programs, training and development, compensation, supervision, compliance, and productivity and staffing levels (work force management).



**Resume of Ms. Cynthia C. Holste Pepper**

*Pennsylvania Power & Light Company* - Lead Consultant for a management and operations audit for the Pennsylvania Public Utility Commission. Ms. Holste Pepper investigated the human resources area, as well as several special objectives including affirmative action and EEO, salaries, wages, and benefits, with emphasis on executive compensation.

*Central Maine Power Company* - Lead Consultant for a focused review for the Maine Public Utilities Commission. Ms. Holste Pepper investigated the executive compensation and salaries area.

*U.S. West, Inc., Advanced Technologies, Inc. and U.S. West Communications* - Lead Consultant for regulatory impact reviews for a Three-State Steering Committee (TSSC) of Arizona, Iowa, and Oregon on behalf of the U.S. West Regional Oversight Committee, which is composed of the 14 states served by U.S. West Communications.

*West Texas Utilities Company* - Lead Consultant for a management and operations audit of the Company's Human Resources function for the Public Utility Commission of Texas. The review included human resource planning and selection, EEO/AA programs, training and development, compensation, supervision, and affirmative action.

*Western Kentucky Gas Company* - Lead Consultant for a management and operations audit of the Human Resources function for the Kentucky Public Service Commission. The review included human resource planning and selection, EEO/AA programs, training and development, compensation, supervision, compliance, and productivity and staffing levels (work force management).

*Peoples Natural Gas Company* - Lead Consultant for a management and operations audit of the Human Resource function for the Pennsylvania Public Utility Commission. The review included all industrial relations training and development, personnel, accident prevention, and employee services functions. Investigated the quality and integration of company programs, the equitable treatment of employees, EEO/AA activities, grievance procedures and results, and safety programs.

*New England Telephone Company* - Consultant for a focused management and operations review for the Department of Public Utilities of Massachusetts. Investigated the human resources function of New England Telephone (NET) regarding its affiliated transactions with the major NYNEX affiliates.

*Philadelphia Gas Works* - Consultant for a management and operations audit of the Human Resources function for the Philadelphia Gas Commission. The review included human resource planning and selection, EEO/AA programs, training and development, compensation, supervision, compliance, and affirmative action.





**Resume of Ms. Cynthia C. Holste Pepper**

*DTE Energy* - Consultant for a long-term compensation project including updated market pricing, job reclassification, and complaint resolution.

*Semco Energy Gas Company* - Long-term consultant in human resources and management problem resolution. Designed and installed a customize market-sensitive compensation program that included detailed reviews of all jobs across the company, appropriate pay positioning, legal and regulatory compliance, customer-centered policies, data capture and annual updates.

*Enstar Gas Company* - Consultant for resolution of internal personnel issues related to pay, management, customer service roles, and workforce development.

*New Mexico Gas Company* - Provided determination and restructuring of pay systems as part of due diligence prior to an acquisition by Continental Energy. Provided post-acquisition compensation consulting services to NMG relative to integration efforts.

**OTHER BUSINESS AND PROFESSIONAL EXPERIENCE**

In addition to her consulting practice, Ms. Holste Pepper has held several positions in human resources. As Director of People Excellence at AmeriClean System, Inc., a large national company, she revised compensation programs to be leading-edge support programs for salaried and commissioned employees, redesigned the benefits program to be better aligned with current legislation and increase choices for employees, expanded the training and development programs to support short-term and long-term corporate goals, and protected the corporation from legal and regulatory challenges through changes to the policies and practices.

Her responsibilities at ADP Network Services Inc. included the development of programs to identify, attract, hire, and retain qualified technical and professional employees, the development and implementation of the corporation's first Affirmative Action Plan, and the development of a comprehensive salary administration/compensation program that utilized a pay-for-performance approach to the management of business, and employee relations. She supervised employee programs and managed the implementation of corporate employee benefit programs in a divisional office.

Ms. Holste Pepper held the position of Coordinator of Cooperative Education for a large Midwestern university, responsible for student placements in work positions for college credit. Her responsibilities included the development of appropriate work positions in business, industry, and government agencies, the interviewing and placement of qualified students for the positions, and follow-up assessments of the placements. She developed all promotional and marketing information, and wrote and conducted program presentations to college students, faculty, administrators, and business leaders.



Resume of Ms. Cynthia C. Holste Pepper

**UTILITY INDUSTRY EXPERIENCE**

- Dusquene Light Company.
- San Diego Gas and Electric Company.
- Trenton Water Works.
- Alltel Pennsylvania, Inc.
- Kentucky Utilities.
- Entergy.
- PECO Energy Company.
- Louisville Gas & Electric Company.
- Philadelphia Suburban Water Company.
- United Water Pennsylvania.
- Commonwealth Telephone Company.
- Philadelphia Gas Works.
- Pennsylvania Power & Light Company.
- Kentucky-American Water Company.
- Central Maine Power Company.
- U.S. West, Inc., Advanced Technologies, Inc., & US West Communications.
- Pennsylvania Gas and Water Company.
- City of Niles (Michigan) Utilities Department.
- Union Light, Heat & Power Company/Cincinnati Gas & Electric Company.
- West Texas Utilities Company.
- Western Kentucky Gas Company.
- New England Telephone Company.
- Peoples Natural Gas Company.
- DTE Energy.
- SemCO Energy Gas Company.
- Enstar Gas Company.
- New Mexico Gas Company.

