



State of West Virginia  
Department of Administration  
Purchasing Division  
2019 Washington Street East  
Post Office Box 50130  
Charleston, WV 25305-0130

# Request for Quotation

RFQ NUMBER
PSC12529

PAGE
3

ADDRESS CORRESPONDENCE TO ATTENTION OF:
FRANK WHITTAKER 304-558-2316

RFQ COPY  
TYPE NAME/ADDRESS HERE

Liberty Consulting Group  
65 Main Street  
P. O. Box 1237  
Quentin, PA 17083

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
201 BROOKS STREET  
  
CHARLESTON, WV  
25301 340-0323

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
01/25/2012				

BID OPENING DATE: 02/15/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
NOTICE						
A SIGNED BID MUST BE SUBMITTED TO:						
DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130						
THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:						
SEALED BID						
BUYER: 44						
RFQ. NO.: PSC12529						
BID OPENING DATE: 02/15/2012						
BID OPENING TIME: 1:30 PM						
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID: 717 270-0555						
-----						
CONTACT PERSON (PLEASE PRINT CLEARLY): John Antonuk						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Jeanette Reynolds</i>	TELEPHONE 717-270-4500	DATE 2/14/12
TITLE Office Manager	FEIN 23-2470302	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

**PSC12:29 – CONSULTING BID FORM**

Employee/Title	Not to Exceed Number of Hours	Hourly Rate	Extended Price
John Antonuk – Project Director	64	\$315	\$20,160
Donald Spangenberg – Senior Consultant	380	\$275	\$104,500
Randall Vickroy – Senior Consultant	360	\$275	\$99,000
Michael Antonuk – Senior Analyst	80	\$150	\$12,000
		Total	\$235,660

**Bidder/Vendor Information:**

Name: The Liberty Consulting Group  
Address: 65 Main Street  
P.O. Box 1237  
Quentin, PA 17083  
Phone #: 717-270-4500  
Email Address: admin@libertyconsultinggroup.com

**Contact Coordinator Information:**

Name: John Antonuk  
Address: 65 Main Street  
P.O. Box 1237  
Quentin, PA 17083  
Phone #: 717-270-4500  
Email Address: antonuk@libertyconsultinggroup.com

The Consultant will not be reimbursed for hours that exceed the total hours for each Employee/Title

STATE OF WEST VIRGINIA  
Purchasing Division

**PURCHASING AFFIDAVIT**

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

**DEFINITIONS:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

**EXCEPTION:** The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (West Virginia Code §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

**WITNESS THE FOLLOWING SIGNATURE**

Vendor's Name: The Liberty Consulting Group

Authorized Signature: Virgin A. Jue Date: 2-7-2012

State of Pennsylvania

County of Lebanon, to-wit:

Taken, subscribed, and sworn to before me this 7<sup>th</sup> day of February, 2012

My Commission expires May 4, 2015.

AFFIX SEAL HERE

NOTARY PUBLIC Jeanette E Reynhout



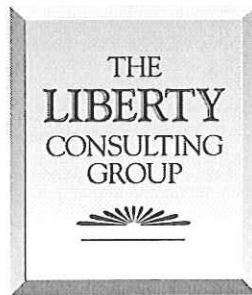
**Proposal to Provide Consulting Services in  
The American Electric Power and  
FirstEnergy Rate Cases  
Before the West Virginia  
Public Service Commission**

**RFQ #PSC12529**

**Presented to the:**

**Consumer Advocate Division  
State of West Virginia Public Service Commission**

**By:**



**February 14, 2012**

**65 Main Street, P.O. Box 1237  
Quentin, Pennsylvania 17083  
(717) 270-4500 (voice)  
(717) 270-0555 (facsimile)**

**admin@libertyconsultinggroup.com**

**RECEIVED**

**2012 FEB 15 A 9:49**

**CONSUMER ADVOCATE DIVISION  
STATE OF WV**



THE  
**LIBERTY**  
CONSULTING GROUP

65 Main Street   P.O. Box 1237   Quentin, PA 17083-1237  
(717) 270-4500   (717) 270-0555 fax

February 14, 2012

Mr. Frank Whittaker  
Department of Administration  
Purchasing Division  
Building 15  
2019 Washington Street, East  
Charleston, West Virginia 25305-0130

RE: RFQ #PSC12529

Dear Mr. Whittaker:

The Liberty Consulting Group (Liberty) is pleased to submit the enclosed proposal in response to the Consumer Advocate Division of the West Virginia Public Service Commission (Commission or PSC) request for quotations for the provision of consulting services relating to the annual rate filing of utility subsidiaries of American Electric Power (AEP) and FirstEnergy in 2012 and 2013.

Liberty is especially well qualified for this engagement, having served over two-thirds of U.S. utility regulatory authorities (and three in Canada) in over 250 projects across 24 years of service to them. We offer an exceptionally well qualified and experienced team. Liberty has performed Fuel and Energy reviews of electric supply at 29 electric utilities. Liberty proposes a core group of consultants that has worked together over a period in excess of ten years (and for some, much longer) on many similar studies. This includes work in 2010 through 2012 performing two examinations of the fuel and purchased power costs of Entergy's Mississippi for the Mississippi Public Service Commission. The principal focuses of both Liberty audits were to:

- Verify that coal, oil, and natural gas and purchased energy and their costs were properly identified
- Assess practices for economical purchase and use of fuel and energy
- Assess contract terms and conditions and any variations from them
- Examine the prudence of power purchases, including transactions with affiliates
- Examine a sample of individual fuel and energy purchases.

The team proposed by Liberty has recent and direct experience in examining coal purchases in several other projects in the last five years alone, including work for regulatory bodies in Ohio, New Hampshire, New Mexico, Arizona, and Nova Scotia. Also included in our relevant experience are prior management audits of Ohio utilities, several of which are subsidiaries of American Electric Power and FirstEnergy, including:



Mr. Frank Whittaker

February 14, 2012

Page Two

<i>Cincinnati Gas &amp; Electric</i>	<i>Cleveland Elec. Illuminating</i>	<i>Duke Energy Ohio</i>	<i>Monongahela Power</i>
<i>Ohio Edison</i>	<i>Ohio Power</i>	<i>Toledo Edison</i>	

The most recent of these audits, included two separate reviews at Duke Energy Ohio that examined whether the company applied procurement and management practices and policies to assure availability of sufficient supplies of adequate quality to permit efficient operation of generating stations at least cost. The audits examined coal, natural gas, and oil. The audits also sought to determine whether bulk power system dispatch, economy sales, and emergency and reliability transfers were conducted to promote least cost operation. An examination of fuel or power transactions with affiliates also fell within the scope of these audits. Liberty's work also addressed whether plans and activities for compliance with the Clean Air Act Amendments were reasonably designed and cost effective. The Commission has used the reports of these audits in regular Electric Fuel Clause (EFC) hearings to address the reasonableness and accuracy of recovery from utility customers through development of a sound strategy, portfolio, and implementing transactions.

Liberty's other recent coal work has included reviews for commissions in New Hampshire, Arizona, New Mexico, and Nova Scotia. Among the issues examined in this work were:

- Goals, Strategies, Organization, Policies, Procedures
- Coal Contract and Transportation Reasonableness
- Benchmarking of Coal Prices
- Power Plant Operations
- Fuel Clause Computation
- Natural Gas and Oil for Electricity Generation
- Purchase Power Expense and Sales for Resale
- Line Losses
- Allocation and Assignment
- Evaluation of Fuel Clause Process and Regulations

Our team also has a strong background in testifying before commissions. That experience includes many rate and energy-cost adjustment proceedings. Our three senior team members possess exceptional witness credentials, and strong professional and academic backgrounds.

We welcome you to confirm our strengths by contacting our references and we would very much appreciate the opportunity to discuss this engagement further with you. Please feel free to contact me with any questions or information needs.

Sincerely,

  
John Antonuk  
President

(717) 270-4500

antonuk@libertyconsultinggroup.com



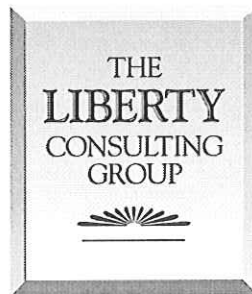
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## I. Project Statement

The Consumer Advocate Division (*Division*) of the State of West Virginia Public Service Commission (*Commission*) has solicited proposals for the provision of consulting services in connection with the expected March 1, 2012, rate filing by American Electric Power (*AEP*) and the expected September 1, 2012 rate filing by FirstEnergy. The Division, intervening on behalf of AEP and FirstEnergy's residential customers, is seeking proposals to perform an examination of the appropriate amount of ENEC expense to be included in AEP and FirstEnergy's rates.

The case before the Commission will consider changes to AEP's Expanded Net Energy Charge (*ENEC*) in West Virginia, including:

- A review of AEP and FirstEnergy's actual ENEC costs for calendar years 2012 and 2013
- A consideration of AEP and First Energy's projected ENEC cost for the year that the new ENEC rates will be in effect.

The Liberty Consulting Group (*Liberty*) proposes to offer the services of a very senior, highly experienced team to assist the Division. Liberty's team has extensive experience in reviews of coal contracting and the operation of the wholesale electricity market. Liberty is a management and technical consulting firm that specializes in the public utility industries. Liberty has extensive experience in performing the types of coal contracting and wholesale electricity market evaluations at issue here, and in supporting commission staff participation in administrative-law proceedings. Liberty has served commissions in 37 different states, the District of Columbia, two Canadian provinces, and Central America.

## II. Work Tasks

### A. ENEC Expenses

This work task requires an examination of the propriety of the ENEC expenses that AEP and FirstEnergy propose to recover. Coal contracting and wholesale electricity market operations will form an important focus of the work in this area. The accuracy and completeness, representativeness, reasonableness, and prudence of these expenses all fall within the scope of what Liberty stands prepared to examine.

Donald Spangenberg, Liberty's lead consultant in this area, has over thirty-five years experience in fuel management and in consulting on fuels issues, particularly coal issues. His career at Liberty includes more than 25 examinations of fuel management performance for public service commissions. Those engagements routinely include an examination of coal contracting strategy, the effectiveness of specific coal contracting decisions, examination of wholesale purchases and sales to optimize fuel costs, and planning and execution of environmental compliance strategies, particularly as they concern the evaluation of scrubbers and fuel selection alternatives that would avoid the need for capital investment to reduce emissions. In addition to his consulting experience, he has been a utility fuel supply manager, contract negotiator and administrator. He has served as an executive with a coal mining company. Also, he has participated in consulting for investor-owned utility and public power entities in over a dozen jurisdictions. Mr. Spangenberg has testified in support of his energy clause and fuel costs examinations for public service commissions. Don's work in this area includes Liberty's review of the fuel purchasing policies, procurement models, and fuel management practices at Columbus Southern Power Company and Ohio Power Company, subsidiaries of American Electric Power Company, and five subsidiaries of First Energy: Ohio Edison, Cleveland Electric Illuminating Company, Toledo Edison, Monongahela Power, and West Penn Power.

### B. Wholesale Electricity Market

Randall Vickroy was formerly a manager of the Corporate Finance staff at Xcel Energy, and is Liberty's expert in financial, planning, contracting, valuation and power supply economics. Randy has extensive knowledge and experience in the economic and financial analysis of power supply alternatives, both utility and non-utility. As a management consultant for over 18 years, he has advised utilities, non-utility power suppliers, public service commissions and consumer advocates in over 25 states.

