



Management Consultants, LLC

September 17, 2013

Records Access Officer
New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223

Re: PROPOSAL TO CONDUCT A COMPREHENSIVE OPERATIONS AUDIT OF UTILITIES' REPORTED DATA, CASE 13-M-0314

Via: Email

Ladies and Gentlemen:

SAGE Management Consultants, LLC (SAGE) is pleased to submit this proposal to conduct a Comprehensive Operations Audit of Utilities' Reported Data, Case 13-M-0314. Our proposal is being submitted in an Adobe Portable Document Format (PDF) file. The Proposal Submission Form is being submitted as an Excel spreadsheet.

SAGE is pleased to offer the following to the Department:

Commitment. SAGE Management Consultants, LLC accepts the project objectives, scope, deliverables and schedule as articulated in the request for proposals (RFP). SAGE has assembled an outstanding project team and a developed a customized approach that will accomplish the Operational Audit of Utilities Reported Data within the specified schedule and accommodate the end-of-year holidays.

Team. SAGE has assembled a well-qualified and balanced team consisting of a project manager, six electric, gas and/or customer service performance metrics experts, a CPA sampling expert and a report editor/work paper manager. This nine member team will thoroughly plan the operational audit in consultation with the DPS staff at the outset of the assignment. This initial detailed planning and close supervision by the SAGE Project Manager will assure consistency among the reviews of all nine subject utilities.

Detailed Work Plan. In addition to consulting with the DPS leadership and utility reporting subject matter experts at the outset, we suggest including a visit to a volunteer utility after the DPS introductory visit to understand better the utility perspective and the practicalities of data reporting to the DPS.

The result of the work with the DPS staff and volunteer utility will be a detailed work plan and schedule approved by the DPS Project Manager. All data elements and metrics applicable to each utility will be clearly identified and the investigation of each of them will be well defined. All SAGE project consultants will be trained in common procedures to execute the detailed work plans.

Following the work planning step in November and early December, the period over the end-of-year holidays will be used for detailed scheduling of field visits to the subject utilities and review of data responses.

Field Work. Three teams of two consultant performance metric experts each will be formed to do the field work at each of the nine subject companies. The SAGE project manager will assist the team with the most difficult assignment each week. Each of the three teams will cover three companies, thereby completing the field work at all nine subject companies.

During January and early February, SAGE's three two-consultant teams will conduct field visits to the nine utilities. Each of the three two person teams will visit one utility every other week for six weeks to complete visits to all nine utilities. The alternate week will be used to review, assemble, and analyze the information on each utility from the prior week's visit. A second visit will be made to utilities during the alternate week if necessary.

Report on Schedule. Mid-February to Mid-March will be used to write the draft report and Mid-March to Mid-April will be used to finalize the report.

In accordance with the New York State Department of Public Service's "The Guide for Consultants Submitting Proposals for Operations Audits" the following information is provided.

Firm Name: SAGE Management Consultants, LLC

Primary Contact Information: David P. Vondle, CMC
Partner
(505) 292-8961
vondle@sageconsultants.us

Utility Name & Case Number: Consolidated Edison Company of New York, Inc.
Niagara Mohawk Power Corporation
Central Hudson Gas & Electric Corporation
National Fuel Gas Distribution Corporation
Orange and Rockland Utilities, Inc.
Rochester Gas and Electric Corporation
New York State Electric & Gas Corporation
Brooklyn Union Gas
KeySpan East Gas Corporation
Case No. 13-M-0314

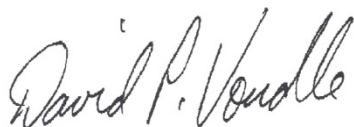
Declaration: All of the information in our proposal is accurate; SAGE is committed and able to perform all the work contained in the proposal; SAGE is in compliance with all RFP requirements; and, the proposal is valid for 180 days from September 17, 2013.

Confidential Information: 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. Public disclosure of this

proposal prior to selection by the Commission would impair present or imminent contract awards for this engagement.

Sincerely,

SAGE MANAGEMENT CONSULTANTS, LLC



David P. Vondle, CMC
Partner and Project Manager



David A. Whitman, CMC
Partner and Contract Manager

Enclosure



Management Consultants, LLC

**PROPOSAL TO CONDUCT A
COMPREHENSIVE OPERATIONS AUDIT OF UTILITIES'
REPORTED DATA**

CASE 13-M-0314

TO

**STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE**



New York State Public Service Commission

Ensuring Safe, Reliable Service and Just, Reasonable Rates since 1907

September 17, 2013

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1. DESCRIPTION OF UNDERSTANDING, APPROACH AND METHODOLOGY

This section of our proposal includes the following topics:

- Proposal Overview
- Background, Objectives, Scope and Deliverables
- Four Phase Approach
- Team Communication
- Project Management
- Project Standards
- Work Papers
- Keep it SAGE Simple
- Confidentiality Protection

PROPOSAL OVERVIEW

Commitment. SAGE Management Consultants, LLC accepts the project objectives, scope, deliverables and schedule as articulated in the request for proposals (RFP). SAGE has assembled an outstanding project team and a developed a customized approach that will accomplish the Operational Audit of Utilities Reported Data within the specified schedule and accommodate the end-of-year holidays.

Team. SAGE has assembled a well-qualified and balanced team consisting of a Project Manager, six electric, gas and/or customer service performance metrics experts, a CPA sampling expert and a report editor/work paper manager. This nine member team will thoroughly plan the operational audit in consultation with the DPS staff at the outset of the assignment. This initial detailed planning and close supervision by the SAGE Project Manager will assure consistency among the reviews of all nine subject utilities.

Detailed Work Plan. In addition to consulting with the DPS leadership and utility reporting subject matter experts at the outset, we suggest including a visit to a volunteer utility immediately after the DPS introductory visit to understand better the utility perspective and the practicalities of data reporting to the DPS.

The result of the work with the DPS staff and volunteer utility will be a detailed audit work plan and schedule approved by the DPS Project Manager. All data elements and metrics applicable to each utility will be clearly identified and the investigation of each will be well defined. All SAGE project consultants will be trained in common procedures to execute the detailed work plans.

Following the work planning step in November and early December, the period over the end-of-year holidays will be used by SAGE for detailed scheduling of field visits to the subject utilities and review of data responses.

Field Work. Three teams of two consultant performance metric experts each will be formed to do the field work at each of the nine subject companies. The SAGE project manager will assist the team with the most difficult assignment each week. Each of the

three teams will cover three companies, thereby completing the field work at all nine subject companies.

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Report on Schedule. Mid-February to Mid-March will be used to write the draft report and Mid-March to Mid-April will be used to finalize the report.

The following table summarizes the major steps in our approach and the schedule blocks.

SAGE Proposal Overview

Major Step	Time Frame	Project Week
Consultant Selected	November 14, 2013	Start
Contracting, DPS visit scheduled and volunteer company selected and visit scheduled	November 15-27, 2013	1-2
Visit to DPS, review of company data submitted and consultation with DPS leadership and electric, gas and customer service SMEs	Week of December 2, 2013	3
Visit to volunteer company and first draft of the detailed work plan	Week of December 9, 2013	4
Finalization of the work plan, issuance of data requests, receipt of data request responses and scheduling January company visits	December 16, 2013 through January 3, 2014	5-7
Three two-consultant team visits to three companies	Week of January 6, 2014	8
Consultant teams review, assemble and analyze information	Week of January 13, 2013	9
Three two-consultant team visits to three companies	Week of January 20, 2014	10
Consultant teams review, assemble and analyze information	Week of January 27, 2013	11
Three two-consultant team visits to three companies	Week of February 3, 2014	12
Consultant teams review, assemble and analyze information	Week of February 10, 2014	13
Initial Draft Report	February 17 through March 14, 2014	14-17
Final Report	March 17 through April 15, 2014	18-23

This SAGE project organization, approach and schedule will meet all of the DPS RFP scope and schedule requirements.

BACKGROUND, OBJECTIVES, SCOPE AND DELIVERABLES

SAGE Management Consultants, LLC (SAGE) accepts the background, objectives, scope and deliverables for this project as articulated in the request for proposals (RFP) and restated below.

1. Introduction

1.1 Overview

The New York State Public Service Commission (PSC or the Commission) is seeking an independent consultant to perform a focused operations audit of the accuracy of electric interruption, gas safety, and customer service data reported to the Commission by the following utility companies: Consolidated Edison Company of New York, Inc.; Niagara Mohawk Power Corporation, d/b/a National Grid; Central Hudson Gas & Electric Corporation; National Fuel Gas Distribution Corporation; Orange and Rockland Utilities, Inc.; Rochester Gas and Electric Corporation; New York State Electric & Gas Corporation; Brooklyn Union Gas d/b/a National Grid NY and KeySpan East Gas Corporation d/b/a National Grid (Utilities). The audit will be performed in accordance with Public Service Law, § 66(19) which states that

The [C]ommission shall have power to provide for management and operations audits of gas corporations and electric corporations.

The Law further requires that the cost of the audit be paid by the utilities, and the consultant be selected by the Commission. The operations audit and the work of the consultant will be managed by Department of Public Service Staff (the Department or Staff). The audit will review the utilities data records in cooperation with Company personnel and at the direction of Commission staff.

The audit will review data used in performance metrics reported in three areas:

Electric Interruption

The requirements of PSC Regulation 16 NYCRR Part 97 define the tracking, reporting, and data retention requirements for interruptions at the utilities.

Gas Safety

The audit will review safety data reported to the Commission and staff.

Customer Service

Each utility is required to provide various data to the Commission and Staff on the level of customer service provided to its customers.

Section 5 of this RFP lists the data that is collected and should be reviewed for each utility company. The purpose of this audit is to assess both the utilities' adherence to Commission requirements, and the accuracy and consistency of data recorded and reported to the Commission. Further, the audit will review the accuracy of each reporting system used by each of the utilities to gather the information they submit.

Please read the accompanying Guide for Consultants (the Guide). The Guide is designed to assist consultants in preparing proposals, and includes important requirements and guidance.

5. Objectives

The objectives of this audit are to verify that the data provided to this Department are sound and accurate, and reflect the levels of service and safety provided to the ratepayers of the State's utilities. The purpose of this audit is to assess the Companies' adherence to the Commission's requirements and the accuracy of data recorded and reported to the PSC. Each Company shall be reviewed and analyzed separately and not as one entity.

5.1 Scope of Work

The audit should emphasize an assessment of each individual utility's systems, policies, procedures and programs that are used to compile its data that are used in the performance metrics that are currently reported to the Commission and Staff. This review should also assess the collection and verification of data and the reporting process. Consultants should include any additional components that are relevant and important.

All of the above items should be considered in the development of proposals and will also form the foundation of the audit report. A final report will be prepared and all findings and recommendations should be thoroughly documented. Further, while the planned date for the initial draft is March 15, 2014, we expect the consultant to bring to Staff's attention any matters

of significance in advance of the initial draft report (as they are identified) that would, if adopted, improve the utilities reporting process.

As previously stated, the Bidder will audit the utilities' reliability records in cooperation with Company personnel and at the direction of DPS Staff.

