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**GARY L. DUNKLEBERGER**

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**PROFESSIONAL EXPERIENCE**

**ROCHESTER GAS & ELECTRIC CORPORATION (RG&E)**

**2013-present: Manager, Programs/Projects**

- Managing NYSEG/RG&E participation in Operations Audit of Internal Staffing Levels and Use of Contractors for Selected Core Utility Functions at Major New York State Energy Utilities (13-M-0449)
- Manage NYSEG/RG&E Management Audit Project since 12/2013
- Project management support on the NYSEG/RG&E CEO Certification Project
- Coordinated the Company's efforts in response to the Moreland Commission final report on Utility Storm Preparation and Response

**2003 -2013: Manager, Corporate Performance**

- Provided project management on the NYSEG/RG&E Management Audit Project including coordinating Implementation Plan development and updates and Steering Committee project verification reviews
- Project manager on a number of business transformation and process improvement projects across NYSEG/RG&E and at Central Maine Power
- Coordinated the Company's efforts to assess a possible consolidation of NYSEG and RG&E
- Developed and managed RG&E's B.E.S.T. Practices idea program – 2007-2008

**2000 -2003: Dept. Manager, Planning and Process Development**

- Performed various process improvement and productivity improvement projects at RG&E
- Developed RG&E's Corporate Business Plans and Corporate Performance Objectives, 2001-2003

**1995 -2000: Director, Research & Development**

- Coordinated RG&E's gas and electric R&D programs including the Company's participation in EPRI and ESEERCO

**1993 -1995: Director, Technology Introduction**

- Investigated potential technology-based growth opportunities for RG&E

**1984 -1993: Manager, Information Systems Customer Services / Technical Services**

**EDUCATION**

**Post Graduate Certificate Programs**

- Lean Six Sigma – Green Belt, 2010
- Executive Management - Rochester Institute of Technology, 1991
- Advanced Management – Rutgers, 1990

**BS, Mathematics**, Worchester Polytechnic Institute, Worchester, MA, 1984

**PROFESSIONAL AFFILIATIONS**

- Former member – Project Management Institute

**PROFESSIONAL DEVELOPMENT AND RELEVANT TRAINING**

Numerous profession development and development courses have been completed over the previous years, including:

- Project Management
- Process Improvement
- Performance Measurement

- Benchmarking
- Coaching and facilitation

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**LINDA C. SAALMAN**

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**PROFESSIONAL EXPERIENCE**

**ROCHESTER GAS AND ELECTRIC CORPORATION (RG&E) 1976-present**

**2013-present Manager, Project Portfolio**

- Manage Program Management Department for New York State Electric & Gas Corporation (NYSEG) and RG&E
- Internal project manager for Reforming the Energy Vision
- Oversaw NYSEG/RG&E Management Audit project management transition from Linda Saalman to Gary Dunkleberger
- Oversaw NYSEG/RG&E CEO Certification Project
- Member NYSEG/RG&E Emergency Management Operating Council
- Managed IUSA Networks Operations Excellence Project

**2004-2012 Manager, Programs/Projects**

- Managed NYSEG/RG&E Management Audit
- Managed NYSEG/RG&E compliance with Energy Efficiency Portfolio Standard and oversaw transition from project to permanent department
- Managed RG&E Recovery Act 1603 Program Hydro Project
- Managed NYSEG Mobile Radio Project
- Represented NYSEG/RG&E in Renewable Portfolio Standard proceeding

**1991-2004 Analyst and Management Positions**

- Managed RG&E Ginna Refund Project
- Represented RG&E in the Competitive Opportunities proceeding
- Managed RG&E Scenario Group (business strategies)
- Managed RG&E Planning and Process Development Department
- Managed RG&E Energy Choice Project (electric retail access implementation)
- Developed single-retailer retail access model and provided expert testimony in Case 96-E-0898
- Supervised RG&E electric and gas sales forecasting
- Chaired New York Power Pool Generation Planning Advisory Subcommittee
- Managed RG&E's first all-source (supply and demand) competitive supply bidding program and first Integrated Resource Plan, and provided expert testimony in Case 92-E-0740

**1976-1991 Various**

- Responsibilities in the areas of environmental licensing, demand-side management planning and data management, internal auditing, document management, research and development, and technical communications.

**EDUCATION**

MBA, Operations Management, University of Rochester, Rochester, NY, 1984.  
BA, Geology, University of Rochester, Rochester, NY, 1974.

**PROFESSIONAL AFFILIATIONS**

Current member – Project Management Institute  
Former member – Institute of Internal Auditors

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**JOSEPH J. SYTA**

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**PROFESSIONAL EXPERIENCE**

**ROCHESTER GAS AND ELECTRIC COMPANY (RG&E)**

**NEW YORK STATE ELECTRIC & GAS CORPORATION (NYSEG) 1985 – present**

**2004–present Vice President, Controller and Treasurer – NYSEG and RG&E**

- Litigation and negotiation of various regulatory proceedings, including rate cases
- Responsible for Operating Company accounting and finance processes included below under Controller and Treasurer
- Company executive responsible for Management Audit
- Led team responsible for sale of Ginna nuclear plant
- Fiduciary Committee member
- Executive Load Forecast Committee member

**2002-2003 Controller and Treasurer – NYSEG and RG&E**

- Responsible for all accounting and finance functions with direct responsibility for a 120 person staff, including
  - Cash Management and Remittance Processing
  - Internal and External (SEC, FERC, PSC) Reporting
  - Affiliate Accounting
  - Budgeting
  - Taxes
  - Payroll
  - Accounts Payable
  - Property Accounting
  - Insurance
- Litigation and negotiation of various regulatory proceedings, including rate cases
- Interface with external auditors

**2000-2002 Assistant Controller – RG&E**

- Litigation and negotiation of various regulatory proceedings, including rate cases
- Led team responsible for sale of Nine Mile Point 2 nuclear station
- Prepare forecasts for business planning and regulatory purposes.
- Responsible for all accounting functions

**1992-1999 Manager Corporate Accounting – RG&E**

- A variety of corporate accounting and regulatory responsibilities

**1988–1992 Manager – Property Accounting – RG&E**

- Tracking of over \$2 billion in plant assets
- Implemented a new depreciation system