Mr. Vickroy has extensive experience in analyzing power supply options and wholesale market alternatives for a variety of industry stakeholders. He has provided consulting services regarding power supply acquisition processes and independent monitoring, power supply analysis and contracting, the valuation of electric assets and contracts, project financing alternatives and their impacts, and the regulatory treatment of power supply costs. He has consulted on the establishment and operation of fuel adjustment clauses in several states, as fuel and purchased power costs have risen dramatically in recent years. Mr. Vickroy brings a unique depth of knowledge acquired through experience as an electric utility manager, supplemented with extensive consulting experience advising utility commission and other industry stakeholders.



## C. Testimony

The Liberty consultants proposed for this engagement have testified many times before regulatory bodies. Highlights of this experience include:

1. Arizona: APS fuel audit, base costs of fuel and power supply adjustor
2. Arizona: AEPCO Rate Case fuel audit, base costs of fuel and power supply adjustor
3. Mississippi: Energy Mississippi coal, oil, and natural gas cost prudence
4. Nova Scotia: Cost and rate impacts of fuel and purchased power procurement and management in four annual base rate cases since 2004
5. Nova Scotia: For Board Staff, addressing propriety of adoption, readiness for, and design of a fuel adjustment mechanism
6. Illinois: Prudence of fuel procurement by Central Illinois Power
7. New Hampshire: For Commission Staff on restructuring of state's largest electric utility (Northeast Utilities subsidiary PSNH) including comprehensive valuation of generation assets (considering availability, costs, revenues)
8. Pennsylvania: Cost and rate impacts associated with findings of comprehensive management audit of West Penn Power Company
9. Proposed purchase power contract between Nova Scotia Power and a biomass generator before the Nova Scotia Public Utility and Review Board.
10. Ohio: Vectren Energy Ohio management/performance audit and procurement audit
11. Ohio: Dominion East Ohio management/performance audit and procurement audit



### III. Liberty's Relevant Experience

#### A. Nationwide, Multi-Decade Service to Utility Regulators

For 24 years Liberty has performed comprehensive and focused management audits, fuel and energy procurement and management audits, reviews of corporate governance in utility holding company structures, reviews of affiliate transactions and cost allocations, focused reviews of construction program expenditures and results, reliability assessments, and other consulting engagements.

Liberty's clients include some 50 public utilities and two-thirds of the country's state public service commissions, which the table below lists.<sup>1</sup> Liberty has performed or is performing many projects for U.S. regulators, and has conducted management, operations, and affiliate reviews for utility authorities in Canada and in Central America.



#### Liberty's North American Utility Regulatory Clients

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

A testament to the strength of Liberty's performance is the number of commissions that have asked the firm back to perform repeat engagements, sometimes in circumstances or on subject areas far different and more challenging than those under which Liberty first served them. The unifying attribute of Liberty's work for commissions in its long service to them is the ability to help them to deal with the especially difficult regulatory challenges that take place when regulatory policy intersects with complicated operations requirements. Liberty does its best work in managing the "traffic" that flows through these crossroads. Dealing with highly technical or controversial management or operations issues that fall out from important changes in regulatory policy or major unforeseen events has characterized Liberty's work for commissions.

<sup>1</sup> These other projects include evaluating restructuring proposals and impacts, assessments of utility financial separation and integrity, merger and acquisition reviews, revenue requirements analysis, among others.

## **B. Energy Procurement – Electric Companies**

### **1. Entergy Mississippi**

Liberty performed two examinations of the fuel and purchased power costs of Entergy's Mississippi electric utility subsidiary, EMI. These reviews covered a two-year review period, addressing costs for the period of October 1, 2009 through September 30, 2011. EMI is one of six Entergy Corporation Operating Companies that together provide regulated electric-power service in a six state region to 2.7 million customers. EMI serves 437,000 customers in 45 of Mississippi's 82 counties. Entergy owns and operates an approximately 30,000 MW generation fleet.

Liberty conducted a similar audit covering the preceding twelve-month period. The principal focuses of both Liberty audits were to:

- Verify that fuel and purchased energy and their costs were properly identified
- Assess practices for economical purchase and use of fuel and energy
- Assess contract terms and conditions and any variations from them
- Examine the prudence of power purchases, including transactions with affiliates
- Examine a sample of individual fuel and energy purchases.

Liberty's structure for this review encompassed the following principal areas:

<i>Organization/Staffing/Controls</i>	<i>Coal Procurement</i>	<i>Coal Supply Management</i>
<i>Modeling &amp; Analytics</i>	<i>Natural Gas and Oil</i>	<i>Purchased Power/Sales for Resale</i>
	<i>Nuclear Fuel</i>	

### **2. Duke Energy of Ohio**

Liberty completed a two-phased management/performance audit and financial audit of coal procurement and management of Duke Energy Ohio for the Public Utilities Commission of Ohio (PUCO). The first phase was completed in late 2007 and the second in mid-2009. The overall purpose of each of the audits was to identify and evaluate the Company's policies, procedures and performance for fuel procurement, fuel utilization, purchased power, and capacity purchases, as well as the accounting treatment of all related costs. Central to these audits was an examination of coal management, evaluation of coal prices, assessment of environmental compliance and power plant performance.

### **3. Other Management/Performance Audits of Electric Companies for the PUCO**

Over a period beginning more than 10 years ago, Liberty has performed many management and performance audits of fuel policies and practices of Ohio electric utilities. Liberty performed these audits for the Public Utilities Commission of Ohio, which oversees fuel and purchased power costs recovered through an automatic adjustment clause. The audits examined whether the companies applied procurement and management practices and policies to assure availability of sufficient supplies of adequate quality to permit efficient operation of generating stations at least

cost. The audits examined coal, natural gas, and oil. The audits also sought to determine whether bulk power system dispatch, economy sales, and emergency and reliability transfers were conducted to promote least cost operation. An examination of fuel or power transactions with affiliates also fell within the scope of these audits. Liberty's work also addressed whether plans and activities for compliance with the Clean Air Act Amendments were reasonably designed and cost effective. The Commission has used the reports of these audits in regular Electric Fuel Clause (EFC) hearings to address the reasonableness and accuracy of recovery from utility customers.

The companies whose management and operations Liberty has examined across its long period of service for the Ohio Commission include:

- Cincinnati Gas & Electric
- Cleveland Electric Illuminating
- Duke Energy Ohio
- Monongahela Power
- Ohio Edison
- Ohio Power
- Toledo Edison.

#### **4. Nova Scotia Power**

Liberty completed for the Nova Scotia Utility and Review Board the conduct of an extensive series of stakeholder sessions designed to design the first-ever fuel and energy cost adjustment mechanism for the province's electric utility company. The engagement included the consideration of clauses in other jurisdictions and unique circumstances applicable to the company's fuel and energy costs, and the preparation of detailed clause mechanics and formulas, an extensive plan of administration, report formats (monthly, quarterly, and annual), a procedural schedule for allowing stakeholder input (informal dialogue and hearings) into recovery changes and reconciliation, and other clause administration matters. Liberty witnesses have testified four times (in annual rate cases since 2004, in which fuel and energy were the primary driver of cost changes) for the staff of the utility regulatory authority on the prudence of fuel and energy costs, base rate amounts to be recovered, the propriety of automatic clause recovery, the design and adoption of a recovery mechanism, and other fuel and energy related subjects in a variety of rate and rate related dockets.

#### **5. Arizona Public Service Company**

Liberty completed an extensive review of fuel procurement and management at Arizona Public Service Company (the state's largest electric utility) for the Arizona Corporation Commission. This audit included reviews of all physical and financial purchases of both gas and electricity, and a review of procurement relationships between the utility and an affiliate. The work also included a review of the fuel and energy adjustment cost recovery, and an evaluation of the mechanism itself and its extensive plan of administration for possible adjustment to conform them to experience in other states and circumstances particular to the utility. Liberty provided expert testimony on the results of the audit (addressing base fuel costs and costs recovered through the clause) and on recommendations for changes to the automatic recovery mechanism.

## **6. Southwestern Public Service Company**

Liberty conducted an audit for the New Mexico Public Regulation Commission of Southwestern Public Service Company (SPS) that included a management review of the prudence of SPS' transactions under the Renewable Energy Credit tracker as conditionally approved by the Commission and a financial review of both revenues and expenses in order to provide an analysis of any under-recovery or over-recovery. Similarly, Liberty performed an evaluation of SPS' fuel clause process and regulations and a financial audit of fuel clause computation. In addition reviews of purchases of coal, natural gas, oil, and purchased power, power plant operations, line losses, and cost allocation and assignment were also performed.

## **7. Arizona Electric Power Cooperative**

Recently, Liberty completed for the Staff of the Arizona Corporation Commission an examination of fuel, purchased power, and plant operations policies, activities, and costs of Arizona Electric Power Cooperative, Inc. (AEP CO), based in Benson, Arizona. The objective of Liberty's review was to verify that AEP CO acted prudently and reasonably in assuring cost and operational effectiveness in areas related to fuel and purchased power procurement, and the associated policies, goals and strategies. The project also examined the overall organization and decision making structure. Included was an examination of the fuel adjustment clause, and plant operating availability, equivalent availability, and capacity factors and impacts of any observed declines.

## **8. Northeast Utilities**

Liberty completed an audit of accuracy and prudence of costs that Public Service Company of New Hampshire recovers through its fuel and energy adjustment clause for The New Hampshire Public Utilities Commission. The major focus of this work was on coal contracts and coal management.

## **9. LIPA Evaluation of Fuel and Purchased Power Cost Adjustment**

Liberty was selected by the Long Island Power Authority (LIPA) to conduct an independent evaluation of LIPA's recovery of costs through its Fuel and Purchased Power Cost Adjustment (FPPCA) clause. This evaluation included an examination of:

- The reasonableness of costs recovered
- The accuracy of the costs recovered through the FPPCA clause
- Board Authorization of the clause
- Comparison to other clauses.

## **10. Other Reviews of Electric Utility Solid-Fuel Management**

Liberty has also performed for other public utility regulators focused examinations of fuel and energy procurement and sale by electric utilities:

- Kentucky PSC: Focused management audit of all operational and managerial aspects of the fuel procurement functions of Kentucky Utilities, including an examination of the organizational structure and the operational interrelationship of fuel procurement management among affiliates. Fuels involved included coal, natural gas and fuel oil.



- Kentucky PSC: Focused management audit of all operational and managerial aspects of the fuel procurement functions of Louisville Gas & Electric, including an examination of the organizational structure and the operational interrelationship of fuel procurement management among affiliates. Fuels involved included coal, natural gas and fuel oil.

In addition to the preceding focused examinations of fuel and energy, Liberty has performed for public service commissions a number of general management and operations audits whose scope included an examination of fuel and energy management by electric utilities. These engagements include:

- New York PSC: Consolidated Edison of New York
- Kentucky PSC: East Kentucky Power Cooperative (Generation and Transmission Cooperative)
- New Hampshire PUC: Northeast Utilities/Public Service Company of New Hampshire
- New York OSC: New York Power Authority
- New York PSC: Central Hudson Gas & Electric
- New York PSC: New York State Electric & Gas (Two Separate Engagements)
- Pennsylvania PUC: West Penn Power Company
- Iowa Utilities Board: Interstate Power and Light.