This work shall include:

Electric Utilities

Electric Interruption Data

Per PSC Regulation 16 NYCRR Part 97 (Attachment A), all major electric utilities in New York State are required to record and submit data to the Commission on electric service interruptions.¹ System performance and interruption data is gathered from each company's outage management system, work management system, a similar system, or some combination of systems and reported to the Commission. Certain detailed interruption data, while not submitted to the Commission, is required to be retained by the utility. The interruption data are reviewed and maintained by the Department and used in its assessment of utility performance in that they provide reliable service. In addition, testimony regarding achievement of service goals must be submitted as part of the utilities' rate cases. The Commission releases a five year report on this information every year, and these reports can be accessed at the Department's website. <http://www3.dps.ny.gov/W/PSCWeb.nsf/All/D82A200687D96D3985257687006F39CA?OpenDocument>

- Review of the PSC Regulation 16 NYCRR Part 97 requirements
 - Review of adherence to PSC regulations and its interruption tracking and reporting process accuracy
 - Assessment of the accuracy of the data collected by each company's Outage Management System (OMS) or any other system used to collect outage statistics.
 - Review and report on the accuracy and use of OMS in the collection, verification, and evaluation of interruption data and the reporting process.

¹ Part 97 includes numerous data elements, including those used to calculate SAIFI and CAIDI, analyze specific causes of interruptions, and how partial interruptions are recorded. All data elements under Part 97 will be audited for accuracy.

Gas Utilities

The required gas safety information is:

1. Annual Transmission, Gathering and Distribution reports on PHMSA Form F 7100.2-1, 16 NYCRR Part 255.829
2. Reporting of accidents, 16 NYCRR Part 255.807
3. Reporting of interruptions, 16 NYCRR Part 255.823
4. Emergency response times, 16 NYCRR Part 255.825
5. Notice of Interruptions, 16 NYCRR Part 232.2
6. Gas Safety Performance Measures as required by individual rate plans - pipe replacement, leak backlog, damage prevention, and emergency response

All above referenced sections of NYCRR are included as Attachment B.

The voluntarily reported gas performance measure statistics are:

1. Leak Management - Leaks discovered and repaired by type of leak and material
2. Damage Prevention - number of One-call tickets, damages due to Company and Company Contractors, damages due to Mismarks, damages due to No-calls, and damages due to Excavator error
3. Emergency Response - Percentage of responses to leak and odor calls that fall within 30 minutes, 45 minutes, and 60 minutes

Customer Service Metrics - Gas and Electric

Customer Service Metrics are self reported and based on information obtained from various systems including the billing systems and from customer satisfaction surveys.

The customer service information required to be reported by the utilities includes²:

1. Appointments
 - Appointments made
 - Appointments kept
2. Adjusted Bills

² Every utility is not required to submit each of these metrics (e.g., only Con Edison reports on the satisfaction of Customer Assistance Center Survey (Callers), Electric Emergency Contact Survey, Gas Emergency Contact Survey and Service Center Survey (Visitors) in this categorical manner.)

- Total bills issued
- Total bills adjusted
- 3. Telephone Answer Response
 - Total incoming calls received
 - Percent of calls answered
 - Total incoming calls requesting a representative
 - Percent of calls answered by a representative within 30 seconds
- 4. Non-Emergency Service Response Time
 - Service/meter work orders received
 - Days to complete all service/meter jobs
 - Avg. days to complete all service/meter jobs
 - Street light work orders received
 - Days to complete all street light jobs
 - Avg. days to complete all street light jobs
 - Tree trimming work orders received
 - Days to complete all tree trimming jobs
 - Avg. days to complete all tree trimming jobs
- 5. Estimated Readings
 - Total meters scheduled to be read
 - Total estimated readings made
- 6. Customer Satisfaction
 - Percent of customers satisfied
 - Satisfaction Index
 - Customer Assistance Center Survey (Callers)
 - Electric Emergency Contact Survey
 - Gas Emergency Contact Survey
 - Service Center Survey (Visitors)

All performance metrics articulated in the categories above are provided periodically to the Commission Staff, and in some cases presented to the Commission. Failure to achieve the Commission established goals for each individual utility can result in financial consequences.

- o The consultant should review the data collected by the company systems to determine its completeness and accuracy.
 - Assess the accuracy of the analysis and reporting of that data
- o Identify specific opportunities, as needed, for improvement in areas associated with the scope of work described above.
- o Develop recommendations, as needed, for implementing program/process changes or undertaking the studies necessary to achieve performance improvements in data collection and reporting of results, as well as suggestions for other statistics or metrics that might be gathered as indicators of performance and customer satisfaction.

- o Recommend any Best Practices metrics that are in use in the industry, and could be added to this Commission's oversight, and conversely, others that might be considered for removal.

6. Deliverables

The winning consultant will provide the following key documents during the course of the engagement:

- Work Plan - The consultant will confer with Staff during the creation of its initial work plan. The consultant will be responsible for submission of an initial and final draft work plan to Staff. These drafts should outline in additional detail the scope and methods to be employed by the consultant during the course of the engagement as well as a detailed schedule (including milestones) for the remainder of the review. The consultant may modify the initial draft after giving due consideration to Staff's comments, and must then submit a final draft work plan to Staff for approval. Approval of the work plan by Staff will authorize the consultant to execute the tasks as stated therein.
- Briefings - The consultant will provide regular briefings to Staff on the progress of the audit and will identify emerging issues as the audit progresses. It is possible that, as the study progresses, the consultant may be required to provide preliminary assessments of findings to Department Senior Staff, as well as meet with Commissioners.
- Draft Reports - The schedule for the initial draft report is March 15, 2014 as set forth in the schedule. This initial draft report must represent the final work product. Staff will review the initial draft report and provide the consultant with any comments. Thereafter, the consultant will present a revised draft report to Staff. Staff will authorize the consultant to send the revised draft report to the utility for review of factual accuracy. For the final report, the consultant may make modifications to address specific comments as it deems necessary, after consultation with Staff. Again, briefings may be required by Commissioners, and/or Senior Staff.
- Final Report - A final report to Staff will document the consultant's evaluation of each aspect of the audit scope, as outlined in this RFP and the subsequent approved detailed work plan. All consultant work papers must be available for Staff's review. Briefings may be required

after submission of the final report by Department Senior Staff and Commissioners.

FOUR PHASE APPROACH

SAGE will plan and conduct this engagement to maximize operational audit effectiveness. We emphasize clear audit communication with the DPS staff and believe that teamwork in the client-consultant relationship is most effective in finding the optimum solutions to the issues associated with the audit process. We will also endeavor to establish courteous, professional and productive relationships with the utility-assigned Project Coordinators and other utility staff.

SAGE will utilize our well-developed, efficient and effective Four Phase Approach in conducting this operations audit:

1. Project Organization and Work Planning
2. Fact Finding and Information Gathering
3. Analysis and Evaluation
4. Report Findings and Recommendations

Within this four phase process, our interactive approach offers considerable flexibility for SAGE to tailor its approach to meet the specific needs of each audit and to use numerous diagnostic techniques to analyze and evaluate a wide variety of issues and opportunities within each audit. Each step is explained below.

Phase 1 – Project Organization and Planning

This initial phase of the SAGE approach consists of the following activities:

Orientation and Overview

SAGE's initial visit by our audit team will include discussions with DPS leadership and the DPS subject matter experts on utility electric, gas and customer service reporting to refine our understanding of the overall scope and objectives of the audit. Specifics regarding project logistics, key contacts, interfaces, schedules and communications will be established during this step.

In addition, we suggest recruiting one of the nine subject utilities as a volunteer to participate in the work planning step. Our team, with DPS representatives as practical, will visit the volunteer utility to gain a better understanding of the company perspective and practicalities of reporting to the DPS.

Assuming counterpart utility Project Coordinators have been appointed by each subject utility, this will be an excellent opportunity for introductions and clarification of the utility Project Coordinators' individual roles and responsibilities. A major focus of this step is to confirm specific approaches needed to optimize the outcome of the audit. One or more conference calls will be arranged among SAGE, DPS Staff and the utility Project Coordinators.

Detailed Work Plan

Following the initial visits to DPS and the volunteer utility by the SAGE audit team, our consulting team, in conjunction with the DPS Project Manager and DPS Staff, will

prepare a detailed work plan for the conduct of the operational audit. This plan will be developed and presented to DPS staff for approval. The plan will include such details as:

- Work area refinements
- Identification of areas of emphasis (based upon DPS input)
- Data elements and metrics applicable to each subject utility
- Definitions of each data element and metric
- Initial data and document requests
- Field work plans, teams and schedules
- Sampling plans (as recommended by our CPA sampling expert)
- Field observations to be made
- Analysis techniques to be used
- Evaluative criteria to be applied
- Audit deliverables clarifications
- Audit schedule update

A draft work plan will be submitted to the DPS Project Manager and will be revised if necessary to achieve DPS approval.

Phase 2 – Fact Finding and Information Gathering

Data and Document Collection and Review

This activity will be conducted jointly by the SAGE team, the DPS representatives, and the utility Project Coordinators. The SAGE team will provide the utilities a listing of specific data and documents required for the assessment from the detailed work plan. The utilities' Project Coordinators will then assemble the available data and documents requested by the SAGE team. Once assembled, the SAGE team will carefully review this information prior to commencing any field work, to the extent practical. Experience has shown that reviewing the available information, as practical, prior to interviews and site visits substantially improves the overall efficiency and effectiveness of our field work. Additionally, we suggest locating the data and documents in a single, centralized secure electronic data base. This will facilitate our review process, assure access to information to follow up on facts and details later in the audit and provide a complete document and data audit trail.

Field Work

Field work for the audit will involve three teams of two performance metric experts each following the detailed work plan and closely coordinated by the SAGE Project Manager. Each of the three SAGE field work teams will visit three utilities over a period of six weeks, thereby covering all nine subject utilities and, as necessary, their respective service companies. The field work will include the following activities:

- Interviews with utility and service company executives and selected functional utility and service company managers, supervisors, and professionals responsible for DPS reporting
- Business process observations
- Data collection and analysis process reviews
- Execution of the data sampling plans

- Application of evaluative criteria
- Site visits and tours of utility offices, plant facilities, work centers, and other facilities relevant to DPS reporting
- Preliminary one-line findings and conclusions

Detailed field notes of interviews, site and facility visits, sampling studies and process observations will be developed by the SAGE consulting team for use during the Analysis and Evaluation phase. The interview summaries and other field work documentation will also be stored in a centralized, secure data base and will serve as another major component of the audit trail.

SAGE will provide frequent updates to the DPS Project Manager at mutually agreed upon times and locations. DPS representatives are invited to join the SAGE field work teams as practical.

Phase 3 – Analysis and Evaluation

This step consists of developing draft Task Reports. Based upon the results of the document review and field work, the SAGE project team will develop working drafts of the background, findings, and recommendations for each utility and additional audit area (e.g., electric, natural gas and customer service). These initial drafts will include:

- Background
- Preliminary findings
- Preliminary recommendations

The content of the draft Task Reports will be based upon findings of fact, comparisons with generally accepted industry practices and performance standards known to the consulting team members, as well as the judgment and experience of the SAGE audit team. The Task Reports will cover all material RFP scope elements and additional topics identified as important by our consulting team.

The Task Report drafts will be submitted to the DPS Project Manager for review as they are completed.