**1985–1988 Manager, Financial Systems – RG&E**

- Implemented and maintained new accounting systems

**EDUCATION**

**MBA, Accounting**, William E. Simon School, University of Rochester - 1992

**BS, Management**, Rensselaer Polytechnic Institute, Troy, NY - 1979

**Management Audit Recommendation Estimated Savings Table**

<i>Capital, O&amp;M, and Miscellaneous (\$ thousands)</i>							
<b>Recommendation Number</b>	<b>Historic Test Year Savings 1/1/14 - 12/31/14</b>	<b>Rate Year 1 Savings 4/1/16 - 3/31/17</b>	<b>Rate Year 2 Savings 4/1/17 - 3/31/18</b>	<b>Rate Year 3 Savings 4/1/18 - 3/31/19</b>	<b>Rate Year 4 Savings 4/1/19 - 3/31/20</b>	<b>Rate Year 5 Savings 4/1/20 - 3/31/21</b>	<b>Total Rate Year 1-5 Savings</b>

***RG&E GAS***

<b>Gas Capital</b>	<b>\$39</b>	<b>\$313</b>	<b>\$341</b>	<b>\$368</b>	<b>\$368</b>	<b>\$368</b>	<b>\$1,758</b>
<b>12.2</b>	\$39	\$313	\$341	\$368	\$368	\$368	\$1,758
<b>Gas Other (SBC)</b>	<b>\$140</b>	<b>\$140</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$140</b>
<b>11.9</b>	\$140	\$140	\$0	\$0	\$0	\$0	\$140
<b>Gas Other (Supply)</b>	<b>\$30</b>	<b>\$42</b>	<b>\$42</b>	<b>\$42</b>	<b>\$42</b>	<b>\$42</b>	<b>\$210</b>
<b>9.4</b>	\$30	\$42	\$42	\$42	\$42	\$42	\$210
<b>Gas O&amp;M</b>		<b>Included in 1% Productivity Imputation*</b>					
<b>RG&amp;E Gas TOTALS</b>	<b>\$209</b>	<b>\$495</b>	<b>\$383</b>	<b>\$410</b>	<b>\$410</b>	<b>\$410</b>	<b>\$2,108</b>

***RG&E ELECTRIC***

<b>Electric Capital</b>	<b>\$61</b>	<b>\$381</b>	<b>\$383</b>	<b>\$324</b>	<b>\$330</b>	<b>\$330</b>	<b>\$1,748</b>
<b>11.1</b>		\$320	\$322	\$263	\$269	\$269	\$1,443
<b>11.2</b>	\$61	\$61	\$61	\$61	\$61	\$61	\$305
<b>Electric Other (SBC)</b>	<b>\$101</b>	<b>\$101</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$101</b>
<b>11.9</b>	\$101	\$101	\$0	\$0	\$0	\$0	\$101
<b>Electric O&amp;M</b>		<b>Included in 1% Productivity Imputation*</b>					
<b>RG&amp;E Electric Totals</b>	<b>\$162</b>	<b>\$482</b>	<b>\$383</b>	<b>\$324</b>	<b>\$330</b>	<b>\$330</b>	<b>\$1,849</b>

**NYSEG GAS**

<b>Gas Capital</b>	<b>\$48</b>	<b>\$191</b>	<b>\$191</b>	<b>\$191</b>	<b>\$191</b>	<b>\$191</b>	<b>\$955</b>
12.2	\$48	\$191	\$191	\$191	\$191	\$191	\$955
<b>Gas Other (SBC)</b>	<b>\$202</b>	<b>\$201</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$201</b>
11.9	\$202	\$201	\$0	\$0	\$0	\$0	\$201
<b>Gas Other (Supply)</b>	<b>\$30</b>	<b>\$42</b>	<b>\$42</b>	<b>\$42</b>	<b>\$42</b>	<b>\$42</b>	<b>\$210</b>
9.4	\$30	\$42	\$42	\$42	\$42	\$42	\$210
<b>Gas O&amp;M</b>		<b>Included in 1% Productivity Imputation*</b>					
<b>NYSEG Gas TOTALS</b>	<b>\$280</b>	<b>\$434</b>	<b>\$233</b>	<b>\$233</b>	<b>\$233</b>	<b>\$233</b>	<b>\$1,366</b>

**NYSEG ELECTRIC**

<b>Electric Capital</b>	<b>\$363</b>	<b>\$457</b>	<b>\$464</b>	<b>\$531</b>	<b>\$533</b>	<b>\$533</b>	<b>\$2,518</b>
11.1		\$94	\$101	\$168	\$170	\$170	\$703
11.2	\$363	\$363	\$363	\$363	\$363	\$363	\$1,815
<b>Electric Other (SBC)</b>	<b>\$176</b>	<b>\$175</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$175</b>
11.9	\$176	\$175	\$0	\$0	\$0	\$0	\$175
<b>Electric O&amp;M</b>		<b>Included in 1% Productivity Imputation*</b>					
<b>NYSEG Electric Totals</b>	<b>\$539</b>	<b>\$632</b>	<b>\$464</b>	<b>\$531</b>	<b>\$533</b>	<b>\$533</b>	<b>\$2,693</b>

**NYSEG/RG&E TOTALS**

<b>Capital</b>	<b>\$511</b>	<b>\$1,342</b>	<b>\$1,379</b>	<b>\$1,414</b>	<b>\$1,422</b>	<b>\$1,422</b>	<b>\$7,490</b>
<b>Other/Pass-thru</b>	<b>\$679</b>	<b>\$701</b>	<b>\$84</b>	<b>\$84</b>	<b>\$84</b>	<b>\$84</b>	<b>\$1,716</b>
<b>O&amp;M</b>		<b>Included in 1% Productivity Imputation*</b>					
<b>Totals</b>	<b>\$1,190</b>	<b>\$2,043</b>	<b>\$1,463</b>	<b>\$1,498</b>	<b>\$1,506</b>	<b>\$1,506</b>	<b>\$9,206</b>

\* As noted in testimony, various projects implemented as part of the Management Audit are contributing to the 1% productivity imputation included in the Companies' filing