Liberty has also performed a number of fuel and energy purchasing and management engagements for electric public utilities. They include:

- Central Illinois Public Service Company
- East Kentucky Power
- Potomac Electric Power
- Public Service of Colorado
- Alabama Electric Cooperative.

### C. References

Several of Liberty's major and most relevant projects are detailed in other sections of this document. For a full list of Liberty projects, please also see Appendix B to this document. Liberty would be pleased to provide copies of any publicly-available report or testimony from any of these engagements on request. Liberty submits the following list of individuals as references to Liberty's prior work.

Katherine Collier, Commission Counsel  
Mississippi Public Service Commission  
501 N. West Street  
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601-961-5438  
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Chad Allen, Special Staff Chief  
Mississippi Public Service Commission  
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601-961-5488  
[chad.allen@psc.state.ms.us](mailto:chad.allen@psc.state.ms.us)

John Rogness, Manager Audit Branch  
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Steve Pronko  
Nova Scotia Utility and Review Board  
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Halifax, Nova Scotia B3J 3S3  
(902) 424-4448  
[pronkosm@gov.ns.ca](mailto:pronkosm@gov.ns.ca)

Matthew Lovato, Chief Financial Officer  
New Mexico Public Regulation Commission  
1120 Paseo de Peralta  
PERA Building Room 536D  
Santa Fe, NM 87501-1269  
(505) 827-4042  
[matthew.lovato@state.nm.us](mailto:matthew.lovato@state.nm.us)

Ms. Tammy Turkenton  
Acctng. & Elec. Div., Utilities Department  
The Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, OH 43215-3793  
(614) 466-1825  
[tammy.turkenton@puc.oh.us](mailto:tammy.turkenton@puc.oh.us)

## IV. Capabilities and Experience of Liberty's Team

### A. Senior, Highly Experienced Team That Works Together Often

Liberty proposes a very senior team for the performance of this evaluation. The core members average over 18 years and well more than 100 projects with Liberty. The firm's president and a founder of Liberty, who has substantial experience in providing expert analysis and testimony in clause design, costs, and prudence, will serve as project director. Appendix A provides resumes for each team member.

### B. John Antonuk

#### *Project Director*

John Antonuk will serve as project director, in order to provide for a single source of overall accountability within Liberty for assuring successful satisfaction of all project commitments. John has managed or directed nearly all of Liberty's management examinations for public service commissions. This includes Liberty's recent management and operations audits of Con Edison and current audit of Iberdrola SA/Iberdrola USA/NYSEG/RG&E. John is also leading the reviews of Corporate Planning (Governance and Senior Management) and Affiliates on the latter audit. John served as project director of Liberty's audit of National Grid U.S. affiliate relationships and transactions. He has directed efforts in all of the audit's areas, and has focused particularly on cost allocation methods, expatriate costs, and detailed transaction testing. He has served for Liberty as project manager or engagement director on:

- More than 20 management and operations audits of public utilities
- More than 25 examinations of electric and gas utility fuel and energy procurement
- 10 utility governance examinations (4 involving utility holding company structures), three of which included Sarbanes Oxley and controls as a focus area
- More than 30 utility affiliate relationships and transaction reviews
- 2 examinations for district heating companies of a variety of construction, operations, and rate matters.

John manages the firm's work for public service commissions. He managed Liberty's commission audits of Arizona Public Service Company, Commonwealth Edison Company, and New Jersey Natural Gas Company. John's other recent work has been directing and serving as a lead consultant on the following Liberty projects:

- Arizona Public Service Benchmarking – For the Arizona Corporation Commission, Liberty performed a benchmarking analysis of Arizona Public Service. This study covered a ten-year audit period and benchmarked Arizona Public Service's performance with the following metrics:
  - Operational Performance, including safety, customer satisfaction, reliability, coal plant performance, nuclear performance, and sustainability
  - Cost Performance, including O&M expenditures, capital expenditures, and management and regulatory expense
  - Financial Performance, including overall financial performance, cash flow metrics and financial risk measures
  - Affiliate Expenses



– Hedging & Risk Management.

Liberty designed four separate panel groups of peer companies in order to perform this benchmarking study.

- Duke Energy Affiliates Audits - A comprehensive, detailed affiliate relationships and transactions audit for the North Carolina Utilities Commission staff.
- Delmarva Affiliates Audit - Liberty completed for the Delaware Public Service Commission a diagnostic audit of the affiliate costs borne by Delmarva Power, a member of the multi-state holding company, PHI. This review included an examination of the central services organization structure and operations, the procedures and methods used to allocate and assign costs, and test work to verify that execution of methods and procedures conforms to company procedures and to good utility practice.
- EKPC Governance, Planning, Finance, and Budgeting - Liberty performed for the Kentucky Public Service Commission an examination of governance at a generation and transmission cooperative which serves 16 distribution cooperatives across the state.
- Potomac Edison Distribution System Transfer - For the Virginia State Corporation Staff, Liberty examined the public interest questions associated with the transfer by Allegheny Energy's utility operating subsidiary (Potomac Electric) of all of its electricity distribution operations business and facilities in Virginia to two rural electric cooperatives. This engagement included a review of infrastructure plans, performance, and costs, comparing them between those likely under continued utility ownership versus cooperative ownership.
- AEPCO - Liberty completed for the Arizona State Corporation Commission an audit of fuel procurement and management, bulk electricity purchases and sales, power plant management, operations and maintenance, energy clause design and operation, and other issues affecting the prudence, reasonableness, and accuracy of costs that pass through the fuel and energy clause.
- SWTC - Liberty completed for the Arizona Commission a companion examination of the transmission cooperative that is owned and operated in parallel with Arizona Electric Power Cooperative (a generation cooperative). Among the issues examined in this audit were line losses.
- SPS – Liberty performed an audit for the New Mexico Public Regulation Commission of Southwestern Public Service Company (SPS) that included a management review of the prudence of SPS' transactions under the Renewable Energy Credit tracker as conditionally approved by the Commission and a financial review of both revenues and expenses in order to provide an analysis of any under-recovery or over-recovery. Similarly, Liberty performed an evaluation of SPS' fuel clause process and regulations and a financial audit of fuel clause computation. In addition reviews of purchases of coal, natural gas, oil, and purchased power, power plant operations, line losses, and cost allocation and assignment were also performed.

The breadth of John's work for public service commissions is shown by the following highlights:

- Manager or director of management and operations audits of:
  - Three New York electric and gas utilities
  - All three Connecticut natural gas LDCs
  - All three New Jersey natural gas LDCs
  - A Tennessee natural gas LDC
  - A Pennsylvania electric utility

- Two audits of the largest New Hampshire electric utility
- State operations of two major RBOCs
- Sale by Verizon of its northern New England land line business
- Code-of-conduct compliance audits of all four New Jersey electric utilities
- Public Service Electric & Gas: Affiliate cost assignment and allocation; corporate structure
- Merger Compliance/Affiliates Audit of Duke Energy Ohio
- Fuel and Energy Procurement and Affiliates audits of Nova Scotia Power
- Baltimore Gas & Electric: Development of code of conduct to manage relationships, information sharing, joint services between utility and non-utility segments (provided testimony before the Maryland Public Service Commission)
- Acquisition of UniSource (Arizona) and Portland General Electric (Oregon) by private equity firms
- All Delaware Electric Utilities: Review of restructuring filings, including code-of-conduct provisions
- Personal advisor to commissioners of the District of Columbia on restructuring and on transmission-line siting
- Northeast Utilities: Affiliate cost assignment and allocation (provided testimony before the New Hampshire Public Utilities Commission)
- Virginia Power: Affiliate cost assignment and allocation, corporate structure and governance relating to non-utility business segments
- K N Energy: Gas transportation and supply contracts from an affiliate of a local gas distribution utility in Wyoming.

His work for Liberty included the provision of overall direction to Liberty's project for NorthWestern Energy to formulate long-range integrated infrastructure plans for its multi-state electric and natural gas distribution utilities. This project included consideration of how to incorporate "Smart Grid" technology into infrastructure plans in a manner that will enable the Company to roll out new capabilities and services as technology makes them available, without undue acceleration of capital spending as uncertainties in this new marketplace become resolved.

John received a bachelor's degree from Dickinson College and a juris doctor degree from the Dickinson School of Law (both with honors). He has spoken on a variety of utility issues before a number of panels sponsored by NARUC's committees and regional associations, state bar associations, and as an invited panelist before the U.S. FERC commissioners on utility financial insulation in holding company structures.

### **C. Donald T. Spangenberg, Jr.**

#### *Lead Consultant for ENEC Review*

Donald T. Spangenberg, Jr. has been with Liberty for two decades. He serves as our lead consultant in examining fuels for electric power generation, having served as project manager for most Liberty engagements in this subject area. He has testified for Liberty as a utility fuels expert. Don has over 35 years of experience in the energy industry, with emphasis on utility fuel procurement and management. In addition to his consulting experience, he has been a utility fuel supply manager, contract negotiator and administrator. He has served as an executive with a coal

mining company. He has participated in consulting for investor-owned utility and public power entities in over a dozen jurisdictions. Don served as Project Manager and lead Liberty's reviews of Goals, Strategies, Organization, Policies, Procedures and Coal Contract and Transportation Reasonableness on Liberty's very recent audit of fuel and energy costs and recovery methods at Entergy Mississippi.

As an example of his several dozen fuel engagements for Liberty, Don served as project manager in Liberty's audit for the Public Utilities Commission of Ohio of management performance and financial accuracy in connection with the fuel and energy adjustment mechanism of Duke Energy-Ohio. This was the second of two audits in the Ohio cycle; Don had a similar role in the first. In addition to supervisory responsibility for the financial audit portion of this project, he directly performed the following roles in these two examinations for the commission:

- Ascertained the fuel procurement and emission allowance management policies and practices followed by the Company and determined whether such procedures were practical and reasonable
- Ascertained the procedures used to assure that the lowest reasonable prices at the time of purchase are paid for fuel and purchased power, emission allowances and environmental reagents
- Determined whether the policies followed by the Company assure fuel supplies at reasonable prices, consistent with the terms of the agreement authorizing the automatic adjustment mechanism
- Evaluated the economic efficiency of the Company's fuel-procurement and utilization practices
- Determined whether the Company had, to the extent able, controlled ISO costs through development of a sound strategy, portfolio, and implementing transactions.

Don's role also included supervising the work on power plant operations, which included:

- Verified that key plant operating and outage data showed no notable declines or other factors indicating the potential for underlying management/performance problems
- Identified any major power interruptions and assess the efforts to minimize their resulting costs to customers
- Identified specific areas for improvement of organizational and management practices to ensure operation of the Company at the lowest reasonable overall cost.