Phase 4 – Report Findings and Recommendations

This final step in the SAGE methodology consists of the following activities.

Draft Report Preparation

Once the DPS review of the draft Task Reports is completed, the SAGE audit team will finalize the Task Reports and assemble them into a draft report summarizing all findings and recommendations.

Submission of Draft Report

Upon completion of the draft report, the SAGE team will provide its draft report findings and recommendations to the DPS staff as directed by the DPS Project Manager.

DPS Review and Comment

SAGE will review and incorporate the DPS comments into the report and resubmit it.

Utility Review and Comment

Upon direction of the DPS Project Manager, SAGE will provide specific portions of the draft report to the subject utilities. For example, each utility may only receive its own chapter and the common chapters. SAGE will carefully consider each utility comment and may adjust the draft report in consultation with DPS. At a minimum, any factual errors found will be corrected.

Final Report

Upon receiving final DPS input on the draft report, the SAGE team will incorporate the input into the draft report and submit the final report to the DPS Project Manager. Work papers will be made available by the SAGE team, as requested by the Project Manager. The Final Report will be produced by SAGE in a manner suitable for distribution as determined by DPS. Utility designated confidential information will be redacted in the public version of the Final Report as necessary.

TEAM COMMUNICATION

SAGE emphasizes communication among the team and with the DPS representatives during each phase of the project, but particularly during work planning and field work. In addition to encouraging communication among the team members, the SAGE Project Manager will regularly poll team members on preliminary observations and concerns. For topics of general interest, the Project Manager will make sure that all interested team members are aware of factors in other areas that may influence their analyses. The SAGE Project Manager will also assign principal responsibility for resolution of each audit-wide issue to one of the SAGE team members.

PROJECT MANAGEMENT

SAGE will utilize several proven and effective project management techniques that will assure the effective and efficient management of this assignment while enhancing communications among the consulting team members and DPS staff. This can only be accomplished through the efforts of strong project management, effective controls, and the coordinated efforts of senior personnel. SAGE's Project Manager will be responsible for ensuring that the project work is progressing on schedule and within the planned budget. In addition, our Project Manager will be responsible for the overall work quality, assuring that the activities across all audit elements are consistently executed and well-coordinated. Key elements of SAGE's project management approach are described below.

- **Project Planning. SAGE will use a logical and efficient plan of action for the audit that is clearly understood by the project team and the DPS staff. Project planning activities will include:**
 - Defining tasks to investigate thoroughly all review areas.

- Specifying task dependencies so that interdependent tasks will be completed in the appropriate sequence to ensure that the flow of work builds a cumulative body of knowledge rather than clusters of data with possible contrasting conclusions.
 - Estimating consulting hours and preparing schedules to complete each task.
- **Project Controls. To monitor costs and schedule, the SAGE Project Manager will:**
- Periodically, compare actual versus estimated consulting hours by staff for each task defined in the work plan.
 - Working with each team member, estimate the time to complete each task, including the total elapsed time as well as the level of effort.
 - Make project plan adjustments based on the project progress to date, changes in project scope or changes in priorities in concert with the DPS Project Manager.
- **Project Administration. The SAGE Project Manager will use the following techniques to ensure the smooth execution of the review.**
- Enforce standards for project documentation and work papers to ensure confidentiality, accuracy, completeness, and consistency.
 - Establish a simple, workable set of administrative procedures covering:
 - Requesting, storing, and returning documentation
 - Scheduling interviews and documenting results
 - Reporting project hours and expenses
 - Reporting progress and dealing with exceptions
 - Defined protocols for interfacing with the DPS representatives and utility staff.

PROJECT STANDARDS

SAGE strives for the highest quality in all our work products. Multi-utility operational audits are complex projects, involving several consultants and many separate tasks. While careful planning is an important task in an audit, we believe that the experience and organization of the project team is the most important factor in determining the quality of the final product. Four distinctive features of our proposed team and approach will ensure a quality product.

- The Project Manager and team members have extensive experience and expertise in electric reliability, natural gas safety and customer service performance metrics and regulatory reporting.
- The SAGE consulting team will perform all work in a professional manner in general accordance with: the United States General Accounting Office's Standards for Audit of Government Organizations, Programs, Activities, and Functions, as applicable to this project, with audit emphasis on issues of management economy, efficiency and effectiveness; and the National Association of Regulatory Commissioners' Consultant Standards and Ethics for

the Performance of Management Analysis. Adherence to these standards will provide the project controls and reporting standards necessary to perform the audit effectively and provide sufficient justification for all recommendations.

- The SAGE project team members have a demonstrated track record for producing quality products within schedule and budget limits. Members of the proposed consulting team have successfully performed audits and similar projects in many states.
- SAGE emphasizes communication and cooperation among the consulting team members and DPS representatives which helps identify the most important audit issues.

Our Project Manager will assure consistent application of the SAGE work plan among the consultants, and he will review all the work products prepared by the consulting team. This review will prove useful in helping the consulting team place appropriate emphasis on issues important to the DPS.

SAGE will maintain appropriate documentation of report observations and recommendations to ensure that our work is factually based, that our findings are supported by relevant data, that our professional judgment, where applied, is differentiated from analytical results, and that the results of our audit are easily traceable to specific consultant efforts. In short, SAGE will establish an "audit trail." SAGE consultants are familiar with the need for such an audit trail. Our consultants' involvement in numerous proceedings that have called for providing expert witnesses for public testimony has sensitized them to the need to correlate each statement in a report with the working papers and documents that support it.

In accordance with generally accepted auditing standards (GAAS), our work papers will be:

- Complete and accurate
- Clear and easily understandable
- Legible and neat
- Relevant, i.e., "restricted to matters that are materially important and relevant to the objectives of the assignment"

WORK PAPERS

As part of the audit process, SAGE will prepare and obtain a number of documents, work papers and reports that will be available during and upon completion of the project to DPS. These include the following:

- Interview Documentation. The project team will use a formal interview request form or list that will be provided as a record of our request. All interview requests will be assigned a unique number that will allow us to track the status of responses and reference the specific document in the final report. When possible, interviews with personnel will be requested at least five working days in advance. Upon completion of each interview, we will prepare a formal interview summary including participants, conclusions and observations, data requests

generated, issues identified, and follow-up required. The interview summaries will become part of our audit work papers.

- Data Requests. Throughout the audit, we will provide written requests for documents and other information. These document requests will clearly specify the information or documents needed and, if possible, the person most likely to have access to the document or information. All data requests will be assigned a unique number that will allow us to track the status of responses and reference the specific document in the final report.
- Progress Reports. To keep the DPS apprised of audit progress, we expect to have frequent contacts and will provide periodic oral and written reports as requested by the DPS Contract Manager.
- Task Reports. Task Reports will be developed for each of the audit review areas covering the background, findings and recommendations.
- Draft and Final Audit Reports. We will provide paper and electronic copies of the full report to the DPS. The full report will describe the background, findings, and recommendations for each audit area. The report will be a complete description of the results of our audit of the respective task areas. In preparing the final report, the only changes SAGE will make to the final draft reports will be in response to specific comments from the DPS or factual corrections from the utilities, if received.
- Work Papers. We will develop an organized set of work papers that will be the basis for our reports. The reports will be referenced to these work papers as the source of its factual statements as well as the basis for its background, observations, and recommendations. If requested, we will provide a complete set of working papers, indexed and in orderly form, upon completion of the audit. All work papers, interview notes, statistical analyses, and other supporting documents developed or obtained during the course of the audit will be made available to Staff, if requested.
- Interviews and Site Visits Schedules. A report of interviews and site visits scheduled will be issued regularly. At a minimum, this report will include the interviewee, interviewer, date, time, and location. As this report is updated, it will also serve as a record of interviews completed.
- Document Request Log. This log will identify documents requested and date received and will be available electronically. Documents will be kept in a document data base.
- Interview Summaries. At a minimum, the interview summaries will include the names of the interviewee and interviewer, the title and organization of the interviewee, documents requested, and items discussed.

KEEP IT SAGE SIMPLE

Complete project records and a clear audit trail are critical components of a successful management audit and a readable report format is also critically important. SAGE procedures accomplish this. However, SAGE avoids the common management audit problem of emphasizing form over content with simple procedures, forms, and formats. Keep it SAGE Simple is our approach to minimizing the team member's time spent on administrative tasks and maximizing productive consulting time.

CONFIDENTIALITY PROTECTION

As part of its commitment to ethical behavior in all matters, SAGE rigorously protects client confidential material. In this case, our commitment extends to both the DPS and the utilities. All consulting team members are briefed on confidentiality standards and processes and the Project Manager monitors the project process to assure that confidentiality is respected at all times. SAGE and our team members will sign DPS approved reasonable company non-disclosure agreements if requested.

SAGE expects that some data and document responses and interview summaries will contain company designated confidential information. All project work papers will be stored in confidential, restricted-access, password protected data bases. We prefer to not receive hard copy confidential information. However, if this is unavoidable, the hard copy confidential information will be stored securely and returned to the company at the completion of the audit.

For the report, SAGE will first develop a confidential version with all information designated as confidential by the company noted. Any disputes about whether specific information is actually confidential will be resolved among the DPS Project Manager, SAGE Project Manager and company Project Coordinator. Then, we will work with the DPS Project Manager and staff to produce a public version of the report with the confidential information properly redacted. The confidential version of the report will be protected at all times.

2. AUDIT AREAS AND ISSUES

This section includes the following topics:

- Audit Areas and Report Organization
- Audit Issues

AUDIT AREAS AND REPORT ORGANIZATION

As delineated in Section 1 of the RFP, the Scope of Work for this engagement is a, “...focused operations audit of the accuracy of electric interruption, gas safety and customer service data reported to the Commission...” The scope covers the relevant data reported to the DPS by nine large New York investor owned utilities, six of which are combination electric and gas utilities and three are natural gas utilities. The operational audit, therefore, will address the electric interruption data from six companies and the gas safety and customer service data from nine companies.

Further, Section 5 of the RFP states, “Each Company shall be reviewed and analyzed separately and not as one entity.” Therefore, we expect that the final report will include a chapter or set of chapters on each company and its performance regarding the electric (as applicable), gas and customer service metric reporting to the DPS. In each company’s chapter a background section will describe the company’s processes for data compilation and submittal followed by findings and recommendations for improvement.

It is also likely that there will be some generic issues that apply to two or more companies in each of the topic areas. For example, there may be chronic problems that affect multiple utilities. Therefore, we also envision a chapter on each of the three major topic areas: electric reliability, gas safety and customer service. These chapters will address common topics and recommendations.

In sum, the audit areas and report chapters are currently envisioned as:

- I. Introduction
- II. Consolidated Edison Company of New York, Inc.
- III. Niagara Mohawk Power Corporation
- IV. Central Hudson Gas & Electric Corporation
- V. National Fuel Gas Distribution Corporation
- VI. Orange and Rockland Utilities, Inc.
- VII. Rochester Gas and Electric Corporation
- VIII. New York State Electric & Gas Corporation
- IX. Brooklyn Union Gas
- X. KeySpan East Gas Corporation
- XI. Electric Reliability
- XII. Natural Gas Safety
- XIII. Customer Service

This draft table of contents will be refined in consultation with the DPS staff during the work planning phase and through the field work phase. For example, it may be

appropriate to combine operating companies with a common service company that does the DPS reporting.