**Projects Identified as Completed, Accepted or Rejected Through 3/30/2015**

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
2.1	Examine use of Iberdrola Energy Projects (“IEP”)	1/6/2014	A	Project transferred to Case 13-M-0483	Project transferred to Case 13-M-0483.	Ready for Staff confirmation of completion	
2.2	Improve integration of the gas business	1/6/2014	A	Improve integration of gas business planning, oversight, and management	Review gas business management and processes to identify cost-effective opportunities to improve gas oversight and coordination while retaining the benefits of the matrix organization.	Ready for Staff confirmation of completion	
2.3	Streamline executive communications and empower Iberdrola USA (“IUSA”) Networks CEO	1/6/2014	A	CEO will continue coordination and leadership consistent with the matrix approach, taking into consideration audit observations	CEO will continue coordination and leadership consistent with the matrix approach, taking into consideration audit observations.	Confirmed complete by Staff	4/24/2014
2.4	Institute IUSA Network Board of Directors (“BOD”) review of CEO	2/28/2014	A	The IUSA Networks BOD will conduct a performance review for 2012 and plans to continue such reviews in future years	The IUSA Networks BOD has conducted a performance review of the CEO in 2013 based on 2012 performance, has reviewed CEO evaluations of other top management, and plans to continue to do so. Appropriate controls will be implemented to comply with the required condition.	Confirmed complete by Staff	8/29/2014

<sup>1</sup> “A” indicates that the Company accepted the recommendation from Liberty Consulting Group (“Liberty”) without significant modifications. “M” indicates that the recommendation implementation was modified. “R” indicates that the recommendation was rejected completely.

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
2.5	Governance gap	2/28/2014	A	Ensure that the reorganization conditions referenced on page 49 of the <u>Case 12-M-0066</u> , Order Adopting Staff Report and Approving Reorganization Subject to Conditions as Modified and Clarified, and Making Findings on Management Audit Compliance (“Reorganization Order”) are addressed	Ensure that the reorganization conditions referenced on page 49 of the Reorganization Order are addressed and included in the Compliance filing required by Ordering Clause 3 on 2/5/2014.	Confirmed complete by Staff	3/24/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
2.6	Improve communications of operations and regulatory information between NYSEG / RG&E and Iberdrola S.A. ("IBE")	6/30/2014	A	IUSA Networks personnel (CEO, President of NYSEG and RG&E, General Counsel and VP-Regulatory) will work with IBE managers, executives and the IUSA Networks BOD to ensure appropriate mechanisms exist, or are created where needed, to ensure that appropriate NYSEG/RG&E operations and regulatory information is provided consistently and reliably to the IBE BOD, in accordance with IBE's corporate protocols	The IUSA Networks CEO, the President of NYSEG and RG&E, the IUSA Networks General Counsel and the IUSA Networks VP-Regulatory will work with IBE managers, executives and the IUSA Networks BOD to review existing mechanisms in place to provide information to the IBE BOD concerning NYSEG/RG&E operations and regulations, and will identify areas to ensure communications of such information. Potential enhancements to mechanisms and procedures will be assessed to ensure they are consistent with the reliable transmission of the information, with acknowledgment of receipt, and with IBE's corporate protocols and will be implemented based on the assessment results.	Confirmed complete by Staff	2/20/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
2.7	Conduct IUSA Networks BOD self-assessments	1/06/2014	A	IUSA Networks BOD, IUSA Networks Board Audit and the Compliance Committee will review and discuss the annual external and independent assessment and results	IUSA Networks BOD, IUSA Networks Board Audit and the Compliance Committee (“ACC”) will review the annual external and independent assessment. IUSA Networks BOD, assisted by the IUSA Networks BOD Secretary, to review and discuss the annual external and independent assessment and results. IUSA Networks BOD ACC, assisted by IUSA Networks BOD ACC Secretary, to review and discuss the annual external and independent assessment and results.	Confirmed complete by Staff	8/29/2014
3.1	Change transaction identification	2/28/2013	A	Change the identification of transactions on the invoices to distinguish pass-through payments (commonly referred to as to convenience payments) from expenses incurred in providing inter-affiliate services	Develop a process for transactions that are pass-through payments (commonly referred to as to convenience payments) vs. expenses incurred in providing inter-affiliate services. Design invoices to clarify the types of charges being billed.	Confirmed complete by Staff	1/16/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
3.2	Update service agreements	2/28/2013	A	Review and update the language of the inter-affiliate service agreements to reflect the current practice for affiliate transactions	Review and update the language of the inter-affiliate service agreements to reflect the current practice for affiliate transactions to correct for current corporate structure.	Confirmed complete by Staff	1/16/2014
3.3	Ensure service agreements among all utilities	2/28/2013	A	Ensure service agreements among all utilities	Have service agreements created each year for each operating company (“OpCo”) to all other OpCos regardless of history of activity or future budgets. Formalize procedure to ensure annual review of agreements.	Confirmed complete by Staff	1/16/2014
3.4	Improve timeliness of inter-affiliate payments	2/28/2013	A	Improve timeliness of fees associated with inter-affiliate payments	To review the payment process, interview appropriate people and discuss payment terms and fees. Develop a process for monitoring the affiliate payments which would involve communications and follow-up discussions on the status of payment and of any issues to be resolved before payment can be made, as well as logging of invoice payments.	Confirmed complete by Staff	1/16/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
3.5	Encourage cost-causative charging	6/28/2013	A	Improve employee training and develop more complete policy documents to encourage more direct and cost-causative charging of service company costs	Improve employee training and develop more complete policy documents to encourage more direct and cost-causative charging of service company costs.	Confirmed complete by Staff	4/24/2014
4.1	Evaluate forecasting software	2/28/2014	M	MetrixND software will be evaluated by System Planning	In Phase I, the MetrixND software will be evaluated by System Planning and results of evaluation will be submitted to the Load Forecast Oversight Committee. If appropriate, the transition to this software will be carried out in Phase II.	Confirmed complete by Staff	8/29/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
4.2	Enhance electric and gas forecasting with scenario analysis	6/30/2014	A	Perform a pilot project to incorporate alternative growth scenarios into the gas and electric forecasts and assess usefulness of alternative growth scenarios to forecast recipients	The Company will conduct a pilot in which multiple forecasts will be run using three growth scenarios provided by Moody's: one base case; one high case; and one low case. Energy efficiency impacts will also be examined in the pilot. The usefulness of these forecasts to other departments (e.g., Supply, System Planning, and Accounting) will be assessed to determine how and to what end these forecasts will be incorporated into their respective planning functions. This assessment will take into consideration the results of the pilot study to be conducted in response to Recommendation 6.1.	Confirmed complete by Staff	2/20/2015
4.3	Enhance forecasting capabilities	2/28/2014	M	The Company will conduct a study to evaluate the load forecasting resource needs	<p>In Phase I, short-term training improvements will be identified and a longer-term model will be developed to evaluate load forecasting staff levels. From this model, a group of scenarios will be developed and analyzed. Finally, a load forecasting resource plan will be developed and submitted for approval.</p> <p>Phase II will be the implementation of the approved resource plan developed in Phase I, if warranted.</p>	Confirmed complete by Staff	8/29/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
4.4	Obtain customer usage information	10/29/2012	M	Update electric customer load shapes for both NYSEG and RG&E to be used for customer billing, rate design, and NYISO energy and capacity reporting	Work with consultant to produce, validate, and test service class 8,760-hour load profiles for residential, small, and medium general service customers. Adjust these profiles for NYSEG and RG&E customer populations, system load and weather. For the larger customer classes where interval data exists, NYSEG and RG&E will use the actual data to develop class load shapes. Confirm that the load profiles can be accommodated within the billing system.	Confirmed complete by Staff	05/16/2013
4.5	Improve day-ahead electric forecasting	2/28/2013	A	Evaluate whether the current short-term (day-ahead) forecasting methodology is a best practice	Research day-ahead load forecasting methods used by others (including Central Maine Power) and compare to other in-house tools.	Confirmed complete by Staff	01/16/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
4.6	Create an executive forecasting committee	2/28/2013	A	Create a committee, which would include senior managers and officers, to oversee improvements to the forecasting process, address forecasting deficiencies, and review and approve future forecasts	The Company will create a formal Load Forecasting Oversight Committee to oversee all forecasting. A charter will be drafted to establish this committee and outline its oversight responsibility. Intermediate forecasting (3-5 years) used for budget planning and rate cases is performed by the Rates and Regulatory Economic Department. The long-term peak forecasting (electric, 10 years), used primarily to address reliability concerns, is handled by the System Planning Department. These forecasts, including the System Planning bi-annual seasonal peak forecasts, by node, will be reviewed by the Load Forecast Oversight Committee.	Confirmed complete by Staff	01/16/2014