**EDUCATION**

MA, Eastern Michigan University (Counseling/Personnel).  
BA, University of Michigan (Psychology).

**PROFESSIONAL ACTIVITIES**

Presentation "Process for Determining Executive Compensation," NARUC Staff  
Subcommittee on Management Analysis, Winter 1993.

Diversity training for commission staff personnel.



**Resume of Ms. Cynthia C. Holste Pepper**

Board of Directors, National Association of Women Business Owners.

Board of Directors, Small Business Association of Michigan.

Board of Directors, National Small Business Association.

Board of Director, YWCA of Western Wayne County.

Member, Society for Human Resource Management.

Member, Project Advisory Task Force for Michigan Jobs Commission.

Delegate, White House Conference on Small Business, 1995.

Co-chair, White House Conference National Human Capital Implementation Committee.

Contributing author to three scientific studies in the field of physiological psychology;  
published in international industry journals.



## RESUME OF MR. CHARLES WEITZEL, CPA

### AREAS OF SPECIALIZATION

Mr. Charles Weitzel CPA., has over 26 years of auditing and consulting experience serving major corporations, small and mid-sized businesses, electric utilities, non-profit organizations, state and local governments, and financial institutions. He specializes in audits, reviews, compilations, financial management, accounting, budgeting, cost allocations, customer service, strategic and long-range planning. He maintains a Certified Public Accounting practice in both Florida and New Jersey.

### ADDITIONAL BUSINESS AND PROFESSIONAL EXPERIENCE

**Keys Energy Services, Key West Florida**– Finance and Customer Service – Held various positions over a ten year period. Prepared monthly financial and operational reports utilizing Harris Utility software. The Harris General Ledger accounting system was designed and utilized to be FERC compliant. Maintained and prepared the CWIP (Construction Work in Progress) accounting and reporting package on a Project Basis. Prepared and reviewed various G/L, A/P, A/R, Customer Service, financial and operational reports. Supervised a staff of 12 Customer Service Representatives. Chairman of the One Point of Contact Committee.

Main Hurdman, Philadelphia Pennsylvania - Certified Public Accounting – Performed Audits, Due Diligence Reviews, Pre Merger Audits and tax return preparation services to a broad range of companies.

### PROFESSIONAL MEMBERSHIPS

Prior Chairman of The American Red Cross Harley Davidson Fund Raising Event.  
Board Member of the Florida Keys Marine Mammal Rescue.  
Board Member of the Keys West Fishing Tournament.

### EDUCATION

Rutgers University.  
B.A. Accounting.



Resume of Ms. Jacqueline Squillets

**RESUME OF MS. JACQUELINE SQUILLETTS**

**BACKGROUND**

Jackie joined Vantage Consulting Inc., in January 2003 as Office Manager and Project Administrator for all large assignments. Since coming to the U.S. from U.K., Jackie has worked as an administrator, bookkeeper and technical analyst for a number of businesses.

Prior to coming to the U.S., Jackie spent several years with Thomas Cook Financial Services - initially helping to establish Refund capabilities worldwide for Thomas Cook MasterCard Travelers Checks, then becoming a member of their Communications/Press Office, where amongst other responsibilities, she was Editor of a worldwide staff magazine.

Jackie was employed, for many years, by Royal Heritage - a subsidiary of Lloyds of London - where she held supervisory roles in both their Marketing and New Business Department. The Company underwrote Mortgage endowment policies, Life/Term Assurance and Investment Broker Bonds.

**SELECTED WORK EXPERIENCE**

- *Project Administrator* - on approximately 25 assignments. Duties included coordination of all interviews and data requests. Editing of draft reports, production of final reports, confidential web site data exchange maintenance.
- *Maryland PSC* - Performed role of analyst/monitor on SOS procurement auctions for BG&E and Allegheny Power on Maryland
- *Alleghany Power in Virginia* - Performed role of analyst/monitor on SOS procurement auctions for Alleghany Power.
- *Aqualectra and Curoil (Island of Curacao)* - Performed analysis and developed graphs and charts for management audit of these two utilities.
- *Consolidated Edison* - Performed analysis and developed historical summaries for Audit of emergency restoration and outage planning capabilities for the New York PSC.
- *Web Site Developer and Data Base Manager* - Developed and maintains all Vantage web sites and data base for remote file extraction. Also is responsible for monitoring confidentiality protocols on network.
- *Bookkeeper* - for several businesses in the Florida Keys, including a local restaurant and carpet & tile business.
- *Thomas Cook Financial Services* - U.K. -Worked in their PR/Communications Department where she was actively involved in communicating with the Press and wrote press releases on behalf of the Company. Jackie was also Editor for a worldwide staff magazine.



Resume of Ms. Jacqueline Squillets

- *Thomas Cook Financial Services* – UK – A worldwide travel company which underwrites MasterCard Travelers Checks. Jackie began with the Company coordinating refund capabilities for customers worldwide and liaising closely with the Investigations Department.
- Lloyds of London – Royal Heritage – UK – Held supervisor roles in both their New Business Department and their Marketing Department. The Company underwrote mortgage endowment policies, Life and Term Assurance and Investor Broker Bonds. Also performed process analysis for several satellite offices and implemented Process Improvement Programs (PIP).
- Dive Operation – managed a dive operation in the Florida Keys.

**EDUCATION**

Jackie completed her pre-college education at Peterborough County Grammar School, Peterborough, England and then attended the University of Vienna, Austria, where she studied German Language and Literature.