AUDIT ISSUES

In the end, this operational audit is about confirming that the metrics reported to the DPS are accurate or, if not, identifying which data elements or metrics are inaccurate and making recommendations to fix whatever problem is causing the inaccuracy. To accomplish this, the SAGE team will work backwards from the most recent report to the DPS on each scope topic. The SAGE team will then follow the most recent report back to each company and investigate each data element and metric calculation.

There is a wide breadth of topics covered in the reporting to the DPS subject to this audit. However, the accuracy and integrity of the data reported has several common concerns:

- Definitions of the metric and component data elements
- Accuracy and integrity of the data elements collected
- Accuracy and integrity of the calculations of metrics
- Appropriateness of adjustments made to the metrics before reporting to the DPS
- Timeliness of Reporting

Definitions of Metrics and Data Elements

SAGE will begin by identifying the best available definition of each data element (e.g. one-call tickets and mismarks) and metric (e.g., mismarks per 1,000 tickets) and understanding how the relevant DPS subject matter experts interpret each definition. This will form the basis for evaluating each company's definition and interpretation of the definitions. It would not be unusual to discover disconnects between the DPS understanding of the definitions and the company interpretations of the definitions.

Examples of Potential Problems

- The required Gas Safety information provided by the utilities is specifically defined. However, there may be interpretive differences. For example: what criteria are being used to determine if damage was due to a mismark? How inaccurate does the mark need to be to be considered contractor responsibility?
- What are the criteria for counting an appointment as kept? For example, if a technician arrives at a location but does not make contact with a customer due to miscommunication, is that a missed or kept appointment? What is the time window of opportunity to count an appointment as kept?

Accuracy and Integrity of the Data Elements Collected

This is the "garbage in, garbage out" concern. The SAGE team will investigate the source and circumstances of each data element that is reported to the DPS or is used in a metric calculation. The investigation will start with identifying each system(s) that collects and stores the raw/originating data. SAGE will identify whether the source of the data can be trusted and whether the utility has quality control procedures in place to

assure continued accuracy and integrity of each data element. Specific areas to be addressed are:

- Does the raw data collected truly provide the basis for the metric being calculated?
- Are the values machine generated (such as the elapsed time before a call is answered) or is the value manually entered by users? If the latter, which may introduce subjectivity, are the users properly trained?
- Is the raw data secure, and is it retained in accordance with DPS requirements?

With the advice of our CPA sampling expert, SAGE will sample actual data elements collected for accuracy and integrity. For estimated data elements, SAGE will identify alternatives to collect accurate actual data.

Examples of Potential Problems

- Are all incoming calls are being counted? Does the utility know if there is trunk blockage or call shedding taking place during large events that are preventing calls from reaching the call center for counting?
- Are overflow calls are directed to a third party and, if so, how are these calls counted in the telephone response numbers?

Accuracy and Integrity of Data Processing and Calculation of Metrics

After the definitions and raw data collection arenas are addressed, SAGE will investigate the calculation methodology for each metric and make tests to determine if the models or spreadsheets are delivering accurate results. Specific areas to be addressed are:

- What change control procedures are in place to prevent accidental change?
- Do testing procedures verify that updates have been applied properly?
- Are the formulas/calculations performed in accordance with the DPS definition?
- Are spreadsheets structured so that a formula is entered a single time, as opposed to appearing multiple times and, hence, inviting error?
- Do spreadsheets take advantage of advanced capabilities for summarization, or do they require extensive user manipulation?
- When drawing data from multiple systems, are the data timeframes consistent?
- Do subtotals reconcile to the original raw data?
- Do different reports using common data (such as number of customers) produce the same values?

For reporting processes heavily dependent on user manipulation, SAGE will identify alternative reporting approaches.

Examples of Potential Problems

- How are embedded outage durations calculated? For example, if power to a circuit is restored and a customer on that circuit calls to report they remain out of

power, is that customer's initial outage time calculated from the original circuit outage or does the company "reset the clock" for that customer's calculation.?

- How are individual customer repeat calls handled for outage calculations? Does the clock get reset or is the outage counted from the original outage report.
- Do the algorithms used by the company's OMS to pattern outages produce reasonable results?
- What algorithm is used to calculate the "percent of calls" from the switch data? Has the algorithm been tested?

Appropriateness of Adjustments before Reporting to the DPS

Utility employees are often under pressure to "make the numbers" and they may be tempted to make adjustments to data elements or calculated results before reporting the information. We expect few instances of fraud. However, employees may make adjustments for unusual circumstances or events that are interpreted as atypical. For electric reliability reporting, there is a two-edged temptation to adjust reported data. On one hand, lower customer outage hours for an event improves reliability statistics. On the other hand, if the outage exceeds the storm exclusion threshold, it can be excluded from the reliability calculations and significantly improve reported reliability.

Examples of Potential Problems

- How are special situations handled in the calculation of non-emergency service response times?
- How are situations in which the facility requires customer owned plumbing or electrical work handled in terms of start/stop times?
- How are outage data scrubbed after events? What criteria are used, who has responsibility and what are the controls?
- For those large scale storms in which the OMS is not used to manage the event, is methodology used to calculate service interruption data reasonable?

Timeliness of Reporting

This is a relatively straightforward evaluation – either the report is received on time or it is not. However, late reports or missing time periods are symptoms of underlying problems. SAGE will investigate each case of late reporting, identify the problem and make recommendations to correct the problem.

Examples of Potential Problems

- Some data elements for DPS reporting may be dependent upon accounting systems. If a company is delayed in closing its books, that may, in turn, cause a delay in DPS reporting.
- There may be too many levels of review and approval before reporting to the DPS. Sequential backlogs of approvals can delay reporting.

3. PRIMARY BIDDER CONTACTS

Contact Name:	David P. Vondle
Contact Title:	Partner
Contact Role:	Project Manager
Street Address:	4926 Calle de Tierra, NE
City:	Albuquerque
State:	New Mexico
Zip:	87111
Telephone Number:	(505) 292-8961
Fax Number:	N/A
Email Address:	<u>vondle@sageconsultants.us</u>
Company Website:	<u>sageconsultants.us</u>

Contact Name:	David A. Whitman
Contact Title:	Partner
Contact Role:	Project Consultant, Contract Manager, Back-up Project Manager
Street Address:	5853 33rd Avenue
City:	Columbus
State:	Nebraska
Zip:	68601
Telephone Number:	(402) 564-1765
Fax Number:	N/A
Email Address:	<u>whitman@sageconsultants.us</u>
Company Website:	<u>sageconsultants.us</u>

4. BIDDER DESCRIPTION

Company Name:	SAGE Management Consultants, LLC
Subsidiary or holding Company info:	None
Business established (year):	June 2012
Years offering this material/service:	One year for the firm but decades for the firm's owners who are the Project Manager and Contract Manager proposed for this engagement
Federal EIN Number:	80-0827513
DUNS ID Number:	Not Applicable
Total employees:	SAGE is a consortium model firm and, technically, has no employees
Headquarters location:	Albuquerque, NM and Columbus, NE
Number of offices:	Two
Office, manufacturing and distribution/ warehousing locations related to this scope of work (please describe):	Not Applicable
M/WBE Status:	None

5. SUBCONTRACTORS

SAGE Management Consultants, LLC is the only firm proposed to provide services for this engagement. SAGE has no partner or joint venture firms for this contract.

Name	Address (and Website, if Known)	Services Provided Under This Contract
Not Applicable		

6. SCHEDULE

SAGE shall adhere to the schedule as set forth in the RFP:

<u>Target Date</u>	<u>Task</u>
08/15/2013	Issue RFP
08/21/2013	Bidders' Conference
09/17/2013	Proposals Due
10/07-11/2013	Finalist Interviews
11/14/2013	Consultant Selected by the Commission
12/9/2013	Field Work Begins
01/06/2014	Draft Work Plan due to Staff
03/15/2014	Initial Draft Report due to Staff
04/15/2014	Final Report due to Staff
To be Determined	Final Report Presented by Staff to the Commission

SAGE's initial project schedule, subject to revision in the work planning phase in collaboration with the DPS Project Manager, is shown below.

Projected Audit Schedule

Project Phase ↓	Project Week →	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
	Project Activities ↓																								
Phase 1: Project Organization & Planning	Orientation & Overview	█	█	█	█	█																			
	Detailed Work Plan				█	█	█	█	█																
Phase 2: Fact Finding & Information Gathering	Data & Document Collection & Review						█	█	█	█	█	█	█	█	█	█									
	Field Work								█	█	█	█	█	█	█										
Phase 3: Analysis & Evaluation	Develop Task Reports									█	█	█	█	█	█	█									
Phase 4: Report Findings & Recommendations	Draft Report Preparation												█	█	█	█	█	█							
	Submit Draft Report																	█							
	DPS Review and Comment																			█	█	█	█		
	Utilities' Written Comments *																				█	█	█		
	Complete and Release Final Report **																						█	█	█
Milestones & Reporting	Project Milestones				◆			◆								◆		◆				◆		◆	
	Weekly Informal Status Reports	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
	Month-end Written Status Reports		√				√				√				√				√						

* Includes 3-Party Meetings to Discuss Draft Report

** Includes PSC Commissioner and Senior DPS staff briefings on Final Report

7. COST

The cost of a consulting engagement is dependent on the level of effort required to complete the engagement. The table on the following page details the SAGE work hour level of effort estimates by consulting team member by project phase. SAGE estimates that this engagement as specified and proposed will require a 3,396 work hour level of effort which translates to \$676,800 in professional fees and \$121,824 in expenses for a **total not-to-exceed cost of \$798,624.**

SAGE does not differentiate support services from travel and administrative expenses. All travel and administrative expenses are incurred by a specific consultant. There are no firm overhead-type charges. Each consultant reports and documents all project related travel and administrative expenses on a monthly time and expense report. SAGE assures all costs are project related, are reasonable, and are properly documented. This approach is SAGE simple and yields highly granular and transparent project expense reporting.

Another part of SAGE simplicity is the use of per diems for meal and incidental expenses. A reasonable per diem amount for breakfast, lunch, and dinner and incidental expenses is set for the time periods when consultants are traveling. The meal and incidental per diem approach greatly reduces the record keeping for our consulting team.

The following table provides a breakdown of our price by estimated consulting hours, fees and expenses.

SAGE COST ESTIMATE

Audit Phase ↓	Consultant →									Total
	Vondle	Whitman	Fowler	Morgan	Nummy	Paxton	Black	Davidson	Collins	
Phase 1: Project Organization & Planning	96	96	80	80	80	80	80	60	40	692
Phase 2: Fact Finding & Information Gathering	216	216	216	216	216	216	216	48	40	1,600
Phase 3: Analysis & Evaluation	120	120	80	80	80	80	80	16	120	776
Phase 4: Report Findings and Recommendations	80	80	16	16	16	16	16	8	80	328
Total Hours:	512	512	392	392	392	392	392	132	280	3,396
Hourly Rate:	\$225	\$225	\$200	\$200	\$200	\$200	\$200	\$200	\$100	
Total Fees:	\$115,200	\$115,200	\$78,400	\$78,400	\$78,400	\$78,400	\$78,400	\$26,400	\$28,000	\$676,800
Estimated Out-of-Pocket Expenses:	\$20,736	\$20,736	\$14,112	\$14,112	\$14,112	\$14,112	\$14,112	\$4,752	\$5,040	\$121,824
									Total Cost:	\$798,624

8. RELEVANT EXPERIENCE

SAGE MANAGEMENT CONSULTANTS

SAGE Management Consultants, LLC (SAGE) is a national management consulting firm focused on the utility industry. This market includes electric, gas, telecommunications, water and wastewater utilities, and the legal, financial, and regulatory entities associated with the industry. SAGE provides regulatory and litigation support services and serves both investor owned and publicly owned utilities. The firm's consultants have deep experience in all aspects of utility management consulting. And, while SAGE is a relatively new firm, its founding partners each have over thirty years of management and consulting experience with large firms that is directly relevant to this project.