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
5.1	Prepare electric wholesale market plan	10/29/2013	A	Establish a framework under which NYSEG and RG&E will leverage existing planning and wholesale electric market expertise in a formalized Wholesale Electric Market Planning Committee (“WEMPC”) that oversees the development of a Wholesale Electric Market Strategic Plan (“WEMSP”)	Form a cross-functional, multidisciplinary WEMPC to oversee the development and periodic update of a WEMSP. The WEMSP will include short-term (3-5 years) and long-term (10 years) plans that will be used to guide the Companies’ initiatives in the FERC, PSC, and ISO/RTO forums to enhance wholesale electric market rules and regulations, system planning, and system reliability to facilitate customer access and participation in robust wholesale markets.	Confirmed complete by Staff	8/29/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
5.2	Create a management team to oversee NYISO, FERC, etc.	2/28/2013	A	Create a formal management oversight committee to oversee and manage the Companies' participation in the NYISO, FERC, NERC, and NPCC proceedings and assess associated issues	Develop and implement a formal management oversight committee to oversee and manage the Companies' participation in NYISO, FERC, PSC, NPCC and NERC proceedings and initiatives. The committee will assess and direct company positions on wholesale market issues and regulations, assign appropriate professional staff, and approve regulatory filings. A committee charter will be developed.	Confirmed complete by Staff	01/16/2014
6.1	Modify the transmission planning process for risk and uncertainty	2/28/2014	A	Modify the transmission planning process to include an assessment of risk and uncertainty	The Company will investigate other northeast utilities' risk assessment criteria and procedures. The Company will also utilize high and low scenario load forecasts from Recommendation 4.2 to complete a load study pilot and determine whether permanent changes to current planning practices are warranted.	Confirmed complete by Staff	2/20/2015
6.2	Develop an electric distribution planning manual	10/29/2012	A	Prepare a comprehensive distribution planning procedures manual	A unified Distribution Planning Criteria Manual for IUSA will be developed. Specific recommendations from the management audit will be incorporated into the manual where appropriate.	Confirmed complete by Staff	01/16/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
6.3	Reevaluate transmission planning prioritization criteria	10/29/2012	A	Reevaluate transmission planning prioritization criteria	System Planning completed an IUSA Reliability Project Prioritization Methodology document in March 2012, reassessed its current project prioritization metrics in April 2012, and contacted other New York utilities in April 2012 to inquire about their project prioritization metrics.	Confirmed complete by Staff	4/24/2014
6.4	Assess transmission planning models and methods	6/30/2014	A	Retain a power system engineering firm to perform an independent needs assessment of the Company's electric transmission planning models and methods	The Company will identify potential engineering firms to perform the independent needs assessment of the transmission planning models and methods and complete a vendor selection process. The vendor will then review the Company's models and methods and make recommendations. A plan to modify current tools and processes will be developed as appropriate based on these recommendations.	Confirmed complete by Staff	2/20/2015

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
6.5	Develop a resource plan for transmission planning	6/28/2013	A	Review resource needs in light of current and future staff requirements and implement a plan to hire additional transmission planner(s) as identified	The Company will review resource needs in light of current and future staff requirements. Based on the results of the staffing review, the Company will obtain additional resources as identified in Phase I of the project. The Company will investigate potential benchmarking programs. A plan will be developed if a suitable and cost-effective benchmarking opportunity is identified. If Phase II is warranted, involvement in the benchmarking program will be initiated.	Confirmed complete by Staff	4/24/2014
6.6	Participate in transmission & distribution (“T&D”) benchmarking programs	6/30/2014	A	Participate in T&D benchmarking	During Phase I of the project, the Company will investigate potential benchmarking programs. A plan will be developed if a suitable and cost-effective benchmarking opportunity is identified. If Phase II is warranted, involvement in the benchmarking program will be initiated.	Confirmed complete by Staff	2/20/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
7.1	Develop gas vision and strategy	10/29/2013	A	The project will establish a framework under which a Natural Gas Strategic Plan will be developed.	<p>The goal of the proposed planning process is to provide a “wellhead to burner tip” focus to the development of gas utility projects and initiatives. NYSEG and RG&amp;E will leverage the Company’s existing planning and natural gas industry expertise to form a multi-disciplinary Gas Strategic Planning Committee (“GSPC”). The GSPC will provide guidance to management and will be chartered to develop short-term (five-year) and long-term (10-year) plans that will be used to guide natural gas supply acquisition and for: distribution system upgrades; additional interconnects to supply sources; energy efficiency programs; potential franchise expansion; and needed projects and/or programs to meet increasing customer demands.</p> <p>The GSPC will also ensure that the difference in Design Day HDD parameters utilized by Gas Supply and Gas Planning are reconciled, as noted in response to Recommendation 9.3.</p>	Ready for Staff confirmation of completion.	
8.1	Analyze optimum electric portfolio	10/29/2012	R	See 10/29 Implementation Plan	N/A	Confirmed complete by Staff	2/20/2015
8.2	Issue electric energy RFPs	10/29/2012	R	See 10/29 Implementation Plan	N/A	Confirmed complete by Staff	2/20/2015