Don is currently performing similar functions for a number of utility regulatory commissions. Presently, he is project manager for Liberty's fuel examinations of Nova Scotia Power for the Nova Scotia Utility and Review Board. Recently, he completed assisting in the management of the fuel and plant operations audit and prudence review of Southwestern Public Service Company for the New Mexico Public Regulation Commission. Prior to that, he was project manager for Liberty's audit of fuel, purchased power, generation, fuel clause management and plant operations of Arizona Electric Power Cooperative for the Arizona Corporation Commission. Don also served as project manager for Liberty's extensive review of fuel procurement and management at Arizona Public Service Company (the state's largest electric utility) for the Arizona Corporation Commission. This audit included reviews of all physical and financial purchases of fuels and electricity, a review of procurement relationships between the utility and an affiliate, and the effectiveness of relationships with and performance by mines

developed specifically to support plant operations long-term. Don has also managed a long series of energy clause audits of seven electric utilities, a number of them on more than one occasion, for the Public Utilities Commission of Ohio, stretching over a period of 10 years. The audits examined coal, natural gas, and oil. The audits also sought to determine whether bulk-power system dispatch, economy sales, and emergency and reliability transfers were conducted to promote least-cost operation.

Don also managed Liberty's audit of accuracy and prudence of costs that Public Service Company of New Hampshire recovers through its fuel and energy adjustment clause for The New Hampshire Public Utilities Commission. The major focus of this work was on coal contracts and coal management. He held a similar role on a number of other reviews (both focused and as a component of more broadly scoped management and operations audits):

- Kentucky PSC: Focused management audit of all operational and managerial aspects of the fuel procurement functions of Kentucky Utilities
- Kentucky PSC: Focused management audit of all operational and managerial aspects of the fuel procurement functions of Louisville Gas & Electric
- Kentucky PSC: East Kentucky Power Cooperative (Generation and Transmission Cooperative); review of fuel management in a broad management and operations audit
- New Hampshire PUC: Northeast Utilities/Public Service Company of New Hampshire; several reviews of fuel management in focused and general management audits
- New York OSC: New York Power Authority; review of power generation and fuel management in a broad management and operations audit
- New York PSC: Central Hudson Gas & Electric; review of fuel management in a broad management and operations audit
- New York PSC: New York State Electric & Gas; review of fuel management in a broad management and operations audit
- Pennsylvania PUC: West Penn Power Company; review of fuel management in a broad management and operations audit.

Don has also performed fuel and energy purchasing and management engagements for electric public utilities. They include:

- Central Illinois Public Service Company
- East Kentucky Power
- Potomac Electric Power
- Public Service of Colorado
- Alabama Electric Cooperative.

Don is a chemical engineer, and holds a B.S.E. from Princeton University and a master's degree in business administration from Stanford University.

## **D. Randall Vickroy**

### *Lead Consultant for Wholesale Electricity Market Issues*

Randy Vickroy has worked for Liberty across a period of more than 17 years. He has had major roles in many of the directly relevant projects that Liberty has completed in the past several months, or is completing now. Randy is currently leading the reviews of Electric Supply



Procurement and Capital and O&M Budgeting on Liberty's current management and operations audit for the New York Public Service Commission of Iberdrola SA/Iberdrola USA/NYSEG and RG&E. He has examined finance, planning, and budgeting on Liberty's management and operations audits of AGLR/ETG, SJI/SJG, NJR/NJNG, and NUI/ETG for the New Jersey Board of Public Utilities. He led Liberty reviews of electricity supply in audits of Con Edison, NYSEG and RG&E, Arizona Public Service, and Nova Scotia Power. He was the lead in Liberty's audit of affiliate relationships and transactions of Duke Energy Indiana and Duke Energy Kentucky, in addition to two separate audits of affiliate relationships and transactions, financial separation, merger conditions, and cash management of Duke Energy Carolinas. He was also an expert witness in the Delmarva debt issuance matter. Randy has performed a significant number of utility rate case assignments, beginning with his work on revenue requirements and cost of capital as a financial manager for Public Service Company of Colorado (now Xcel Energy) in the 1980s. Randy has completed an assignment to assist the Connecticut DPUC with the cost of capital and financial issues in a rate case proceeding for Yankee Gas.

Randy was an important Liberty team leader for the examination of purchased power contracts, wholesale power operations, assessment of base fuel costs through analysis of company dispatch models, and the operation of the fuel recovery mechanism at Arizona Public Service in 2006. Randy has also led Liberty reviews of electric power procurement for audits of ConEdison and Nova Scotia Power. He also was a key participant in Liberty's assistance to the Arizona Corporation Commission in the proposed sale of UniSource to KKR through a leveraged buy-out in 2004. Randy has also evaluated the market economics of the generation and transmission assets of the New York Power Authority, in audits for the New York State Office of Controller.

In addition to Leading Liberty's review of Electric Supply Procurement during the Management and Operations audit of Con Edison, Randy has examined similar functions on the following commission-sponsored Liberty engagements:

- Arizona Public Service
- Arizona Electric Power Cooperative
- Southwestern Public Service Company
- Nova Scotia Power (two separate audits).

Randy served as a lead consultant on the Liberty team that examined cost systems and financial issues in Liberty's examination of National Grid U.S. affiliate relationships and transactions. His focus included billing, calculation of finance related costs, and common service provider transactions involving financial organizations. He is also supporting the analysis of expatriate costs borne by U.S. utility affiliates. Randy led Liberty's Financial Performance review work for Liberty's ten-year benchmarking study of Arizona Public Service which was performed for the Staff of the Arizona Corporation Commission.

As part of Liberty's comprehensive, multi-year examination for the Illinois Commerce Commission of transmission and distribution expenditures of Commonwealth Edison (the Exelon subsidiary whose service territory is dominated by the Chicago metropolitan area), Randy was lead consultant in the evaluation of capital program planning, budgeting, and reporting, and he supported the review of O&M spending. His other examinations of budgeting in management and operations audits for regulatory authorities include:

- New York Power Authority (State Controller's Office): Two projects. Included capital budgeting and power contracting alternatives
- Connecticut: Three projects at separate natural gas utilities, each including capital and O&M budgeting
- New Jersey: Four projects at separate natural gas utilities (subsidiaries of AGLR/ETG, NUI/ETG, SJI and NJR), each including capital and O&M budgeting
- East Kentucky Power Cooperative
- United Cities Gas: Capital and O&M budgeting
- GTE South
- Bell Atlantic: Capital and O&M budgeting
- Verizon New Jersey.

His other reviews of energy utility budgeting include:

- Pacific Gas and Electric: Budgeting and analysis systems
- Delmarva
- Kentucky Utilities
- Big Rivers Electric
- Dayton Power and Light: Capital project analysis.

Randy holds a B.A. in Business Administration from Monmouth College and an M.B.A. in Finance from the University of Denver.

### **E. Michael Antonuk**

#### *Analytical Support*

Michael Antonuk specializes in energy and telecommunications data system analysis and research and project management. Michael has assisted in Liberty reviews of coal procurement in audits of Entergy Mississippi, Nova Scotia Power, Duke Ohio, Arizona Electric Power Cooperative, and Southwestern Public Service Company. This work has included the performance of coal price benchmarking analyses. Michael has also assisted in Liberty's review of electric supply at the following utilities:

- Consolidated Edison
- Interstate Power and Light
- NYSEG
- RG&E

He has also served as Project Coordinator and Senior Analyst for Liberty's review of procurement activities at New Jersey Natural Gas, South Jersey Gas, Elizabethtown Gas, People's Energy, and Virginia Natural Gas. These audits involved extensive reviews of natural gas sales and purchases conducted by both regulated and non-regulated entities and the controls systems related to these transactions. Michael has participated in over 50 Liberty engagements in the gas, electric, water, and telecommunications sectors, assisting in reviews of affiliate relationships, fuel procurement, EDECA, executive compensation, and utility finance issues.

Michael holds a B.A. in finance from Lehigh University.

## V. Project Costs

The following table shows the estimated costs for the audit.

Cost for 2012 Audits of Both AEP and FirstEnergy				
Consultant	Title	Rate	Hours	Fees
J. Antonuk	Project Director	\$315	64	\$20,160
D. Spangenberg	Senior Consultant	\$275	380	\$104,500
R. Vickroy	Senior Consultant	\$275	360	\$99,000
M. Antonuk	Senior Analyst	\$150	80	\$12,000
<i>Total</i>				<b>\$235,660</b>

Liberty will perform the 2012 ENEC reviews of AEP and FirstEnergy for a total not-to-exceed cost of **\$235,660**. This will cover all work up to and including the submittal of pre-filed testimony. Any subsequent activities in conjunction with this work will be performed at the hourly rates in the preceding table.

A completed copy of the RFP's bid form is included in this package.



## **VI. Conflict of Interest Policy**

### **A. Liberty's Statement**

Liberty has and has had no relationships with the utilities to be audited that may constitute a conflict of interest.

Neither Liberty nor any member of its study team has any financial interest in American Electric Power, FirstEnergy or any affiliate. To the best of Liberty's knowledge, none of the firm's clients has any such interest either; however, Liberty is not privy to their financial holdings.

### **B. Liberty's Conflict of Interest Policy**

In order for Liberty to maintain its reputation of adhering to the highest standards of business ethics, each employee shall:

- Avoid any arrangement, agreement, investment, employment with, or any ownership or other interest in, any business or other entity that is or intends to be in competition with Liberty or with any existing Liberty client or entity identified as a potential client in marketing program information known to the employee.
- Not undertake or attempt to create any relationship, act, or interest that is or appears to be contrary to the best interests of Liberty or its clients or in any way may impair the employee's performance of duties or the exercise of independent judgment or action with respect to the interest of Liberty or its clients.
- Refuse to accept or seek, directly or indirectly, from any client, contractor, subcontractor, or supplier of services (or its representative or agent) who is doing or may do business with Liberty or a client of Liberty (a) any commission, fee or compensation of any kind or (b) any gift, loan, advance, benefit, or service of any kind.

This policy shall apply to any item or interest whatever its value, except that the limitations of item (b) above shall not apply to meals or entertainment in the ordinary course of business, provided that the meal or entertainment is contemplated by the employee's assignment and provided that there is a legitimate business for such meal or entertainment.

Any item or interest of value contemplated by this policy shall be deemed, for the purposes hereof, to be that of the employee if it is owned or held beneficially by any member of the employee's immediate family, or any other person to whom the employee directs such item or interest of value for the purpose of avoiding the limitations of this policy.

Procedure:

All employees shall immediately disclose to a disinterested officer of Liberty:

- Any relationship, ownership, interest, agreement, gift, loan, advance, benefit, service, or other thing that may affect or have the appearance of affecting the judgment of the employee or any other employee of Liberty.
- Any attempt to create any of the relationships or transfers of any item or interest of value noted above, whether such attempt is by a Liberty employee, client, or entity with whom Liberty does or may do business.

Securities ownership by an employee or by any person affiliated with such employee under the terms of this policy may be construed as a conflict, and shall be reported to Liberty. This requirement, where it involves any entity regarding which Liberty has been retained to provide management or other auditing services may be satisfied by providing the General Counsel with a list of the companies or other entities involved, provided that such a list is current as of the date such information is provided and is updated as changes occur.

Upon notice that such ownership constitutes a real or apparent conflict of interest, the employee shall undertake prompt and reasonable efforts to dispose of such securities. The General Counsel will maintain the confidentiality of any such list provided and will return it upon demand by the employee who submitted it.

## VII. Offer to Serve

This proposal constitutes an offer to provide services of the stated scope, at the lesser of (a) actual costs for services at rates specified in this proposal (b) the not-to-exceed price stated in Section V hereof. This proposal sets forth Liberty's willingness, and intention, to work with the Commission and its Staff in the manner described in the RFQ and in this Proposal.