SAGE Business Model

SAGE operates under a consortium model consisting of a core of key staff members supplemented by associated independent consultants and specialty firms. The consortium members work together regularly and have long personal and professional relationships. SAGE has found that this is a highly effective and efficient model for clients. Each client receives exactly the right consulting team for its needs rather than whomever the consultancy has available at the moment.

Code of Ethics

SAGE subscribes to the Code of Ethics of the Institute of Management Consultants (IMC), USA. The Code can be found at <http://www.imcusa.org/?page=ethicscode>. The Code includes commitments of ethical conduct to clients, the public and the profession. SAGE's founders, David A. Whitman and David P. Vondle, both proposed for this engagement, have been designated Certified Management Consultants (CMCs) by the Institute.

Clientele

Representative clients of the firm's founders are shown below.

Representative Clients of the SAGE Founders

State Public Utility Commissions

- Alaska
- California
- Connecticut
- Florida
- Georgia
- Guam
- Illinois
- Kentucky
- Maryland
- Missouri
- New Jersey
- New Mexico
- New York
- Pennsylvania
- Texas
- Vermont

Boards and Oversight Agencies

- Colorado Springs City Council
- Delaware River Port Authority Inspector General
- Lower Colorado River Authority Board
- Metropolitan District Commission
- Tacoma City Council
- Washington State Auditor

Legal

- Alaska Attorney General
- CenterPoint Energy Law Department
- Colorado Springs City Attorney
- Florida Office of Public Counsel
- Halloran & Sage (Law Firm)
- Kasowitz Benson (Law Firm)
- Lamson, Dugan & Murray (Law Firm)
- Maine Office of Public Advocate
- Massachusetts Attorney General
- New Mexico Attorney General
- Nixon Peabody (Law Firm)
- Nova Scotia Consumer Advocate
- Southern California Edison Law Department

Investor Owned Utility Subjects of Commission Ordered Audits or Proceedings

- Bangor Hydro Electric
- Central Illinois Electric Company Gas Division
- Central Maine Power
- Connecticut Light & Power
- El Paso Electric Company
- Eon/Louisville Gas & Electric
- Florida Power & Light
- FirstEnergy/Jersey Central Power & Light
- Iberdrola/Energy East/Southern Connecticut Gas
- National Fuel Gas
- National Grid/Niagara Mohawk
- NiSource/Bay State Gas
- NSTAR Gas
- Pacific Gas & Electric
- Peoples Gas Company
- Philadelphia Gas Works
- Southern California Gas
- The Energy Network/Connecticut Natural Gas

Investor Owned Utility Clients

- Integrys/Peoples Gas
- PacifiCorp, Inc.
- PHI/Atlantic City Electric
- Public Service Company of NC
- PNM/Gas Company of New Mexico
- Southern California Edison
- United Cities Gas
- Vectren/Indiana Gas Company
- Verizon New York
- Xcel/Southwestern Public Service

Publicly Owned Enterprises

- Los Angeles Department of Water and Power
- Colorado Springs Utilities
- Los Alamos Utilities

Examples of our recent previous experience relevant to this assignment are provided in the following table.

Relevant Experience Table

Date(s)	Name and Location of Client	Description
2013	Connecticut Public Utility Regulatory Authority, New Britain, CT	Storm Cost Recovery Petition. Messrs. Vondle, Whitman and Morgan are completing a SAGE extension of Prosecutorial Staff assignment for the PURA in a Connecticut Light & Power application for recovery of \$462 million in storm costs for five storms over a two year period. The SAGE team evaluated all of the case filings and is submitting expert testimony on five topics including T&D reliability and maintenance practices prior to the storms.
2012-13	Connecticut Public Utility Regulatory Authority, New Britain, CT	Emergency Recovery Telecommunications Standards. Mr. Vondle and Mr. Whitman led a team including Mr. Fowler that served as an extension of PURA staff in support of PURA Docket No. 12-06-10, Establishment of Industry Performance Standards for Telecommunications Companies in response to Section 5 of CT Public Act No. 12-148, An Act Enhancing Emergency Preparedness and Response. The team developed a set of draft standards on behalf of the PURA for comment by affected telecommunications companies, evaluated those comments and formulated a draft decision and standards for approval and publication by the Authority commissioners.
2008-13	Colorado Springs Utilities, Colorado Springs, CO	Multiple Electric & Gas Utility Assignments. SAGE team members assigned to this project (Vondle, Whitman, Morgan, Fowler, and Paxton) have completed multiple consulting engagements and work assignments for this electric generation, transmission and distribution, natural gas and water and wastewater utility. These projects have included Advanced Metering Infrastructure Implementation, NERC Compliance Program, Electric Transmission and Distribution System Modernization, a Comprehensive Management Audit, Labor Resource Optimization Program, Functional Management Reviews of Environmental Services, Legal, Fleet Management and Warehousing.

2012	Connecticut Public Utility Regulatory Authority, New Britain, CT	<p>Emergency Outage Claims Reimbursement Program Study. Messrs. Whitman, Vondle and Morgan formed a SAGE team that served as an extension of the PURA staff in development of a draft decision in support of Docket #12-06-12, PURA Investigation of the Feasibility of the Establishment of a Program to Reimburse Residential Customers for Spoilage Loss of Food Items or Refrigerated Medications Caused by a Lack of Refrigeration During Electric Service Outages, in response to recent state legislation. The team was responsible for conducting research, developing interrogatory questions, and writing the draft decision for review by the PURA staff and consideration by the PURA Directors. The efforts included quantification of proposed program costs, customer impacts and benefits.</p>
2012-13	Tacoma Public Utilities, Tacoma, WA	<p>Transmission & Distribution Management Study and Management Studies. SAGE's Project Manager, Mr. Vondle, has conducted three management reviews (one with Mr. Morgan and one with Mr. Whitman) of this electric, water, broadband and port short line railroad municipal utility over the last fifteen years. The last review was a 2012-2013 in-depth review of the performance of the electric transmission and distribution system functions including system reliability.</p>

9. RELEVANT INDIVIDUAL CONSULTANT'S EXPERIENCE

This section includes the following topics:

- Project Team
- Project Organization Structure
- Resumes and References

PROJECT TEAM

At first glance, it appears that this project might call for a team of accountant auditors skilled in analyzing the trail of money. However, this project is expected to verify the accuracy of electric, natural gas and customer service performance metrics. As shown in Section 2, there are many things that can go wrong in performance metric reporting. It is necessary to understand the underlying business to assess the accuracy of performance metrics. Therefore, SAGE has assembled a team with deep experience and expertise in electric reliability, gas safety and customer service operations and performance reporting. It is this type of team that will be able to discover any inaccuracies in the data being reported to the DPS and be able to recommend practical solutions.

SAGE has assembled a highly experienced and well-balanced team of electric, natural gas and customer service performance metric experts for this engagement who will be supported by a CPA sampling expert and a professional editor:

- **David P. Vondle, CMC**, a SAGE Partner, will be the Project Manager and will assure consistency among the audits of each subject utility. Dave is an expert in corporate performance management and is familiar with service quality index programs and other electric, gas and customer service regulatory reporting.
- **David A. Whitman, CMC**, a SAGE Partner, will be the Contract Manager, backup Project Manager and a Project Consultant. Dave has extensive regulatory reporting experience in the rigorous field of nuclear generating station operations.
- **Mark D. Fowler** will be a Project Consultant. Mark has extensive performance metric reporting experience in all three areas – electric, gas and customer service.
- **Charles O. Morgan, PE** will be a Project Consultant. Charlie is expert in electric utility reliability measurement and reporting.
- **Lawrence F. Paxton** will be a Project Consultant. Larry has an extensive information technology and systems background and wide experience with performance metrics development and reporting.
- **Tom Black** will be a Project Consultant. Tom has an executive perspective of electric, gas and customer service performance metrics development and reporting.
- **Rick Nummy** will be a Project Consultant. Rick is an expert in natural gas regulatory data collection and reporting on safety and reliability.

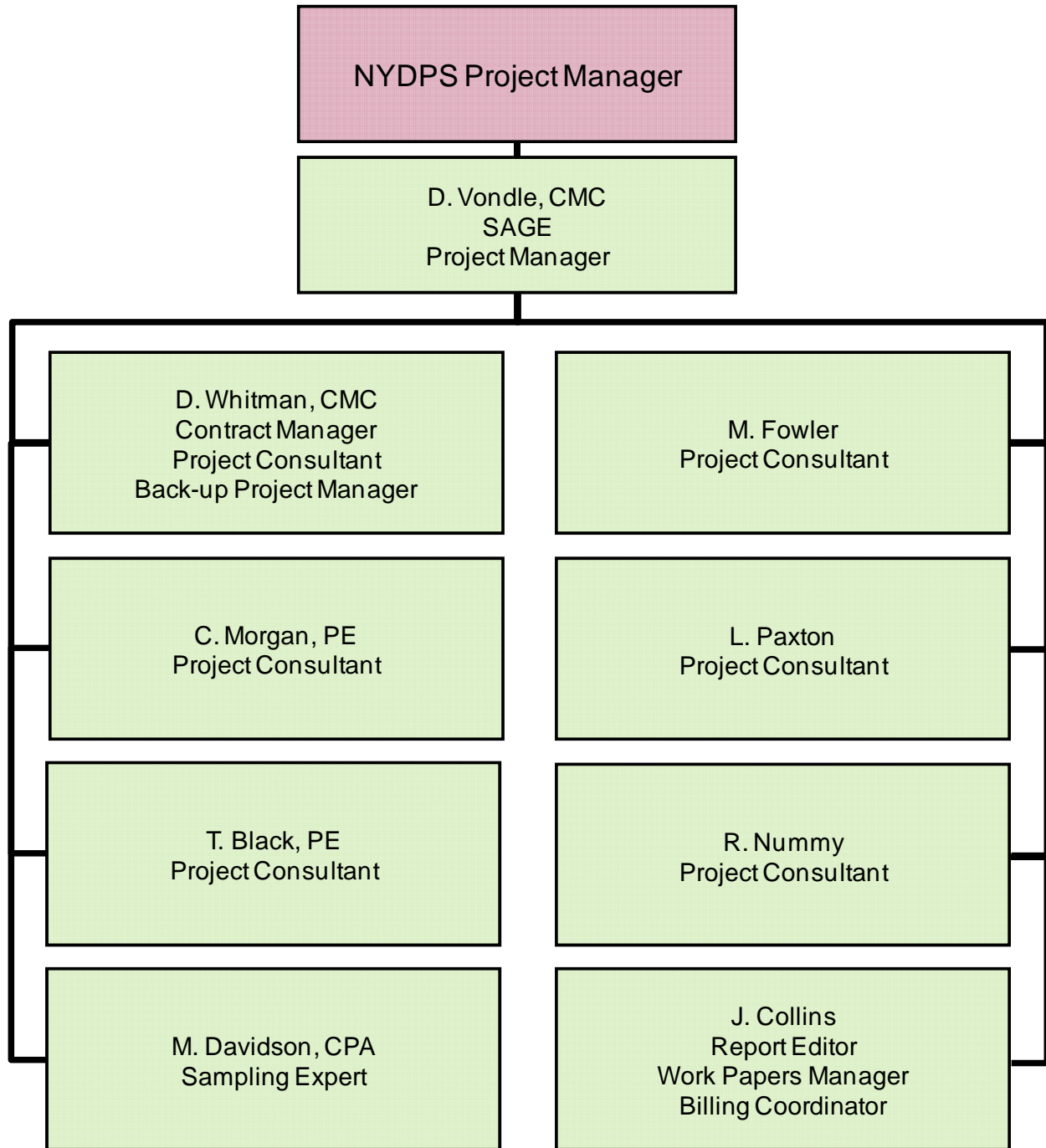
- **Marie Davidson, CPA** is an expert in sampling and will support the team in developing and executing sampling work tasks.
- **James P. Collins** will serve as the Report Editor, Work Papers Manager, and Billing Coordinator. Jim is a highly experienced professional report editor.