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
8.3	Issue electric capacity RFPs	10/29/2012	R	See 10/29 Implementation Plan	N/A	Confirmed complete by Staff	2/20/2015
8.4	Document electric procurement operating procedures	10/29/2012	A	Document electric procurement operating procedures	Document processes, procedures, and guidelines for electric supply and scheduling to be used for training, performance management, and auditing.	Confirmed complete by Staff	4/24/2014
8.5	Establish an IUSA Executive Risk Committee	10/29/2012	A	Create an Executive Risk Management Oversight Committee at IUSA	Create committee, establish charter, organize and meet monthly to discuss Key Risk issues, including updates from the Energy Service RMOC. Confirm that credit evaluations remain the responsibility of IUSA.	Confirmed complete by Staff	01/16/2014
8.6	Consider electric procurement operations audit	10/29/2012	M	Establish an audit of Electric Supply Procurement Operations	Establish an audit of Electric Supply Procurement Operations policies and procedures that support the Electric Supply decisions will be included in the “audit universe.” In accordance with the Company’s risk-based audit approach, Internal Audit will annually assess the risk exposure of this process and the inclusion in the proposed IUSA Internal Audit plan.	Confirmed complete by Staff	01/16/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
9.1	Evaluate Gas Control Center staffing and training	6/30/2014	M	Evaluate Gas Control staffing and training, including the use of a simulator	Gas Control has a lengthy history of maintaining safe and reliable operations of the NYSEG and RG&E natural gas system. There have been no gas system events that have been attributed to Gas Control staffing to suggest that Gas Control is inadequately staffed. However, the Company is committed to safe and reliable operations of its natural gas system and will therefore study its Gas Control staffing levels in Initiative 1, Phase I, to determine if there are enhancements that could be made to the staffing of Gas Control. The Company will hire a consultant familiar with 24/7 natural gas operations and PHMSA CRM requirements to study its current operations and associated staffing levels and to recommend any staffing level enhancements. If warranted, these will be implemented in Phase II.	Confirmed complete by Staff	2/20/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
9.2	Upgrade Gas Control Center facilities	6/28/2013	M	Increase the security of the gas control locations, decrease the isolation of Gas Control, add five large screen displays for viewing of the natural gas system, allow for an acceptable location for a simulator (or other practice application[see Recommendation 9.1]), and improve the look and feel of Gas Control	In Phase I, the Company will move Gas Control to a space adjacent to the Electric Control Room currently occupied by the Dispatch Center. The Dispatch Center will relocate to the area currently occupied by Gas Control. This will improve Gas Control security and will decrease isolation of the Gas Controller on duty as Electric Control Room personnel will also be in the immediate vicinity. As an alternative to the interactive video wall, the Company will install five new 52” monitors to allow for viewing larger portions of the natural gas system. As part of the ongoing SCADA upgrade project, the number of desktop displays will be increased from four to eight. In Phase II, the Company will enhance the Gas Control facilities.	Confirmed complete by Staff	2/20/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
9.3	Study gas design day, develop resource plan	6/30/2014	A	Perform a design day and design winter study by operating area, using readily available weather data (e.g., NOAA) to determine the design day and design winter requirements. Additionally, the Company will conduct a study to evaluate Gas Supply resource needs.	In Initiative 1, Phase I, a model will be developed outlining what can currently be accomplished with the existing Gas Supply staffing level and determine if the current resource level is appropriate or should be modified. The assessment will also consider the following items: adding staff; training staff; use of interns; and/or outsourcing the study. A resource plan will be developed that will address the recommendation. Initiative 1, Phase II will implement the approved resource plan developed in Phase I.	Confirmed complete by Staff	2/20/2015
9.4	Improve day-ahead gas forecasting	6/30/2014	A	Evaluate whether the current five-day forecasting process/methodology is a best practice	The Company will conduct an industry survey to review the availability of other day-ahead gas load forecasting models/methodologies utilized in the industry. Additionally, the Company will evaluate other regression scenarios. The Company will load and test other software tools in an effort to test their ability to improve the day-ahead load forecasting process. A report will be written to document the results and recommend next steps for approval.	Confirmed complete by Staff	2/20/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
10.1	Overhaul capital budgeting process and activities	6/30/2014	A	Complete a thorough review of the entire capital planning process in order to improve current processes and procedures	The Company will document enhancements completed since mid-2011, assess the current capital planning process, determine the desired future state, and develop a project plan to get to the desired state. Best practices from other utilities or other capital intensive industries will be considered. The initial enhancements identified will be implemented as part of the 2014 budget process.	Confirmed complete by Staff	2/20/2015
10.2	Develop strategic plans	6/30/2014	A	Develop the 10-Year Strategic Plan Document – 2014 through 2023	The Company will develop a 10-year integrated strategic plan incorporating key elements including: strategic vision; external and internal SWOT analysis; defining the needs and opportunities of the business in the context of the corporate vision and environmental assessment; developing labor resource, regulatory, and financial plans; and manifesting the results as business priorities and future projects.	Confirmed complete by Staff	2/20/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
10.3	Enhance IUSA Networks BOD's role in capital budgeting	1/06/2014	A	Enhance the IUSA Networks BOD's role in overseeing capital budget formation and monitoring.	Provide the IUSA Networks Board with a review of CapEx principles, process, and schedule. Solicit feedback from the BOD to ensure that the BOD has the information and opportunities to establish the general strategy, approve budgets, monitor and intervene as appropriate. The review will consider short, medium, and long-term CapEx formation and monitoring.	Ready for Staff confirmation of completion	
11.1	Balance internal and external project managers and engineers	2/28/2014	A	IUSA will perform a study of internal and external (including affiliate) resources for project management and engineering for capital projects	In Phase I, the Company will carry out the work described in the final page of the Management Audit Order, Appendix B. In Phase II, the Company will implement the resource plan.	With the additional changes in late 2014 / early 2015, the Company views this recommendation as complete.  Ready for Staff confirmation of completion.	