Liberty agrees to comply with the provisions of the RFQ, and takes no exception to them. This offer is subject to the execution of a mutually acceptable agreement specifying such further terms and conditions considered necessary by Liberty and the Commission. Liberty agrees to negotiate such an agreement in good faith. All prices, terms and conditions set forth herein shall remain valid through the close of business on June 14, 2012.

Liberty indicates its agreement to be bound by the terms of this offer to serve by the signature of its duly authorized officer, which appears below.

Accepted for:

The Liberty Consulting Group

by:



John Antonuk  
President

This 14th day of February 2012.

## Appendix A: Resumes



John Antonuk .....	A-2
Donald T. Spangenberg, Jr.....	A-12
Randall E. Vickroy.....	A-19
Michael Antonuk .....	A-24

## John Antonuk

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### Areas of Specialization

Executive management; management audits and assessments; service quality and reliability management and measurement, utility planning and operations; litigation strategy; management of legal departments; human resources; risk management; regulatory relations; affiliate transactions and relations; subsidiary operations; and testimony development and witness preparation.

### Relevant Experience

#### *Electricity*

Project Director and lead consultant on Liberty's audit of fuel and energy costs and recovery methods at Entergy Mississippi.

Project Director and lead consultant for Corporate Planning on Liberty's current management and operations audit for the New York Public Service Commission of Iberdrola SA/Iberdrola USA/NYSEG and RG&E.

Project Director and lead consultant on Liberty's management and operations audit of the electricity, natural gas, and steam operations of ConEd for the New York Public Service Commission.

Project Director on Liberty's benchmarking analysis of Arizona Public Service for the Arizona Corporation Commission. This study covered a ten-year audit period and benchmarked Arizona Public Service's performance with the following metrics: Operational Performance, Cost Performance, Financial Performance, Affiliate Expenses, and Hedging & Risk Management.

Project Manager for Liberty's comprehensive, detailed affiliate relationships and transactions audit of Duke Energy Carolinas for the North Carolina Utilities Commission staff.

Project Manager for the performance of Liberty's audit for the Delaware Public Service Commission of a diagnostic audit of the affiliate costs borne by Delmarva Power, a member of the multi-state holding company, PHI. This review included an examination of the central services organization structure and operations, the procedures and methods used to allocate and assign costs, and test work to verify that execution of methods and procedures conforms to company procedures and to good utility practice.

Project Manager for Liberty's work for NorthWestern Energy to formulate long-range integrated infrastructure plans for its multi-state electric and natural gas distribution utilities. This project includes consideration of how to incorporate "Smart Grid" technology into infrastructure plans in

a manner that will enable the Company to roll out new capabilities and services as technology makes them available, without undue acceleration of capital spending as uncertainties in this new marketplace become resolved.

Project Manager for Liberty's audit of Arizona Electric Power Cooperative for the Arizona State Corporation Commission which included reviews of fuel procurement and management, bulk electricity purchases and sales, power plant management, operations and maintenance, energy clause design and operation, and other issues affecting the prudence, reasonableness, and accuracy of costs that passing through the fuel and energy clause.

Project Manager for Liberty's audit of Southwest Transmission Cooperative for the Arizona Commission, a companion examination of the transmission cooperative that is owned and operated in parallel with Arizona Electric Power Cooperative (a generation cooperative). Among the issues examined in this audit were line losses.

Project Manager for Liberty's audit of Southwestern Public Service (SPS) for the New Mexico Public Regulation Commission that included a management review of the prudence of SPS' transactions under the Renewable Energy Credit tracker as conditionally approved by the Commission and a financial review of both revenues and expenses in order to provide an analysis of any under-recovery or over-recovery. Similarly, Liberty performed an evaluation of SPS' fuel clause process and regulations and a financial audit of fuel clause computation. In addition reviews of purchases of coal, natural gas, oil, and purchased power, power plant operations, line losses, and cost allocation and assignment were also performed.

Project Manager for Liberty's audit of East Kentucky Power Cooperative, which included examinations of Governance, Planning, Finance, and Budgeting. Liberty performed for the Kentucky Public Service Commission an examination of governance at a generation and transmission cooperative serving 16 distribution cooperatives across the state. This study came in the wake of significant financial difficulties and also addressed planning, budgeting, financial, and risk functions and activities.

Project Manager for Liberty's audit for the Virginia State Corporation Staff of Potomac Edison Distribution System Transfer. Liberty examined the public interest questions associated with the transfer by an Allegheny Energy's utility operating subsidiary (Potomac Electric) of all of its electricity distribution operations business and facilities in Virginia to two rural electric cooperatives.

Project Manager for Liberty's audit of the fuel and purchased-power procurement practices and costs of Arizona Public Service Company for the Arizona Corporation Commission. Liberty completed audits relating to fuel procurement and management and on rate and regulatory accounting for related costs at Arizona Public Service Company for the Arizona Corporation Commission.

Project Manager for Liberty's audit of Duke Energy Carolinas for the North Carolina Utilities Commission. Scope included compliance with regulatory conditions and code of conduct



imposed by the Commission after the merger with Cinergy, and affiliate transactions and cost allocation methods.

Project Manager for Liberty's audit of affiliate transactions of Nova Scotia Power on behalf of the Nova Scotia Utility and Review Board.

Project Manager for Liberty's audit for the New Jersey Board of Public Utilities of the competitive service offerings of the state's four major electric companies. Scope included corporate structure, governance, and separation, service company operations and charges, inter-affiliate cost allocations, arm's-length dealing with respect to a variety of code-of-conduct requirements, and protection of customer and competitor proprietary information.

Project Manager and witness for the staff of the Arizona Corporation Commission addressing the merits of the proposed acquisition of UniSource by a group of private investors.

Project Manager and witness before the Oregon Public Utility Commission addressing the merits of the proposed acquisition of Portland General Electric by a group of private investors.

Engagement Director for Liberty's provision of engineering and technical assistance to the Vermont Public Service Board in connection with review of public necessity and convenience related to the Northwest Reliability Project, which would add a major new 345kV transmission plan to provide an additional source of electricity to serve Vermont's major load growth in its northwest region. The project involved transmission reinforcements at lower voltages and significant substation upgrade work. The proceedings had numerous public, private, and government interveners, who raised issues regarding project need, available electrical alternatives, routing and design, and electromagnetic radiation.

Project Manager for Liberty's support for the New Hampshire Public Utilities Commission in its charge to oversee the divestiture of the Seabrook nuclear plant as part of a major restructuring settlement. The sale produced record high compensation for nuclear facilities in the country.

Project Manager and witness for Liberty's assessment of fuel procurement, affiliate transactions, and automatic adjustment clause implementation for the staff of the Nova Scotia Utility and Review Board in rate case of Nova Scotia Power.

Project Manager for Liberty's engagement on behalf of Boston Edison to examine the company's affiliate relations, including issues of the valuation of assets transferred to an affiliate. Testified in proceedings before the Massachusetts Department of Telecommunications and Energy (formerly the Department of Public Utilities) on several telecommunications issues, including: (a) development of competition, and legislative and regulatory-policy changes supporting it, (b) electric-utility entry into telecommunications markets, (c) costs, prices, and market value of network elements, (d) requirements of the Telecommunications Act of 1996, (e) assessment of compliance with commission orders, company procedures, and service agreements regarding limits on affiliate interactions, (f) inter-company loans, guarantees, and credit support among utilities and their affiliates, (g) accounting for affiliate transactions, (h) obligations to allow nondiscriminatory access to network infrastructure to third parties, and (i) cost pools,



overhead factors, and allocation of common costs among utility and non-utility affiliate activities and entities.

Project Manager for Liberty's major consulting engagement for the New Hampshire Public Utilities Commission. Liberty examined management, operations, and costs at Public Service Company of New Hampshire/Northeast Utilities, which is engaged in the operational and cost-accounting separation of its network into segments, for the purposes of restructuring service offerings to allow competition in certain aspects of electric-energy supply. This engagement included an assessment of valuations of nuclear and fossil units, as well as supply contracts with independent-power producers. Liberty also assisted in efforts to settle rate case and restructuring disputes involving, among other issues, stranded costs associated with power plants. The scope of Liberty's work included the development of plans and protocols for power plant (fossil, hydro, and nuclear) and power supply contract assets, as well as the oversight of activities associated with asset auctions.

Engagement Director for Liberty's evaluation of corporate relations and affiliate arrangements of Dominion Resources, Inc. and Virginia Power for the Virginia State Corporation Commission. This project addressed all significant aspects of corporate governance, operating relationships, and affiliate arrangements between the two entities.

Project Director for Liberty's evaluation of a report prepared by a consultant to the Hawaii Public Utilities Commission on the relationship between Hawaiian Electric Industries (HEI), a diversified utility-holding company, and Hawaiian Electric Company (HECO), its principal subsidiary and operating electric utility.

Project Director for all aspects of Liberty's comprehensive management and operations audit of West Penn Power Company for the Pennsylvania Public Utilities Commission. Managed focused reviews of the Company's affiliated costs, power dispatch and bulk power transactions, customer services, finance, and corporate services. Presented testimony before the PAPUC on behalf of the Office of Trial Staff regarding the results of the audit in West Penn's rate case.

Lead Consultant for affiliate relations for Liberty's assignment of providing assistance to Delmarva Power & Light Company in developing and implementing self-assessment and continuous-improvement processes.

Project Director for Liberty's reviews of fossil-fuel procurement and administration in Liberty's management/performance audits of the Centerior Energy Company's operating companies- Cleveland Electric Illuminating Company and Toledo Edison Company- and Ohio Edison, Monongahela Power (an Allegheny Power System operating company), and Cincinnati Gas & Electric, for the Public Utilities Commission of Ohio.

Served as advisor to the administrative law judge of the Delaware PSC responsible for hearing cases regarding the implementation of the new law that restructures the electric-utility industry in Delaware.

Engagement Director for nuclear-plant performance-improvement projects that Liberty conducted for Duquesne Light Company, Centerior Energy, Nebraska Public Power District, and Pennsylvania Power & Light Company (PP&L).

Engagement Director for a Liberty assignment for Florida Power Corporation, regarding a proposal by the Tampa Electric Company to construct transmission lines to serve the cities of Wauchula and Fort Meade, Florida. Liberty's testimony helped convince the Florida Public Service Commission that Tampa Electric Company's proposed line was uneconomic.

Directed Liberty's engagement to assist a regional electric generation and transmission cooperative, whose members' combined operations make it a major competitor in the state's electricity business, to conduct its first-ever comprehensive and formal strategic-planning process.

### *Natural Gas*

Project Manager for Liberty's examination of safety programs and activities of NiSource's Maine subsidiary Northern Utilities for the Maine Public Service Commission.

Project Manager for Liberty's focused and general management audits of NJR, New Jersey Natural Gas, and affiliates for the New Jersey Board of Public Utilities. This project included detailed examinations of affiliate relationships, governance, financing and utility ring-fencing, compliance with New Jersey EDECA requirements for affiliate separation, protection of confidential information, non-discrimination against third-party competitors with utility affiliates, and other code-of-conduct issues. Personally performed the reviews of governance, EDECA requirements compliance, and legal services.