Resumes and a personal reference for each of the team members follow the project organization structure depiction below.

PROJECT ORGANIZATION STRUCTURE

The organization chart for this engagement is shown below.

SAGE PROJECT ORGANIZATION



TEAM RESUMES AND REFERENCES

Following are a detailed resume and a personal reference for each of our SAGE team members.

DAVID P. VONDLE, CMC – PROJECT MANAGER

Mr. Vondle has extensive experience in developing and managing multi-company performance metric comparisons. Mr. Vondle developed and supervised a utility benchmarking consortium involving 30 companies in six countries for seven years. The consortium benchmarked all aspects of distribution operations and customer service through hundreds of reliability, safety and customer service performance metrics. In addition, Mr. Vondle has reviewed multiple states' service quality index programs and utility regulatory reporting requirements in conjunction with regulatory and litigation support work.

Mr. Vondle has over twenty-five years of management consulting experience with special emphasis on conducting management audits of electric, gas and combination utilities for state regulatory commissions. Mr. Vondle has also led many consulting engagements in the areas of corporate performance management, process analysis and improvement, customer service and performance measurement and reporting.

Mr. Vondle has played a key role in over thirty state regulatory commission sponsored management audits and studies including multiple electric, gas and combination companies, such as: El Paso Electric, FirstEnergy/Jersey Central Power & Light, Central Vermont Public Service, Louisville Gas & Electric, Pacific Gas & Electric, Potomac Edison Company, Southern Connecticut Gas, Philadelphia Gas Works, National Fuel Gas, Peoples Gas Light/North Shore Gas, Central Illinois Light Company Gas Division and Southern California Gas. Mr. Vondle has served the New York Department of Public Service on management audits of the National Grid USA electric operations (Niagara Mohawk) and Contel/GTE.

In addition, much of Mr. Vondle's management consulting experience is with the distribution operations and/or customer service functions of local gas distribution companies, including: Gas Company of New Mexico, Vectren/Indiana Gas Company, United Cities Gas, Public Service Company of North Carolina, Integrys/Peoples Gas, and the municipal gas utilities of Colorado Springs, Corpus Christi, and Los Alamos.

Mr. Vondle has also been involved with the electric distribution and/or customer service operations of the following utilities: Xcel/Southwestern Public Service Company, Central Maine Power, Tacoma Public Power, Los Angeles Department of Water and Power, Rockland Electric, Anaheim Public Utilities, Southern Indiana Gas & Electric, Kentucky Power Company, Colorado Springs Utilities and the Guam Power Authority.

Mr. Vondle has extensive regulatory and litigation support experience. He has appeared as an expert witness in fourteen jurisdictions for commissions, law firms,

attorneys general, public advocates and utility companies on topics that include performance benchmarking, capital program prudence and staffing.

Mr. Vondle worked as an outside plant engineer (similar to electric and gas field engineering) and supervisor for the Ohio Bell Telephone Company before entering management consulting. His book, Service Management Systems: How to Create Competitive Advantages Through Integrated Work Management, Materials Management, Facilities Management, and Cost Management Systems, was published by McGraw-Hill.

Education and Certification

Bachelor of Science, Industrial Management, University of Akron
 Master of Business Administration, Southern Methodist University
 Certified Management Consultant by the Institute of Management Consultants

Reference - Colorado Springs Utilities

Mr. Vondle has conducted multiple management consulting engagements (several with Mr. Whitman and Mr. Paxton) for this billion dollar municipal electric, gas, water, and wastewater utility. These projects have included a full management audit of the organization, the selection and implementation of work management and materials management systems, a labor optimization program, a succession management/talent development program, a fleet management review, management reviews of legal services and environmental services, the review of a large-scale capital improvement project, and warehousing consolidation. Reference:

Kelly Means
 Chief Customer and Information Officer and
 Labor Optimization Project Sponsor (now retired)
 Colorado Springs Utilities
 (719) 548-1353
kmeans2@gmail.com

Name: David P. Vondle Role: Project Manager

Date(s)	Name and Location of Client	Description
2013	Maine Office of Public Advocate	Regulatory proceeding support for Central Maine Power's application for a new alternative rate plan. Included reviewing proposed reliability performance metrics and targets.

Date(s)	Name and Location of Client	Description
2013	Connecticut Public Utility Regulatory Authority	Regulatory proceeding support for Connecticut Light and Power's application to recover \$462 million in storm costs for 2011 and 2012. Included analyzing storm outage data.
2012 and 2013	Tacoma Public Power	Management review of the transmission and distribution operations. Included analyzing reliability data and T&D customer service metrics.
2010 and 2006	FirstEnergy: 2010 Jersey Central Power & Light and 2006: Three Pennsylvania companies	2010: Comprehensive management audit of T&D including all reliability performance and T&D customer service metrics. 2006: Comprehensive management audit of customer service including all customer service metrics.
2009	Connecticut Department of Public Utility Control	Comprehensive management audit of Southern Connecticut Gas Company's distribution operations. Analyzed all safety, reliability and customer service metrics.
2008	Combination Electric and Gas IOU Private Client	Conducted a comprehensive corporate performance management review and improvement program including electric, gas and customer service performance metrics.

DAVID A. WHITMAN, CMC

Mr. Whitman is a highly accomplished management consultant with over 35 years of professional experience. A cofounder of SAGE Management Consultants, LLC, he is an expert in facilitating change and assisting clients in improving their business and operational performance. His main operational focus is utility operations and finance. His specific areas of expertise include business planning, performance measurement, capital program planning and management, asset management, resource optimization, operational process efficiency and effectiveness.

Mr. Whitman has advised many oversight boards and commissions including the Connecticut Public Utility Regulatory Authority, Washington State Auditor, Metropolitan District Commission (Hartford), Tacoma Public Utilities Board and the Lower Colorado River Authority Board. He has also advised numerous investor owned utilities including: Southern California Edison, Midwest Generation, FirstEnergy, CenterPoint Energy, PNM Resources and PacifiCorp, Inc. Additionally, he has served many publicly owned utilities such as: Colorado Springs Utilities, Anaheim Public Utilities, Omaha Public Power District, Long Island Power Authority, Sacramento Municipal Utility District and the Tennessee Valley Authority. Many of the assignments Mr. Whitman conducted for these clients included operations reviews of similar scope and size as that being contemplated by the DPS and focused on the reliability and performance of these enterprises.

Mr. Whitman is experienced with issues involving utility data collection, analysis and reporting. Of significant relevance to this engagement is Mr. Whitman's customer service experience gained while involved in a multi-client customer service benchmarking and best practices service offering at a previous employer. This program included analysis of utility credit and collections, resolution of customer issues, customer contact center operations, billing processes, payment procedures, account management, field operations, and use of new technologies. Numerous clients participated in the program and benefited from the high quality performance data and the sharing of best business practices across these core functional areas. Mr. Whitman also has extensive experience in benchmarking and best practices studies and has conducted several data-driven operational comparative analyses. During his tenure in utility management, he was responsible for management data collection and analysis for the utility's nuclear plant, which included NRC, INPO and NEI reporting.

Prior to entering the consulting profession, Mr. Whitman was employed by the Nebraska Public Power District (NPPD), where he held several senior management positions in both the fossil and nuclear generation areas. His assignments included Station Manager of Gerald Gentleman Station, a 1350 MW central generating facility, Division Manager of Nuclear Support responsible for nuclear training, licensing, emergency preparedness, planning and budgeting associated with an 800 MW nuclear plant and several other operational and staff management positions. Before entering the utility industry, Mr. Whitman served as an officer in the U.S. Navy for over eight years in fleet and headquarters assignments.

Education and Certification

Bachelor of Science, U. S. Naval Academy

Master of Business Administration, University of Nebraska-Lincoln

Graduate, Public Utility Executive Program, University of Michigan

Graduate, APPA Senior Executive Program, University of Wisconsin

Reference - Washington State Auditor (Electric Utility Performance Audit)

Mr. Whitman served as lead consultant for the Operations task area of this comprehensive performance audit of three large public utility districts located in central Washington. The purpose of this performance audit was to ensure accountability and the cost-effective use of funds by the three audited Mid-Columbia Public Utility Districts (PUDs). Mr. Whitman’s role in the performance audit was to examine the economy, efficiency and effectiveness of operations of the three PUDs. Of particular relevance was his analysis of distribution system planning, operation and asset management practices and their impact on distribution system performance and reliability. Mr. Whitman identified several million dollars in improvement opportunities. Reference:

Mr. Nestor E. Newman
 Project Manager (now retired)
 Washington State Auditor’s Office
nestor615@comcast.net
 (360) 319-9254

Name: David A. Whitman Role: Contract Manager

Date(s)	Name and Location of Client	Description
2013	Connecticut Public Utility Regulatory Authority	Regulatory proceeding support for Connecticut Light and Power’s application to recover \$462 million in storm costs for 2011 and 2012. Included analyzing reliability data.
2012-13	Connecticut Public Utility Regulatory Authority	Regulatory proceeding assisting PURA with establishing storm restoration standards for telecommunications providers.
2010	First Energy Akron, Ohio	In conjunction with an industry performance metrics program, assisted in the review of the reliability performance data and reporting of this large investor owned electric utility. The review focused on reliability, safety, operations dispatch, and outage management data as well as vegetation management, fleet, materials, and staffing data.

Date(s)	Name and Location of Client	Description
2010	Omaha Public Power District Omaha, NE	Advised in the client's development of a Corporate Key Indicator Program that included development of a company-wide set of key performance indicators, data collection and reporting.
2008	Washington State Auditor's Office	Operations Lead for a comprehensive performance (Yellow Book) audit of three large public utility districts located in central Washington. This assignment included review of electric cost and reliability data.