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
11.2	Improve project management functions in SAP	6/30/2014	A	Implement certain SAP enhancements that are planned or in implementation stages related to electric project management and planning. Review cost approval process.	Complete SAP enhancements related to e-mail management and notifications, Work Order Design input, visibility of material needs and SAP Reporting. Review cost approval process for potential redundancies.	Confirmed complete by Staff	2/20/2015
11.3	Issue written project management procedures	2/28/2013	A	Update the Project Management Procedures Manual to address concerns identified in the audit	The Company will develop written project management procedures and will review the specific concerns identified by Liberty in Recommendation 11.3 to ensure that they are appropriately addressed during the 2012 update.	Confirmed complete by Staff	4/24/2014
11.4	Address design/delivery issues	6/28/2013	M	The Company will conduct a review of the issues Liberty proposed to resolve by separating the electric design and delivery functions, identify deficiencies, and pursue improvements, as needed	The Company will review and evaluate the issues and concerns identified by Liberty in Recommendation 4, identify performance gaps, and determine and implement the appropriate solutions to those gaps based on a root cause analysis.	Confirmed complete by Staff	8/29/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
11.5	Update monthly CapEx project cash flows in SAP	10/29/2012	A	Populate the SAP system with revised monthly CapEx cash flows consistent with the formal revision process schedule and use the central database for reporting actual vs. revised forecast	<p>The business will provide revised CapEx cash flows at the project level to support the revised financial forecast. The monthly cash flows will be loaded into SAP consistent with the Plan Revision schedule. The Control Department compiles the forecast and updates SAP. SAP is then available for reporting.</p> <p>Senior Executive Review meeting reports will include actual spending in comparison to the original Plan and the current new authorized target (the current revised target). The review report content will also include a comparison of changes in forecasts by the responsible manager in order to measure the quality of forecast revisions and improve future forecasts.</p>	Confirmed complete by Staff	8/29/2014
11.6	Execute vegetation management contracts by January 1	2/28/2013	A	Execute 2013 line clearance contracts and issue purchase orders prior to January 1, 2013	NYSEG and RG&E released the 2013 distribution requests for proposals on April 13, 2012. Purchase orders are scheduled to be released to the selected vendors no later than December 1.	Confirmed complete by Staff	8/29/2014

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
11.7	Move NYSEG to a five-year vegetation management cycle	2/28/2014	A	Formally propose the establishment of a NYSEG five-year distribution line clearance cycle program	In Phase I, the Company will conduct an evaluation of options for moving to a five-year trim cycle at NYSEG and then conduct a meeting with Staff to discuss both those options and the Company's plan to file a formal proposal. The Company will then identify a recommended approach to successfully move to a full cycle trim program, prepare a NYSEG five-year, full cycle line clearance plan and schedule, and produce formal filing. In Phase II, the Company expects to receive an order from the Commission addressing the transition to a five-year trim cycle at NYSEG.	Ready for Staff confirmation of completion	

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
11.8	Evaluate use of herbicides in vegetation management at NYSEG	2/28/2014	M	Develop a two-phase project to evaluate and potentially initiate the use of herbicides on NYSEG's distribution system in 2014	This project will only apply to NYSEG (clarifying information from Liberty indicated that the auditor found the use of herbicides at RG&E unlikely to be cost effective). In Phase I, NYSEG will evaluate the cost of applying cut surface treatment based on recent vendor information and then will perform a cost benefit analysis assuming that a five-year, full cycle trim program will be approved by the Commission. In Phase I, NYSEG will review the study results with Staff. Finally, if warranted and if the transition is planned to full cycle trim, in Phase II, NYSEG will consider implementation of herbicide use.	Ready for Staff confirmation of completion	
11.9	Increase technical expertise of energy efficiency staff	10/29/2013	M	Provide additional training to allow internal employees with an appropriate technical background to carry out tasks previously conducted by external contracted labor	This plan will utilize the existing in-house employees with technical backgrounds to perform more of the energy efficiency technical requirements and provide additional training to improve their technical skill sets. Utilizing existing internal labor should decrease the amount of external labor required to perform these tasks.	Confirmed complete by Staff	4/24/2014

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
12.1	Implement gas project management procedures manual	6/28/2013	M	Develop and implement a gas project management procedures manual	Gas Engineering will develop and implement gas related project management procedures.	Confirmed complete by Staff	2/20/2015
12.2	Review gas capital manpower requirements	2/28/2014	A	Develop a gas capital program resource plan	<p>In Phase I, the Company will determine the optimized resource levels needed for engineers and project managers to effectively implement the total annual gas capital program by collecting data and developing a resource plan. The study and ultimate recommended resource plan will include project management resources as specified in Recommendation 12.1. The resource plans will be implemented in Phase II.</p> <p>(The Company has moved the determination of optimized resource levels needed for Construction Supervision and Inspection to Project 12.3.)</p>	Confirmed complete by Staff	3/24/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
12.3	Staff Gas QA/QC organization	6/28/2013	A	Evaluate staffing level within Gas QA/QC to support an effective and functioning QA/QC program for all projects and programs	<p>The Phase I studies will review and identify a recommended level of Gas QA/QC and manpower or resources necessary to manage quality, cost, and risk. The scenario analysis will evaluate program staffing with internal and/or external resources, taking into account a suitable range of potential workloads and other input assumptions. Finally, Phase I will produce a plan to strengthen the Gas QA/QC function.</p> <p>(The Company has also moved the determination of optimized resource levels needed for Construction Supervision and Inspection from Project 12.2 to Project 12.3.) If warranted, the resource plan will be implemented in Phase II.</p>	<p>Based on discussions with Staff, the QA/QC function has been upgraded and is discussed in the Gas Engineering, Delivery and Operations Panel testimony. The Company views the changes made as completing the requested follow-up on this recommendation.</p> <p>Ready for Staff confirmation of completion.</p>	
13.1	Holistic cost management	6/30/2014	A	Develop and implement a cost management strategy as standard practice	Design and implement a Cost Management Program that develops competencies of Electric & Gas Operations and Customer Services employees to expand their focus beyond budget management.	Confirmed complete by Staff	2/20/2015