Project Manager on a major focused audit of Peoples Gas/Integrysts that Liberty performed for the Illinois Commerce Commission. Audit topics included natural gas forecasting, portfolio design and implementation, gas purchase and sale transactions, controls, organization and staffing, asset management, off-system sales, storage optimization, and all other issues related to gas supply over a period of eight years.

Project Manager and witness on three recent audits of fuel (primarily coal and natural gas) procurement and management practices of Nova Scotia Power, a review of the merits and mechanics of a company-proposed automatic recovery method for energy costs, and an audit of affiliate relationships (including coal, electric power, and natural gas procurement activities) performed for the Nova Scotia Utility and Review Board.

Project Manager for Liberty's focused and general management audits of SJI, South Jersey Gas, and affiliates for the New Jersey Board of Public Utilities. This project included detailed examinations of affiliate relationships, governance, financing and utility ring-fencing, compliance with New Jersey EDECA requirements for affiliate separation, protection of confidential information, non-discrimination against third-party competitors with utility

affiliates, and other code-of-conduct issues. Personally performed the reviews of governance, EDECA requirements compliance, and legal services.

Project Manager for Liberty's work with staff of the Virginia State Corporation Commission to evaluate the services of an affiliate providing gas portfolio management services under an asset management agreement with Virginia Natural Gas, an operating utility subsidiary of Atlanta-based AGLR.

Project Manager for Liberty's focused audit of NUI Corporation and NUI Utilities. This audit included a detailed examination of the reasons for poor financial performance of non-utility operations, downgrades of utility credit beneath investment grade, and retail and wholesale gas supply and trading operations. Also examined performance of telecommunications, engineering services, customer-information-system, environmental, and international affiliates. The audit included detailed examinations of financial results, sources and uses of funds, accounting systems and controls, credit intertwining, cash commingling, and affiliate transactions, among others. Liberty's examination included very detailed, transaction-level analyses of commodities trading undertaken by a utility affiliate both for its own account and for that of utility operations.

Project Manager for Liberty's comprehensive management audit of United Cities Gas Company for the Tennessee Public Service Commission. Responsible for the focused reviews of affiliate interests, executive management and corporate planning, and vehicle management.

Lead Consultant in Liberty's management audit of Connecticut Natural Gas Company for the Connecticut Department of Public Utility Control (DPUC). Responsible for reviews of organization and executive management and legal management.

Lead Consultant in Liberty's management audit of Southern Connecticut Gas Company for the DPUC. Responsible for organization and executive management, affiliates, and legal management. Included valuation of a major, rate-based LNG facility being offered for sale.

Directed Liberty's management audit of Yankee Gas Services Company for the DPUC.

Engagement Director for Liberty's evaluation of regulatory needs and alternatives for the Georgia Public Service Commission in regulating the state's local-gas-distribution companies in the aftermath of FERC Order 636.

Project Director for Liberty's review of gas-purchasing policies and practices at Pike Natural Gas Company and Eastern Natural Gas Company for the Public Utilities Commission of Ohio. Responsible for the review of organization and staffing and regulatory-management issues.

### *Combination Utilities*

Engagement Director for Liberty's examination of the cost-allocation methods of Baltimore Gas & Electric Company and its affiliates for the Maryland Office of People's Counsel.

Project Director for Liberty's focused management audit of affiliate transactions of Public Service Electric & Gas Company (PSE&G) and the unregulated subsidiaries of Public Service Enterprise Group, Inc., the parent, for the New Jersey Board of Regulatory Commissioners. Task leader for the review of organization and planning, and executive management.

Project Director for Liberty's management and operations audit of New York State Electric & Gas Corporation for the New York Public Service Commission (NYPSC). Responsible for managing the review of corporate planning and organization, service centralization, specific corporate services, and finance and accounting.

Project Director for Liberty's management and operations audit of Central Hudson Gas & Electric Corporation for the NYPSC.

### *Telecommunications*

Arbitrator named by the District of Columbia Public Service Commission to address industry-wide need for amendments to interconnection agreements as a result of the FCC's Triennial Review Order.

Project Manager for assistance being provided to the Administrative Law Judge of the Delaware Public Service Commission hearing the arbitration to address industry-wide need for amendments to interconnection agreements as a result of the FCC's Triennial Review Order.

Project Manager for Liberty's engagement to serve as advisors to commissioners of the District of Columbia Public Service Commission in their review of the Section 271 application of Verizon to provide in-region, interLATA service in the District.

Project Manager for Liberty's engagement to serve as advisor to the administrative law judge of the Delaware Public Service Commission in the review of the Section 271 application of Verizon to provide in-region, interLATA service in the state.

Retained by the Idaho Public Utilities Commission to serve as administrative law judge in complaint proceedings involving three paging companies and Qwest, involving a variety of financial disputes arising out of interconnection and tariff purchases.

Conducted wholesale performance metrics training for staff members and commissioners of the Pennsylvania Public Utility Commission as part of efforts to monitor service quality and payments under the Verizon Performance Assurance Plan adopted in connection with the RBOC's entry into the in-region inter-LATA market in Pennsylvania.

Engagement Director for Liberty's comprehensive financial review of Verizon New Jersey Inc. (VNJ) for the New Jersey Board of Public Utilities. The review had three parts: a financial evaluation; a review of merger costs and savings; and an assessment of affiliate costs and transactions.



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

Engagement Director for Liberty's audit of Qwest's performance measures for the Regional Oversight Committee (ROC). Responsible for the evaluation of the processes and data tracking of several hundred wholesale and retail performance indicators including service areas such as provisioning, OSS access, maintenance and repair, and billing.

Project Manager and hearing administrator for Qwest's 271 hearings for the commissions of Idaho, Iowa, Montana, New Mexico, North Dakota, Utah, and Wyoming.

Engagement Director for Liberty's assistance provided to the Staffs of the Virginia State Corporation Commission and the New Jersey Board of Public Utilities in the implementation of the 1996 Telecommunications Act.

Project Manager for Liberty's assistance to Delaware PSC arbitrators in seven different interconnection cases arising out of the Telecommunications Act.

Served on an arbitration board in Mississippi, and as the sole arbitrator in two cases in Idaho regarding interconnection agreements between incumbent local-exchange companies and new entrants to the local telephone market.

Engagement Director for Liberty's work determining permanent prices for the unbundled-network elements of Southwestern Bell Telephone for the Oklahoma Corporation Commission.

Engagement Director for Liberty's provision of arbitration services to the North Dakota Public Service Commission and Nebraska Public Service Commission in cases involving implementation of the Telecommunications Act of 1996.

Engagement Director for Liberty's combined comprehensive management/affiliate-relations audit of Bell Atlantic - Pennsylvania for the PAPUC, and affiliate relations audit of Bell Atlantic - District of Columbia for the Public Service Commission (DCPSC) of the District of Columbia. Served as team leader with responsibility for the coordination of the review of executive management, finance, and support services.

Engagement Director for Liberty's examination of the accounting and allocation on lobbying costs of Bell Atlantic for an eight-year period for the DCPSC. Engagement included an examination of the propriety of policies and procedures for assigning and allocating lobbying costs.

Engagement Director for a management audit of GTE South, Inc. for the Kentucky Public Service Commission. This examination included a review of GTE's affiliate transactions.



Project Director for Liberty's evaluation of New York Telephone's transactions with affiliates for the NYPSC. Responsible for the review of affiliates involved in directories publishing, government affairs, international activities, information services, and the legal-affairs entity.

Project Director for Liberty's management audit of the affiliated interests of C&P Telephone of Maryland performed on behalf of the Maryland Public Service Commission.

Engagement Director for Liberty's two assignments for the DCPSC in reviewing Bell Atlantic - District of Columbia's construction-program planning and quality-of-service standards.

### *Other Companies*

Set up and managed service and facilities section of the PP&L Regulatory Affairs Department. Counseled utility management on regulatory and legislative matters. Litigated rate related and facility construction proceedings before agencies and the courts.

Attorney for the PAPUC. Assigned as counsel to the Commission's Audit Bureau in developing a comprehensive management-audit system. Negotiated contracts for the first commission-ordered management audits in Pennsylvania. Revised Commission organization and practice to conform to regulatory-reform legislation.

### **Testimony**

Nova Scotia Utility and Review Board – Testimony on the prudence of fuel procurement, affiliate relationships associated with fuel management, and use of an automatic adjustment clause to recover fuel costs.

Arizona Corporation Commission – Testimony on the merits and conditions of the proposed acquisition of UniSource by private investors.

Oregon Public Utility Commission – Testimony on the merits and conditions of the proposed acquisition of Portland General Electric by private investors.

Virginia State Corporation Commission - Testimony in arbitration cases regarding interconnection agreements between Bell Atlantic - VA and competing local exchange companies.

PAPUC - Presentation of management-audit recommendations and benefits for selected conclusions in West Penn Power Company request for rate increase.

Maryland Public Service Commission - Presentation and defense of management-audit conclusions, recommendations, and cost implications in C&P Telephone Company of Maryland (Bell Atlantic) rate case.

Illinois Commerce Commission - Testimony about fuels organization, procurement, and management in fuel-cost reconciliation proceedings.

Maryland Public Service Commission - Testified regarding Baltimore Gas & Electric Company's affiliate relations.

Tennessee Regulatory Authority - Testified regarding Liberty's recommendations in a management audit of United Cities Gas Company.

## **Education**

J.D., with academic honors, Dickinson School of Law

B.A., cum laude, Dickinson College

## Donald T. Spangenberg, Jr.

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### Areas of Specialization

Mr. Spangenberg has over 30 years of experience in the energy industry, with emphasis on utility fuel management for power generation. Mr. Spangenberg is an experienced Project Manager on projects in the gas and electric utility industry. Mr. Spangenberg has a strong history of work in strategic-business planning and in fuels management, including supply evaluation, procurement, marketing, contract negotiation, and administration. He has led numerous fuel-management-system studies and has developed comprehensive fuel-procurement programs and contract-administration systems.

### Relevant Experience

#### *Commission-Sponsored Studies*

Project Manager and Lead Consultant in an audit of the procurement practices for fuel and purchased power of Entergy Mississippi, Inc. for the Mississippi Public Service Commission.

Assistant Project Manager and Senior Consultant for Liberty's management/performance audit and financial audit of coal procurement and management of Duke Energy Ohio for the Public Utilities Commission of Ohio (PUCO). The overall purpose of each of these audits was to identify and evaluate the Company's policies, procedures and performance for fuel procurement, fuel utilization, purchased power, and capacity purchases, environmental compliance, as well as the accounting treatment of all related costs.

Assistant Project Manager for Liberty's audit for the New Mexico Public Regulation Commission of Southwestern Public Service Company (SPS) that included a management review of the prudence of SPS' transactions under the Renewable Energy Credit tracker as conditionally approved by the Commission and a financial review of both revenues and expenses in order to provide an analysis of any under-recovery or over-recovery. Similarly, Liberty performed an evaluation of SPS' fuel clause process and regulations and a financial audit of fuel clause computation. In addition reviews of purchases of coal, natural gas, oil, and purchased power, power plant operations, line losses, and cost allocation and assignment were also performed.

Project Manager and Senior Consultant for Liberty's management/performance audit of natural gas procurement and management of Columbia Gas of Ohio for the PUCO.

Assistant Project Manager and Senior Coal Consultant for Liberty's project to assist the Nova Scotia Utility and Review Board on development of the first ever Fuel Adjustment Mechanism (FAM) for Nova Scotia Power, Inc.