MARK D. FOWLER – PROJECT CONSULTANT

Mr. Fowler has over twenty-five years of management consulting experience, primarily in the public utilities and energy industries. Specific to this assignment, Mr. Fowler has extensive experience with development and analysis of performance metrics in gas and electric operations and customer service in multiple industries. Mr. Fowler has analyzed service and performance metrics in assignments involving National Grid (three different projects), Unitil, Public Service of New Hampshire and their parent Northeast Utilities, New Hampshire Electric Cooperative, Central Hudson Gas and Electric, Long Island Power Authority, Ameren Illinois, Consolidated Edison and Commonwealth Edison.

Mr. Fowler has also led many consulting engagements involving utility customer service and customer relations. He also worked for a time for an Australian utility software developer in developing and implementing call center and billings systems. He has specifically examined the customer service operations of Central Hudson, LIPA, National Grid, Commonwealth Edison, Unitil and Northeast Utilities, Colorado Springs Utilities among others.

Mr. Fowler has extensive management audit and regulatory experience. In addition to conducting many management audits for state regulatory commissions, Mr. Fowler has appeared as an expert witness for commissions, commission staff and utility companies on topics that include technology deployment, competition and service costing. He has also provided regulatory support in the areas of work management, credit and collections, work force management, damage prevention, capital program management, telecommunications performance standards and credit and collections.

In addition to management consulting Mr. Fowler has worked in the gas liquids industry in supply and distribution, acquisitions and field operations. One of his assignments during this time included developing and delivering training for first responders in gas emergencies. Mr. Fowler also worked for a generation and transmission cooperative during their construction of a coal fired generating facility. During the 90's he worked for

a year with an Australian software developer in implementing utility billing consolidation and workforce management systems. Mr. Fowler has also been a bargaining unit employee bringing a worker perspective to assignments.

Education and Certification

Bachelor of Science, Business Administration, University of Tulsa
 Master of Business Administration, University of Tulsa

Reference - Ameren Illinois

Mr. Fowler worked for 18 months with the Management of Ameren Illinois distribution operations primarily related to performance during major outages. Ameren Illinois had separated from Ameren Missouri for purposes of Emergency Operations Control and needed to develop and organization and processes for the new groups. This effort included development of an emergency response organization at the state and district levels, development of new emergency operations plans at state and district level, a thorough review of staffing needs under different emergency scenarios and training of the organization Reference:

Art Curle
 Director Ameren Illinois Emergency Operations Center
 (314) 610-4798 Mobile
acurle@sbcglobal.net

Name: Mark D. Fowler Role: Project Consultant

Date(s)	Name and Location of Client	Description
2013	Connecticut Public Utility Regulatory Authority	Regulatory proceeding support for development of service performance restoration standards for Connecticut telecommunications providers.
2011-2013	Vermont Public Service Commission	Regulatory proceeding support for modification of a Performance Assurance Plan (PAP) for FairPoint Communications. The PAP defines multiple performance metrics and potential penalties to be reported monthly.

Date(s)	Name and Location of Client	Description
2012	New York Public Service Commission	Staff assistance in a review of the response of Long Island Power Authority to Hurricane Irene. Included review of reliability metrics, system hardening, and call center operations.
2010	New York Public Service Commission	Comprehensive management and operations audit of Central Hudson's Electric and Gas operations including gas safety and customer service areas. Included all customer service metrics in meter reading, call center and service installation.
2008-2010	Ameren Illinois	Multiyear assignment involving development and implementation of an Emergency Response Organization and Plan including metrics for call centers and service restoration. Included enhanced regulatory reporting

CHARLES O. MORGAN, PE – PROJECT CONSULTANT

Mr. Morgan is a highly experienced municipal utility engineer, manager and consultant with 40 years of industry experience. Prior to entering consulting, Mr. Morgan served as an engineer, planner and governance manager for Colorado Springs Utilities, a four service (electric, gas, water and wastewater) municipal utility. As a consultant, Mr. Morgan has led efforts on NERC reliability standards compliance; smart grid/AMI meter implementation; electric, gas, water and wastewater line extension policies and developer services. As a part of consulting teams, he has performed a management and operations audit for a large municipal utility, Tacoma Power, and served as an extension of staff on several docket proceedings for the Connecticut Public Utilities Regulatory Authority.

While employed by Colorado Springs Utilities, Mr. Morgan led a number of activities and projects including implementation of a new governance structure with the Utilities Board and development of a set of balanced scorecard measures as part of the initial development of a strategic plan encompassing the electric, gas, water and wastewater

systems. Measures and metrics covered operational reliability, financial, worker and customer safety, and other areas. The metrics were also incorporated in performance management and recognition systems. He drafted a set of proposed measures, compiled historical data and suggested metrics for critical review by the executive team and senior management. Mr. Morgan was also involved in responding to comparative reliability benchmarking and performing analyses in various capacities and roles.

Electric engineering assignments included transmission line design; transmission and distribution substation design; protection system design; construction supervision and managerial oversight of construction and materials standards functions, materials management and warehousing functions. Mr. Morgan also served as the Planning & Marketing Manager for Colorado Springs Utilities to establish a small group of people to coordinate strategic, business and facilities planning across the organization and also initiate a coordinated marketing function.

Education and Certification

Bachelor of Science, Electric Engineering, University of Colorado
Registered Professional Engineer, State of Colorado, #17439

Reference - Colorado Springs Utilities

Mr. Morgan's most recent engagement involved support of NERC reliability compliance efforts. He provided interim reliability compliance program support and assisted in reorganization efforts encompassing 88 standards in 9 registered functions for the electric operation (210,000+ electric customers) which included the review of a number of plans and procedures including the utility's emergency operations, system restoration, and vegetation management plans. The preceding engagement involved preparation of an RFP and the provision of ongoing engineering and technical support services to an in-house team related to the acquisition and installation of a 530,000+ endpoint electric, gas and water wireless RF fixed network Automated Metering Infrastructure (AMI) system. During the AMI system deployment, Mr. Morgan was the primary resource for review of field installation procedures, product development issues, materials selection, problem resolution, and ongoing performance monitoring.
References:

Jennifer Eckels, Senior Compliance Engineer
Tallgrass Energy Partners, LP
(Formerly NERC Regulatory Compliance Manager at Colorado Springs Utilities)
719-330-1678
Jeckels15@comcast.net

Gina Smith, Sr. Program Manager
Mueller Systems
(formerly AMI & Advanced Technologies Manager at Colorado Springs Utilities)
719-659-3916

Name: Charles O. Morgan, PE Role: Project Consultant

Date(s)	Name and Location of Client	Description
2013	Connecticut Public Utilities Regulatory Authority	Support of the prosecutorial staff in review of Connecticut Light and Power's application to recover 2011 and 2012 major storm costs. Reviewed storm performance data. (with Mr. Whitman & Mr. Vondle)
2012	Connecticut Public Utilities Regulatory Authority	Support of staff in reporting on the feasibility of a residential consequential damages reimbursement program. (with Mr. Whitman & Mr. Vondle)
2011	Tacoma Power	Management review of the transmission and distribution operations. Reviewed NERC reliability compliance support, smart grid planning, and assisted in assessments of system operations, information technology and electrical inspections. (With Mr. Vondle)
2010 - 2013	Colorado Springs Utilities	Interim NERC reliability compliance program support, plan and procedure reviews, and assessment of compliance evidence.
2005 - 2010	Colorado Springs Utilities	Ongoing engineering and technical support for the implementation of an electric gas, and water AMI system encompassing over 530,000 endpoints.

LAURENCE F. PAXTON – PROJECT CONSULTANT

Mr. Paxton has extensive accounting and information technology management experience, with special emphasis on streamlining processes and generating key performance metrics. Mr. Paxton has led many initiatives in the areas of financial planning and analysis, affiliate relationships and transactions, information systems management, and process analysis and improvement. He has been associated with five Enterprise Resource Program and work management implementations in various sized

organizations, and accordingly is proficient at identifying key work processes, data origination points, and associated performance metrics.

His experience includes working with non-profits, for-profits, municipalities, and state agencies. Mr. Paxton was employed as a teacher, a management consultant, and as a state budget supervisor before serving as an accounting and information technology executive for over twenty years.

As a management consultant working under Mr. Vondle's supervision, Mr. Paxton's flagship utility project was the selection of work management and materials management systems for a municipal electric, gas, water, and wastewater utility. In the materials management system implementation he provided management and end user training, identified changes to daily tasks, and was intricately involved in data conversion.

For fifteen years he was a vice president of a regional telecommunications company, serving as the chief financial officer and the chief information officer. In the regulated telephone company operation performance metrics such as service interruptions, number of calls received, abandoned calls, average wait times, number of service orders, and number of repair requests were collected and reported to the Virginia State Corporation Commission. During this time Mr. Paxton was the project leader on the selection and implementation of a highly integrated facilities, service order, trouble ticketing, and billing software system; this system provided work and trouble management and was the repository of most customer interfaces.

Most recently, Mr. Paxton was the chief financial officer and chief information officer of a winery, brought in to reverse the deteriorating financial condition of that operation. Utilizing principles from his utility experiences, Mr. Paxton implemented new software, established and monitored key performance indicators, and overhauled customer service procedures to improve customer satisfaction and financial performance.

Education

Bachelor of Arts, Government & Foreign Affairs, University of Virginia

Master of Education, Social Sciences, University of Virginia

Master of Business Administration, University of New Mexico

Post-Graduate Studies in Auditing and Information Systems, Virginia Commonwealth University

Reference - Colorado Springs Utilities

Mr. Paxton was the on-site consultant (working under Mr. Vondle's supervision) for this billion dollar municipal electric, gas, water, and wastewater utility in the selection of work management and materials management systems. He was the principal author of the Request for Proposals. Mr. Paxton was intricately involved in the implementation of the

materials management system, providing input on data conversion and procedural changes, and training executive management through end users. Reference:

Kelly Means
 Chief Customer and Information Officer and
 Labor Optimization Project Sponsor (now retired)
 Colorado Springs Utilities
 (719) 548-1353
kmeans2@gmail.com

Name: Larry Paxton Role: Project Consultant

Date(s)	Name and Location of Client	Description
2009 - 2013	Prince Michel Vineyard and Winery	Generated key performance indicators and altered customer interfacing procedures and web presence; improved customer satisfaction and financial performance.

M. Thomas Black, PE - Project Consultant

Mr. Black’s experience includes both municipal (Colorado Springs and City of Fountain, CO) and investor owned (Progress Energy) utilities across multiple jurisdictions in Colorado, North Carolina, South Carolina and Florida. His range of experience in the utility industry covers 30 years and includes planning, engineering, construction and material standards, construction and maintenance management. He has held positions as Energy Delivery General Manager and Chief Energy Officer responsible for all aspects of energy supply, electric transmission and distribution and gas distribution.

Mr. Black has extensive executive level experience in managing electric and gas distribution systems. He managed system operations and distribution operations for several multi utility providers including both gas and electric services. System responsibilities include gas pipeline safety, energy management (EMS), supervisory control and data acquisition (SCADA), outage management (OMS), and field related outage response.