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
13.2	Track electric and gas field internal personnel productivity	6/30/2014	A	Provide tools and training for monitoring personnel productivity	Provide additional information to field crews related to estimated hours to complete field work packages. Provide tools for monitoring planned versus actual hours to complete field work packages and include in weekly metrics. Provide training to lead contact field personnel on new monitoring tools and communicate to impacted personnel. Evaluate and analyze planned versus actual hours reports.	Confirmed complete by Staff	2/20/2015
13.3	Establish a cost estimating program	6/30/2014	M	Establish an effective Electric and Gas Cost Estimating Program at IUSA for managing common electric and gas capital work	Establishment of an effective Cost Estimating Program will entail two major initiatives.	Confirmed complete by Staff	2/20/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
13.4	Establish operations internal / contractor balancing guidelines	10/29/2013	A	Evaluate current internal practices for decision-making related to use of contractors vs. company work forces and establish an associated philosophy and supporting guidelines	The Company will develop a philosophy and guidelines towards the use of contractors and formalize this in writing and communicate this to key stakeholders. This will include factors that should be taken into consideration when assigning work to contractors or Company workforces and establish a guideline/process for key stakeholders (Managers, Supervisors, Engineers, and Schedulers) to follow.	Ready for Staff confirmation of completion	
13.5	Analyze gas operations safety results	6/28/2013	A	RG&E will conduct a review of Gas Operation employee injuries; analyze the data; determine root causes and identify and implement appropriate corrective and preventative actions	<p>A review of all RG&amp;E Gas Operations injuries from 2009 to present will be completed. The objective of this review is to identify injury trends/root causes and to identify and isolate risks. Based on the results of the Gas Operations injury review and other pertinent information, the Company will determine practical ways to reduce/eliminate prevalent types of risks/injuries from occurring in the future.</p> <p>The Company will develop corrective and preventative actions and implement and document those actions.</p>	Ready for Staff confirmation of completion	

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
13.6	Establish operations overtime guidelines	10/29/2013	A	Create guidelines and metrics for local overtime decision-making to be utilized across the operating departments	The Company will review various internal and external overtime control programs and formulate a statement of the Company's overtime philosophy that will balance the interests of public safety, reliability, customer service and cost control. This guidance will describe the authority level for discretionary and non-discretionary overtime. In addition, overtime metrics will be defined and implemented for regular reports for analysis and control.	Confirmed complete by Staff	8/29/2014
13.7	Analyze electric operations and stores overtime	6/28/2013	A	Create a sustainable process to enable the monitoring of overtime ("OT") hours and achievement of annual targets	<p>In November 2011, the Company modified Labor/OT reporting capabilities, allowing regular and OT hours to be reported in different categories (Storm, Trouble, Capital and Other) and providing a more accurate picture of OT percentages. These are currently reported on a Labor Scorecard utilized by Electric T&amp;D.</p> <p>This project team will perform a review of the current Scorecard, other OT reporting available, and review process and make changes as appropriate. The team will also roll-out the revised process to Company management. OT guidelines will be addressed in Recommendation 13.6.</p>	Confirmed complete by Staff	8/29/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
13.8	Determine impact of electric & gas operations retirements	10/29/2013	A	Develop the capability to assess and monitor the productivity and cost impacts of High End Experienced Workers turnover on a periodic basis	<p>Gather current workforce demographic data and analyze it against internal and external business factors which may include: 1) bargaining unit commitments; 2) New York State market conditions; and 3) long-term business strategic planning.</p> <p>Based on interviews with IUSA Human Resources and other subject matter experts, determine the associated risks and costs for both internal development and external hiring at the apprentice level and the advanced skill level for Electric and Gas field positions. Document the model's methodology and results.</p>	Ready for Staff confirmation of completion	
13.9	Track electric & gas field contractor productivity	6/30/2014	A	Future gas and electric RFPs to perform work will request Expended Job-hours and Quantities Installed/Completed, based on Working Units/Pay Identifiers and be reported to the Company	The NYSEG and RG&E 2012 contracts for both Gas and Electric Line Contractors are in place.	Ready for Staff confirmation of completion	

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
13.10	Evaluate a balanced and cost-effective workforce level	6/28/2013	A	Evaluate and develop a balanced and cost-effective electric operations workforce plan	In Phase I, evaluate and develop a resource plan by applying an enhanced Resource Planning Tool under different scenarios and factors. This would include evaluating and developing the appropriate production parameters, data segmentation, risk controls, and taking into consideration such factors as current and forecasted future workloads, types and characteristics of planned work, productivity and efficiency factors, work rules, unit costing ( <u>i.e.</u> , understanding costs between internal and external resources per units of work), resource and skill utilization factors ( <u>i.e.</u> , low, medium, high skills), and retirements.	Ready for Staff confirmation of completion	
13.11	Promote cross Company cost effective work opportunities	10/29/2012	A	To continue to seek the ability and opportunity for RG&E & NYSEG crews to cross territory boundaries	Continue to recognize the importance of the ability for RG&E and NYSEG crews to cross territory boundaries.	Confirmed complete by Staff	8/29/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
13.12	Establish an electric QA organization	2/28/2014	M	Evaluate and establish a formalized and documented Quality Management System based on ISO 9001 at NYSEG and RG&E	Complete an initial assessment of critical QA needs for on-going capital project activities and initiate an interim program to address those critical items in 2012. Complete the development of a Quality Management System for Electric Capital project application in 2013. Complete evaluation of the establishment of an Electric QA/QC organization based on ISO 9001, and then implement.	Confirmed complete by Staff	2/20/2015
14.1	Apply ConEd infrastructure planning experience	6/30/2014	A	Examine how ConEd conducts long-range infrastructure planning and identify how to integrate their best practices with IUSA practices	ConEd and IUSA management share an interest in maintaining a robust delivery network at an affordable cost over the long-term. The Company will learn from ConEd about their approach to long-range infrastructure planning (10-year horizon). IUSA will combine the applicable ConEd learning and experience with its own concerns and protocols to develop in Project 10.1 an improved infrastructure planning process that will be used to develop subsequent long-range strategic plans.	Confirmed complete by Staff	2/20/2015