Project Manager and Senior Consultant for Liberty's management/performance audit of natural gas procurement and management of Duke Energy Ohio for the PUCO.

Project Manager and Senior Consultant for Liberty's coal procurement audit of Public Service of New Hampshire for the State of New Hampshire Public Utilities Commission.

Assistant Project Manager and Senior Coal Consultant for Liberty's project to assist the Nova Scotia Utility and Review Board on fuel matters related to the 2007 rate application of Nova Scotia Power, Inc.

Project Manager and Senior Consultant for Liberty's management/performance audit of natural gas procurement and management of Dominion East Ohio Gas Company for the PUCO.

Senior Coal Consultant for Liberty's fuel and purchased power procurement audit of Arizona Public Service Company for the Arizona Corporation Commission.

Assistant Project Manager and Senior Coal Consultant for Liberty's project to assist the Nova Scotia Utility and Review Board on fuel matters related to the 2006 rate application of Nova Scotia Power, Inc.

Assistant Project Manager and Senior Coal Consultant for Liberty's project to assist the Nova Scotia Utility and Review Board on fuel matters related to the 2005 rate application of Nova Scotia Power, Inc.

Project Manager and Senior Consultant for Liberty's management/performance audit of natural gas procurement and management of Cincinnati Gas and Electric Company for the PUCO.

Project Manager and Senior Consultant for Liberty's focused management audit of the fuel procurement policies and practices of Kentucky Utilities Company and Louisville Gas and Electric Company for the Kentucky Public Service Commission.

Project Manager and Senior Consultant for Liberty's management/performance audit of natural gas procurement and management of Vectren Energy Delivery of Ohio for the PUCO.

Project Manager and Senior Consultant for Liberty's natural gas procurement and supply management audit of Kentucky's five major local distribution companies for the Kentucky Public Service Commission.

Senior Consultant and Task Area leader for Liberty's audit of transmission and distribution revenue requirements of the Commonwealth Edison Company for the Illinois Commerce Commission.

Project Manager and Lead Consultant for Liberty's Management and Operations Audit of East Kentucky Power Cooperative for the Kentucky Public Service Commission.

Lead Consultant in the areas of preparation for competition in Liberty's Management and Operations Audit of the New York Power Authority for the New York State Office of the State Comptroller.

Project Manager and Lead Consultant for Liberty's review of the fuel purchasing policies, procurement models, and fuel management practices at Columbus Southern Power Company and Ohio Power Company (subsidiaries of American Electric Power Company) for the PUCO.

Project Manager for Liberty's review of the natural gas purchasing policies, procurement models, and fuel management practices at East Ohio Gas Company for the PUCO.

Project Manager and Lead Consultant for Liberty's review of the fuel-purchasing policies, procurement models, and fuel-management practices at Cincinnati Gas & Electric Company for the PUCO.

Project Manager and Lead Consultant for Liberty's review of the fuel-purchasing policies, procurement models, and fuel-management practices at Monongahela Power Company for the PUCO.

Senior Consultant in the area of fuels management for Liberty's management and financial audit of the management and operations of Public Service Company of New Hampshire, for the New Hampshire Public Utilities Commission.

Lead Consultant for Liberty's review of the fuel-purchasing policies, procurement models, and fuel-management practices at Ohio Edison for the PUCO.

Lead Consultant for Liberty's audit of the natural-gas-purchasing and supply-management policies and practices of KN Energy, Inc. for the Wyoming Public Service Commission. Responsible for the reviews of gas-supply planning, and organization, staffing, and controls.

Lead Consultant for Liberty's review of the fuel-purchasing policies, procurement models, and fuel-management practices of the Centerior companies (Cleveland Electric Illuminating Company and Toledo Edison Company) for the PUCO.

Led Liberty's review of fuel planning, acquisition, management, transportation, and disposal as part of a comprehensive management audit of West Penn Power Company for the Pennsylvania Public Utility Commission.

### *Utility Strategy*

Project Manager and Lead Consultant for Liberty's facilitation of strategic planning for Powder River Energy Corporation, a Wyoming electric-distribution cooperative. Project Manager for a second project aimed at improving operations and evaluating opportunities for diversification.



Project Manager and Lead Consultant for Liberty's facilitation of a meeting of participants in the Wyoming power-generation industry, for the Governor of Wyoming, with the objective of developing the basis for a strategic-energy plan for the State of Wyoming.

Project Manager and Lead Consultant for Liberty's power-marketing project for a western owner of power plants. This project included development of options for sale of electric power from the company's facilities, training in the operation of local and regional electric-power markets, and assistance with the evaluation and selection of the optimal market for this electric power.

Senior Consultant for Liberty's project for a western regional utility to explore options to ownership of its generating assets, because of expected changes in power-sales agreements. Liberty defined the components of the utility's current generation operations for comparison with alternative scenarios in the areas of power resources, ownership structures, operating entities, asset-securitization structures, and methods of gaining added operational leverage. Strategic options were structured, and the framework for comparative analysis was established to provide decision-making information for the utility's management and its board of directors.

Managed Liberty's project that assessed the effects of electric-industry restructuring on all of the members of the Colorado Independent Energy Association (CIEA). CIEA represents about 20 owners of small power-generation projects (qualifying facilities—QF—as defined under PURPA) who sell power to their local electric utility. The project involved detailed assessment of the current regional market for electric-power sales, evaluation of existing power-sales agreements, and analysis of the operations and economics of the QF facilities. The project included a review of national electric-industry initiatives and programs, and a formal presentation of findings and strategies to CIEA's members.

Lead Consultant for Liberty's study for Colorado Springs Utilities to assist this utility in addressing the organizational impacts associated with a transition to automated meter reading (AMR). Consideration of the issues of human-resource management in conjunction with technical changes was a large part of this work. Liberty's work included a survey of the experiences and lessons learned from 25 utilities that had already experienced the transition to AMR.

Senior Consultant for Liberty's assessment of the manpower-planning and workforce-management activities of the Gas & Electric Distribution unit of Public Service Company of Colorado. Specific elements of focus included activity tracking and timekeeping as it related to workforce-management processes. This project included interviews with selected managers and concluded with a workshop involving these same individuals to identify opportunities for process improvement and develop action plans in workforce management.

Senior Consultant for Liberty's project to review the natural-gas main-extension policy of Dayton Power & Light Company and to recommend revisions to this policy to permit the company to maintain its competitiveness after the restructuring of the natural-gas industry.

### *Fuels Management*

Project Manager and Lead Consultant for Liberty's process-improvement project for Alabama Electric Cooperative, Inc. This project included analysis of operations and development of recommendations for improvement of policies, practices, processes, and procedures in the areas of fuel management for electricity-generating stations, and operations and maintenance of the stations.

Lead Consultant for Liberty's preparation of a comprehensive set of fuel-management policies and procedures for the Fuel Department of Potomac Electric Power Company. This project included development of governing policies and the procedures for all aspects of procurement, transportation, utilization, contract administration, and inventory management of coal, oil, and natural gas as power-generation fuels.

Led a fuel procurement and management study for Missouri Public Service Company. Conducted assessment of the organizational requirements for fuel-procurement systems and procedures. Analyzed and recommended action in the following areas related to fuel management: organization, personnel, and job descriptions; fuel planning and budgeting; fuel procurement; selection of coal suppliers and carriers; coal-contracting strategy; coal sales; and reporting and information systems.

Served as Project Leader of two projects at Ohio Edison Company: an analysis of fuel-information flow and a fuel-supply organization study. Evaluated effectiveness of fuel-material flow and associated information flow, and made recommendations to improve efficiency. Assessed capabilities of personnel. Studied organization alternatives and recommended new organization structure.

Served as co-project leader of a retrospective analysis of key fuel-procurement actions and decisions of Central Illinois Public Service Company to determine whether prior actions and decisions were reasonable. Conclusions included evaluation of contractor performance, contract administration, fuel-procurement operations and procedures, and organizational issues.

Led a fuel-management systems study for Intermountain Power. Identified fuel-management needs of a utility that had not burned coal before. Developed conceptual design of suitable system. Conducted detailed interviews with all utility departments that had dealings with the fuel function, as well as with coal suppliers and railroads. Surveyed fuel management practices of 18 other utilities.

Led a coal-contract-escalation structure and evaluation project for Missouri Public Service Company. Recommended new concepts, correlated deficiencies in existing concepts, and structured new contract language.

### *Legal Industry*

Led Liberty's project at National Fuel Gas Distribution Corporation to develop the strategy and procedures for selection and management of outside legal counsel. This work included establishing the need for outside counsel, selection and contracting with outside counsel, and management and evaluation of the services of outside counsel.

Served as chief operating officer for two Colorado law firms with responsibility for all aspects of law-firm business management. Responsibilities included risk management, financial management, personnel management, strategic planning, marketing, and general business management and operation.

Management consultant to over 25 law firms on strategic planning, marketing, personnel management, risk management, and general business management and operation of the law firm.

### **Other Experience**

President, Management Insight – Formed this management consulting firm providing specialized consulting to users and suppliers in the energy industry. Assisted clients in fuel-supply evaluation and procurement, fuel management and contract preparation, negotiation, and administration. Also provided general management consulting, including strategic analysis, business planning, and development of marketing programs.

Vice President, Marketing, Northern Coal Company – Responsible for development and implementation of marketing program, including sales and customer relations, market research and planning, and contract and traffic administration for \$20-million coal subsidiary of InterNorth. Restructured the marketing department. Negotiated and administered six coal supply agreements with customers in Japan and Korea, including first agreements made by Japanese utilities with a western U.S. coal supplier.

Fuel Supply Manager, Public Service Company of Colorado – Responsible for management of energy supplies required to fuel electricity-generating stations of a \$1 billion electric and gas utility. Principal evaluator of fuel supplies and negotiator and administrator of fuel contracts for \$175 million in annual fuel purchases.

General Electric, Nuclear Division - Nuclear Field Engineer, starting up BWRs in Germany (KRB) and India (Tarapur). Also worked as a nuclear fuel sales specialist, preparing, presenting, and negotiating contracts for sale of nuclear fuel and nuclear-fuel reprocessing services to electric utilities in the U.S.

### **Education**

M.B.A., Stanford University

B.S.E., *cum laude*, Chemical Engineering, Princeton University

## **Publications and Presentations**

Taught numerous courses in the Colorado Continuing Legal Education program on business management and marketing of law firms. Representative course titles included: Building Your Trial Practice, Developing and Marketing Your Practice, Business Planning for Law Firms, The Competitive Lawyer, and Effective Client Development Strategies.

Wrote numerous articles for *The Colorado Lawyer*. Representative article titles included: "The Business Management Approach to Avoiding Legal Malpractice Claims," "The Attorney's Professional Liability Insurance Alternative," and "Good Business Management Decreases Malpractice Exposure."

Certified Instructor at the National Legal Resource Center. Primary course was entitled Marketing and Client Development.

## **Randall E. Vickroy**

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### **Areas of Specialization**

Mr. Vickroy has over 20 years of experience in the utility industry, including ten years as a management consultant. He has managed and performed numerous high-level consulting assignments at companies and utility commissions in over 25 states. His areas of expertise include corporate finance and treasury management; capital markets and financing vehicles; utility industry restructuring; utility rates and pricing; non-regulated lines of business and affiliations; strategy and planning issues; asset valuations and decision-making; capital and expense budgeting and forecasting; corporate resource allocation; and financial and economic analysis.