Mr. Black has significant utility experience in the development of tracking and reporting electric and gas system performance metrics. Included in these programs were field collection, validation, categorization, reporting and trend analysis of interruption data. Results were used in the development of targeted maintenance and replacement programs intended to improve system performance and manage overall costs. As the Chief Energy Officer, he oversaw the development of Colorado Springs Utilities first pipeline safety program for the company’s local gas distribution system. As the Energy

Delivery General Manager, Mr. Black was responsible for the development of the utilities first NERC compliance program.

Education and Certification

Bachelor, Electrical Power, Washington University - Saint Louis, MO
 Registered Professional Engineer, Colorado 30211, Arizona 53835, North Carolina 27107 (inactive), NCEES 20332

Name: M. Thomas Black Role: Project Consultant

Date(s)	Name and Location of Client	Description
2013	City of Fountain, Colorado	Consulting for metrics and benefit reporting related to the utility’s Smart Grid Investment Grant
2010 - 2013	City of Fountain, Colorado	Interim Utility Director 2013, Planning & Engineering Manager, 2010 - 2012. Responsible for all aspects of electric distribution.
2008 - 2010	Colorado Springs Utilities	Management review of the transmission and distribution operations. Included analyzing reliability data and T&D customer service metrics.

RICK NUMMY – PROJECT CONSULTANT

Mr. Nummy has over twenty-five years of natural gas pipeline industry experience, the majority of which has been dedicated to pipeline safety regulatory and compliance consulting for both public and investor-owned gas distribution utilities. Mr. Nummy is an expert in gas system design and construction and the development of Pipeline Safety Regulatory Compliance programs. He is expert in the areas of Natural Gas System Design, Operations and Maintenance, Integrity Management for System Reliability and Safety, Customer Service Fulfillment Reporting Analysis, and Operator Qualification Programs.

Mr. Nummy’s gas industry work experience also includes over seventeen years serving as *Codes and Standards Engineer* for the City of Colorado Springs Gas Department. Specific duties included; Distribution System Design, System Construction Reliability and Safety Inspection and Reporting, New Materials Analysis and Approval, Gas Laboratory Chromatographic Analysis, Development and Maintenance of Pipeline

Safety Regulatory Compliance Materials, and Team Development of Multi-Utility Service Group with emphasis on Customer Service Satisfaction Reporting and Analysis.

Education and Associations

Bachelor of Science, Petroleum Engineering Technology, Oklahoma State University
 MEA Codes & Standards Chair
 AGA-GPTC Member
 APGA Associate Member

References - American Public Gas Association Safety and Integrity Foundation (APGA/SIF) – Development of Operator Qualification Materials and Provision of Instructional Expertise

Mr. Nummy entered into a formal “Master Operating Agreement” with APGA/SIF under which Mr. Nummy developed and provided formal Operator Qualification materials including; Reference Documents, Written Examinations, Direct Observation Field Evaluations, and Associated Professional Instructional Expertise specifically designed to meet federal regulatory pipeline safety and reliability requirements for Master Meter and Small Distribution gas system operators. The subject agreement contained a provision licensing the subject written materials to APGA/SIF for marketing and sale throughout the United States. Reference:

Mr. John Erickson
 Vice President, Operations
 American Public Gas Association
 201 Massachusetts Ave. NE, Ste. C4
 Washington, DC 20004
 (202) 464-2742, 1002
jerickson@apga.org

Name: Rick Nummy

Role: Project Consultant

Date(s)	Name and Location of Client	Description
2010 - 2013	California, Colorado, Montana, New Mexico, Oklahoma, Wyoming,	Development of Regulatory Compliance materials for jurisdictional gas system operators in states listed. Added emphasis for customer service fulfillment reporting & analysis.

Date(s)	Name and Location of Client	Description
2009 - 2013	USAF Peterson Field, Colorado Springs, CO	Development of Regulatory Compliance materials for the US Air Force. Added emphasis for customer service fulfillment reporting & analysis.
2008 - 2013	Sandia National Laboratories, Albuquerque, NM	Development of Regulatory Compliance materials for the US Department of Defense. Added emphasis for system reliability and safety reporting and analysis.
2008	Southern Ute Indian Tribe, Ignacio, CO	Development of Regulatory Compliance materials. Added emphasis for system reliability and safety reporting and analysis.

MARIE H. DAVIDSON, CPA – SAMPLING SPECIALIST

Ms. Davidson has extensive experience in the gas and electric utility industries with a broad range of consulting experience in the areas of accounting, cost of service allocation methods, project cost management, statistical analyses, and holding company affiliate transaction analysis. She was a member of the Ernst & Young Utilities Consulting practice where she provided expertise in the areas of utility accounting, ratemaking, financial planning, and operational analysis.

Ms. Davidson has conducted numerous data analyses using statistical sampling methods to assess the accuracy of transactions, to test the validity of applicable internal controls, and to evaluate the probability of material misstatement in account balances.

Ms. Davidson was also 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.

Ms. Davidson has over twenty-five years of management consulting experience with emphasis on management audits and affiliate relations audits of electric, gas and combination utilities as well as cost management analyses.

Education and Certification

Bachelor of Science in Business Administration, Georgetown University
 Master of Business Administration, University of Virginia
 Certified Public Accountant (Maryland)

Name: Marie H. Davidson, CPA Role: Sampling Specialist

Date	Name and Location of Client	Description
2013	Southern California Edison	Compliance audit of SCE's 2009-2011 Reliability Investment Incentive Mechanism (RIIM). Designed and conducted tests of randomly selected RIIM transactions to evaluate whether total RIIM costs were reasonably stated and supported by appropriate documentation.
2012	New York Department of Public Service	Review of Long Island Power Authority's (LIPA's) storm response. Designed sampling methods to test controls surrounding LIPA's process for aggregating storm-related costs.
2010	Duke Energy Indiana, Inc.	Management audit to ascertain the company's compliance with affiliate standards. Evaluated cost allocation procedures and designed/conducted tests of selected sample transactions in order to evaluate reasonableness of reported amounts.

Date	Name and Location of Client	Description
2009	Duke Energy Kentucky, Inc.	Management audit to ascertain the company's compliance with affiliate standards. Evaluated cost allocation procedures and designed/conducted tests of selected sample transactions in order to evaluate reasonableness of reported amounts.

JAMES P. COLLINS – TECHNICAL EDITOR, WORK PAPER MANAGER AND BILLING COORDINATOR

Mr. Collins is a highly accomplished technical communicator with over seven years of professional documentation creation and management experience. Mr. Collins has a proven record of producing documents on time and to exacting standards through excellent communication combined with analytical and writing skills. He is a wizard at translating convoluted, highly technical language into text the everyday user can easily understand. Mr. Collins has extensive experience researching and developing scientific and technical reports, publications, and other documentation. Mr. Collins is a retired Navy Master Chief and thus also has management experience working with large and small teams.

Mr. Collins edited numerous complex and highly technical contractor reports on a variety of environmental and scientific subjects for the California Integrated Waste Management Board (CIWMB), now CalRecycle. Subjects covered a diverse range of topics, such as manufacturer responsibility, anaerobic digestion, and landfill greenhouse gas monitoring. This improved understanding and allowed better decision making by the Board and California state legislature members. Other work for CIWMB included the development and teaching of two training courses. One course covered creating, writing, and editing clear, succinct scientific and technical reports. He subsequently taught the course to over 75 technical/scientific and management staff. The other course was designed for CIWMB administrative, managerial, and scientific personnel on the principles of writing clearly. Mr. Collins taught this course to over 150 participants.

Mr. Collins developed and/or edited technical research and development summaries based on diverse sources, including patent applications, subject matter expert interview summaries, and client-developed drafts. These summaries were prepared for a diverse group of companies and submitted to the IRS to qualify for research and development tax credits.

Areas of Expertise

- Proficient with Word, Excel, Dreamweaver, Acrobat, Photoshop, PowerPoint, FrameMaker, and WordPress.
- Strong familiarity with InDesign, Illustrator, Captivate, RoboHelp, Joomla, Arbortext Editor, and Vasont CMS.

Education

- Certificate in General Business Studies with Concentration in Technical Communications, University of California, Los Angeles, Extension
- Associate of Arts, University of Phoenix
- Presenting Data and Information seminar (Edward Tufte), San Jose, CA.

10. RELEVANT REFERENCES

References corresponding to the experiences identified in Section 8, Relevant Experience, are identified in this section.

Reference 1

Company Name:	Connecticut Public Utility Regulatory Authority
Contact Name:	Mr. Robert Palermo
Contact Title:	Contract Manager
Contact Role:	Contract Manager
Street Address:	10 Franklin Square
City:	New Britain
State:	CT
Zip:	06051
Telephone Number:	860-827-2760
Email Address:	robert.palermo@po.state.ct.us

Reference 2

Company Name:	Connecticut Public Utility Regulatory Authority
Contact Name:	Ms. Miriam Theroux
Contact Title:	Principal Attorney
Contact Role:	Docket Attorney
Street Address:	10 Franklin Square
City:	New Britain
State:	CT
Zip:	06051
Telephone Number:	860-827-2606
Email Address:	miriam.theroux@ct.gov

Reference 3

Company Name:	Colorado Springs Utilities
Contact Name:	Kelly Means
Contact Title:	Chief Customer and Information Officer (now retired)
Contact Role:	Executive Sponsor
Street Address:	121 S. Tejon Street
City:	Colorado Springs
State:	CO
Zip:	80947-1825
Telephone Number:	(719) 548-1353
Email Address:	kmeans2@gmail.com

Reference 4

Company Name:	Connecticut Public Utility Regulatory Authority
Contact Name:	Ms. Nancy Joaquim
Contact Title:	Rate Specialist
Contact Role:	Docket Manager
Street Address:	10 Franklin Square
City:	New Britain
State:	CT
Zip:	06051
Telephone Number:	860-827-2608
Email Address:	nancy.joaquim@ct.gov

Reference 5

Company Name:	Tacoma Public Utilities
Contact Name:	Mr. Larry Nyquist
Contact Title:	Special Projects Director
Contact Role:	Project Coordinator
Street Address:	3628 South 35th Street
City:	Tacoma
State:	Washington
Zip:	98409
Telephone Number:	253-502-8227
Email Address:	LNyquist@ci.tacoma.wa.us

11. POTENTIAL CONFLICTS OF INTEREST

From the RFP: *The Bidder must identify any audits or management audits, or management audit preparation services, you are currently providing or have provided in the last five years to Iberdrola SA or any of its subsidiaries, or to other electric or gas utilities in New York State.*

IUMC and the Companies understand that such projects may result in experience that could benefit the Companies and reduce the bid price, and encourage Bidders to provide IUMC and the Companies with those benefits. However, these projects also pose the risk of conflicts of interest, and must therefore be considered from both perspectives during the bid evaluation process.

Is Bidder currently conducting any audits or management audits, or providing any management audit preparation services, to Iberdrola SA or any of its subsidiaries, or to any other electric or gas utilities in New York State, or has Bidder conducted such audits or provided such services within the last five years?

Yes No

If “yes”, please explain in the box below.

Not Applicable

CONFLICTS OF INTEREST AND ETHICAL CONDUCT

SAGE is committed to ethical conduct in all matters and subscribes to the Institute of

Management Consultants Code of Ethics:

<http://www.imcusa.org/?page=ethicscode>

SAGE and its consulting team members do not have a conflict of interest or the appearance of a conflict of interest with any of the nine subject utilities of this operational audit.