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
14.2	Analyze reviewing Sarbanes Oxley ("SOX") impacts on regulatory proceedings	1/06/2014	A	Assure that regulatory experts have been and will continue to be involved in reviewing SOX 404(b) changes	Continue the process followed by IUSA in the last two rounds of de-keying SOX controls consistent with Section 404(b), which has provided for regulatory review, in order to take into account potential impacts on utility regulatory processes and proceedings.	Confirmed complete by Staff	4/24/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
14.3	Audit affiliate relationships	10/29/2012	M	Establish an audit of Affiliate Relationships	<p>An audit of Affiliate Relationships will be included in the “audit universe.” In accordance with the Company’s risk-based audit approach, Internal Audit will annually assess the risk exposure of this process for inclusion in the proposed IUSA Internal Audit plan. The Company completed Affiliate Relationships Audits in 2007, 2010, 2011 and another is expected to be completed prior to the time this plan is filed.</p> <p>In addition, Internal Audit will continue to monitor the implementation of all management recommendations. The Company currently uses its Internal Audit Management system (Guadi) to monitor the implementation of management recommendations. Prior to the implementation of the automated system, Internal Audit monitored and reported the status of management recommendations using an Excel spreadsheet.</p>	Confirmed complete by Staff	8/29/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
14.4	Modify Code of Conduct	1/06/2014	A	The Code of Ethics adopted in January 2012 by the IUSA Networks BOD includes specific statements of IUSA values and principles regarding affiliate relationships	The Code of Ethics adopted in January 2012 by the IUSA BOD includes specific statements of IUSA values and principles regarding affiliate relationships. The IUSA Networks BOD adopted the Code of Ethics in its first Board meeting on December 4, 2013.	Ready for Staff confirmation of completion	
14.5	Change compliance organization	6/30/2014	A	Clarify corporate compliance organizational structure, including reporting relationship	Clarify existing corporate compliance organizational structure, including reporting relationship, and highlighting effectiveness. Review legal and regulatory basis for structure and best practices.	Confirmed complete by Staff	3/24/2015

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
14.6	Develop input-based metrics	6/30/2014	A	Develop a series of input metrics that will permit more robust assessment of cost performance as a standard practice across the IUSA OpCos	<p>Cost management metrics and key performance indicators generally (including input/leading metrics as warranted) will be developed in response to Recommendation 13.1.</p> <p>This project will develop input/leading metrics that permit a more robust assessment of cost performance primarily for use in response to Recommendation 14.11. Initial metrics will be identified in consultation with Electric and Gas Operations and Customer Service, and then will be defined and developed, tested, and clarified/revised. A reporting system will be developed for the metrics selected for use in 2014 AIP objectives.</p>	Confirmed complete by Staff	2/20/2015
14.7	Establish formal benchmarking	6/28/2013	A	The Company will supplement and strengthen its robust, holistic existing benchmarking programs through additional participation in U.S. Electric and Gas T&D benchmarking	<p>In Phase I, the Company will expand its domestic Electric T&amp;D benchmarking through participation with First Quartile (FQC). FQC has well established performance and best practices programs with participation from many industry leaders.</p> <p>In Phase II, the Company will evaluate and determine the value in expanding its domestic benchmarking programs to include Gas (T&amp;D).</p>	Confirmed complete by Staff	4/24/2014

<b>Rec. #</b>	<b>Project Title</b>	<b>Completion/ Rejection Date</b>	<b>A/M/ R<sup>1</sup></b>	<b>Project Overview</b>	<b>Implementation Approach</b>	<b>Project Status / Comments</b>	<b>Staff Confirmation Date</b>
14.8	Give IUSA Networks BOD authority over compensation design	1/06/2014	A	The IUSA Networks BOD has the full power to design and determine the compensation of IUSA Networks employees	The IUSA Networks Board has the full power to design and determine the compensation of IUSA Networks employees. Under its direction, the IUSA Networks Board relies on IUSA Networks executives and Human Resources to develop and implement IUSA Total Rewards Program, including compensation and benefits.	Confirmed complete by Staff	4/24/2014
14.9	Give IUSA Networks BOD authority over compensation measurement	1/06/2014	A	The IUSA Networks BOD reviews and sets incentive compensation and ensures the communication of goals for the period they address	The IUSA Networks BOD reviews and sets incentive compensation and ensures the communication of goals for the period they address. Consistent with the Performance Management and Incentive programs, IUSA Networks Executives will develop IUSA Networks incentive plans and results for IUSA Networks BOD review and approval.	Confirmed complete by Staff	4/24/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
14.10	Reconstitute compensation benchmark groups	10/29/2012	M	Reconstitute the peer group used for compensation benchmarking to more closely align with companies of a similar size (in annual revenue) to IUSA	Modify the peer group used for compensation benchmarking in order to benchmark against energy services/general industry as appropriate based on the job (e.g., benchmark engineers against energy services and human resource professionals against general industry). Adjust for the differences based on all companies vs. companies with revenues of \$1 billion to \$3 billion. Continue to benchmark against all energy services companies, not just those in the identical business to IUSA, because businesses outside the Company's segment of the energy industry use individuals with the same skills that the Company needs and therefore should be included in the benchmark data.	Confirmed complete by Staff	4/24/2014

Rec. #	Project Title	Completion/ Rejection Date	A/M/ R <sup>1</sup>	Project Overview	Implementation Approach	Project Status / Comments	Staff Confirmation Date
14.11	Modify compensation links and measures	6/30/2014	M	<p>Improve Company understanding and implementation of the linkages between US subsidiaries and their parent companies with respect to metrics.</p> <p>Continue to include “stretch goals” in the AIP program, and consider input measures in the setting of objectives for 2014</p>	<p>Research the linkage to global parents of foreign-owned and US-owned US subsidiaries with respect to executive/manager bonuses, and determine the appropriate course of action based on the results.</p> <p>Examine AIP targets and continue to incorporate “stretch” goals in AIP targets, as part of an ongoing process of continuous improvement.</p> <p>Review input measures developed in response to Recommendation 14.6 and incorporate input metrics as appropriate into AIP objectives.</p>	Confirmed complete by Staff	2/20/2015