### **Relevant Experience**

Lead Consultant on electrical energy and capacity purchases and sales and hedging and capital budgeting on Liberty's management and operations audit of the electricity and natural gas of Iberdrola SA/Iberdrola USA/NYSEG and RG&E for the New York Public Service Commission.

Lead Consultant on electrical energy and capacity purchases and sales and hedging and capital budgeting on Liberty's management and operations audit of the electricity, natural gas, and steam operations of ConEd for the New York Public Service Commission.

Lead Consultant for Liberty's comprehensive, detailed affiliate relationships and transactions audit of Duke Energy Carolinas for the North Carolina Utilities Commission staff.

Lead Consultant for the performance of Liberty's audit for the Delaware Public Service Commission of a diagnostic audit of the affiliate costs borne by Delmarva Power, a member of the multi-state holding company, PHI.

Lead Consultant for Liberty's audit of Arizona Electric Power Cooperative for the Arizona State Corporation Commission which included reviews of fuel procurement and management, bulk electricity purchases and sales, power plant management, operations and maintenance, energy clause design and operation, and other issues affecting the prudence, reasonableness, and accuracy of costs that passing through the fuel and energy clause.

Lead Consultant for Liberty's audit of Southwestern Public Service for the New Mexico Public Regulation Commission of SPS that included a management review of the prudence of SPS' transactions under the Renewable Energy Credit tracker as conditionally approved by the Commission and a financial review of both revenues and expenses in order to provide an analysis of any under-recovery or over-recovery. Similarly, Liberty performed an evaluation of SPS' fuel clause process and regulations and a financial audit of fuel clause computation. In



addition reviews of purchases of coal, natural gas, oil, and purchased power, power plant operations, line losses, and cost allocation and assignment were also performed.

Lead Consultant for Liberty's audit of East Kentucky Power Cooperative, which included examinations of Governance, Planning, Finance, and Budgeting. Liberty performed for the Kentucky Public Service Commission an examination of governance at a generation and transmission cooperative serving 16 distribution cooperatives across the state. This study came in the wake of significant financial difficulties and also addressed planning, budgeting, financial, and risk functions and activities.

Lead Consultant for Liberty's audit for the Virginia State Corporation Staff of Potomac Edison Distribution System Transfer. Liberty examined the public interest questions associated with the transfer by an Allegheny Energy's utility operating subsidiary (Potomac Electric) of all of its electricity distribution operations business and facilities in Virginia to two rural electric cooperatives.

Served as Lead Consultant in an audit of the fuel and purchased-power procurement practices and costs of Arizona Public Service Company for the Arizona Corporation Commission. Responsible for reviews of its contracting and supply-management practices for natural gas. His assignment in the Arizona project included an examination of the reasons for differences in off-system sales between Arizona Public Service, including specifically PNM and Salt River Project.

Led the review of finance and the protection and insulation of the utility from parent and non-utility operations and finances on Liberty's focused and general management audits of NJR, New Jersey Natural Gas, and affiliates for the New Jersey Board of Public Utilities. This project included detailed examinations of affiliate relationships, governance, financing and utility ring-fencing, compliance with New Jersey EDECA requirements for affiliate separation, protection of confidential information, non-discrimination against third-party competitors with utility affiliates, and other code-of-conduct issues.

Lead Consultant in Liberty's audit of Duke Energy Carolinas for the North Carolina Utilities Commission, focusing on issues of compliance with regulatory conditions and code of conduct.

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

Lead for examination of financing and risk management on Liberty's focused audit of NUI Corporation and NUI Utilities. This audit included a detailed examination of the reasons for poor financial performance of non-utility operations, affect of affiliate operations, including commodity trading on utility credit and finance, downgrades of utility credit beneath investment grade, and retail and wholesale gas supply and trading operations. The audit included detailed

examinations of financial results, sources and uses of funds, accounting systems and controls, credit intertwining, cash commingling, and affiliate transactions, among others. Liberty's examination included very detailed, transaction-level analyses of commodities trading undertaken by a utility affiliate both for its own account and for that of utility operations.

Served as Lead Consultant in Liberty's review of acquisitions of UniSource (Arizona) and Portland General Electric (Oregon) focusing on utility financial insulation, governance, service reliability, access to information, and community presence issues.

Lead Consultant in Liberty's comprehensive analysis of the ratemaking implications of Commonwealth Edison's Chicago electric service outages for the Illinois Commerce Commission. Responsible for investigating and analyzing ComEd's capital budgeting, resource allocation, project management, expenditure levels and rate base impacts for operations leading up to and in response to the outages.

Lead Consultant in Liberty's review of the financial integrity and earnings of Verizon New Jersey's rate regulated and competitive businesses for the New Jersey BPU. Responsible for the financial evaluation of VNJ's earnings, capital structure, rates of return, dividend policies, credit ratings, financial reporting, SEC reporting, and BPU surveillance reports.

Lead Consultant in Liberty's financial audit for ratemaking purposes of Verizon New Hampshire for the New Hampshire Public Utilities Commission. Responsible for a broad and comprehensive analysis of the financial status of VNH, including an audit of the books and records of the Verizon parent, in order to assist the commission in determining rate base, rates of return and appropriate adjustments for the test year.

Project Manager for the development and implementation of regulatory financial systems and models for deregulated ratemaking at Pacific Gas and Electric Company. The project involved developing regulatory strategy, California PSC earnings monitoring models, data bases, analytical models and reporting for all regulatory requirements of PG&E's regulated businesses.

Led the development of a framework and strategy to resolve all electric industry restructuring issues between the State of New Hampshire, Public Service Company of New Hampshire, and the NHPSC. Project included assessment and valuation of all key assets and development of a disposition strategy for all generation assets, contracts and obligations. The project also included the assessment of alternative rate paths; planning for the securitization and recovery of stranded costs; and the development of provisions for power supply purchases during a transition period.

Team leader for the review of the New York Power Authority's profitability, financial reporting, rate competitiveness, pricing policies, power plant economics and economic development programs in this management audit for the state of New York. NYPA is the largest generator and carrier of power in New York, providing over 25 percent of the electricity sold.

Team leader in providing consulting assistance to Kentucky Utilities in preparing its 1993 application for implementing an environmental surcharge. Responsibilities included analyzing legislation, analysis of capital expenditures, analysis of KU's Clean Air Act compliance plan,

analysis of costs recoverable under the surcharge, and developing testimony, exhibits, special accounting systems, and rate tariffs.

Project Leader for providing consulting assistance to Big Rivers Electric in preparing its 1994 application for implementing an environmental surcharge. Responsibilities included a review and evaluation of the economics of a major investment in a flue gas scrubber, analysis of Big Rivers' Clean Air Act compliance plan, evaluating cost recoverable under the surcharge, and developing surcharge testimony, exhibits, accounting systems and rate tariffs.

Consultant in Liberty's management audit of GTE South - Kentucky for the Kentucky Public Service Commission. Responsible for the analysis of the financial-management of GTE as it relates to the operation of its GTE South subsidiary.

Lead Consultant in Liberty's management audit of Bell Atlantic - Pennsylvania and Bell Atlantic - District of Columbia for their respective commissions. Responsible for reviewing Bell Atlantic's capital structure, finance and controller functions, financial systems, and treasury operations. Focus areas included the impact of telephone industry competition on capital budgeting, financial management strategy, and treasury operations.

Leader for all financial areas in the review of affiliate transactions among Public Service Electric and Gas, its holding company parent, and the extensive diversified businesses of the holding company. Responsible for evaluating PSE&G's consolidated finance functions to determine whether the financial integrity, flexibility, and cost of capital of the regulated utility had been adversely affected by the activities of diversified affiliates. Work included the review and analysis of the long-term financing, cash management, direct and indirect credit support mechanisms, investor relations, and all transactions between and among the affiliates.

Led the review of finance, cash management, budgeting, and rates in Liberty's comprehensive management audit of Southern Connecticut Gas for the Connecticut DPUC. Responsibilities included operational audits of all finance, regulatory and budgeting processes of SCG.

Led the review of the finance, cash management, budgeting, accounting and rate functions in Liberty's comprehensive management audit of Connecticut Natural Gas for the Connecticut DPUC. Work also included a focus on the financial impacts of CNG's non-regulated businesses, which includes a large steam system in downtown Hartford.

Led the review of the finance, cash management, budgeting, rates, and tax functions in Liberty's comprehensive management audit of Yankee Gas for the Connecticut DPUC. Evaluation included an in-depth analysis of the effectiveness of Yankee's capital and expense budgeting processes and the integration of market and competitive components into these processes.

Led the review of the finance, regulatory and accounting functions in Liberty's management audit of United Cities Gas for the Tennessee Public Service Commission. Responsibilities included a review of all financial functional areas, as well as a review of the impact of all affiliate transactions between the regulated and non-regulated businesses.

Led the evaluation of the financial relationships between Hawaiian Electric Industries and Hawaiian Electric Company for the Hawaii Department of Commerce and Consumer Affairs. The focus of the review was the credit and financial support provided by the utility company to the holding company and its diversified businesses.

Led the review and analysis of corporate governance, financial relationships and affiliate transactions between Virginia Power and its parent, Dominion Resources for the Virginia State Corporation Commission. The review included an evaluation of all utility and non-utility financing, governance and economic impacts. The engagement was in response to a well-publicized dispute between the holding company and Virginia Power.

Led the consulting and monitoring of contracting for electric supply by Western Massachusetts Power following the sale of its generation assets under electric deregulation.

Led the review and evaluation of the financial management practices of a major utility holding company. Engagement included an assessment of overall financial management and crisis-liquidity plans; strategic and business planning; asset valuations and their accounting impacts upon deregulation; independent power contract buy-downs; and rate reduction strategies.

Led the evaluation and recommendation of strategic lines of business for a major municipal utility facing industry deregulation.

Led the development of a strategic framework for the establishment and growth of non-regulated businesses for a major international electric holding company.

Led the development, analysis, and recommendation of alternative electric generation and power resource strategies for a regional generation and transmission company in preparation for electric deregulation.

Led the review and evaluation of all utility and non-utility financing, financial relationships, and affiliate transactions between a major utility holding company and its electric company subsidiary.

Leader for all financial areas in the evaluation of the diversified businesses of a major utility holding company. Engagement determined the impact on financial integrity, financial flexibility, credit mechanisms, and the cost of capital of the substantially diversified businesses of the holding company.

Led the development of an overall gas business strategy, capital asset allocation methods, financial analysis programs and gas main extension policy for a Midwestern combination utility.

## **Education**

M.B.A., Finance, University of Denver

B.A., Business Administration, Monmouth College



## Michael Antonuk

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### Areas of Specialization

Energy and telecommunications data system analysis and research, project management and business planning.

### Relevant Experience

Senior Analyst on Liberty's management and operations audit of the electricity, natural gas, and steam operations of Iberdrola SA/Iberdrola USA/NYSEG and RG&E for the New York Public Service Commission.

Senior Analyst on Liberty's management and operations audit of the electricity, natural gas, and steam operations of ConEd for the New York Public Service Commission.

Senior Analyst for Liberty's management/performance audit and financial audit of coal procurement and management of Duke Energy Ohio for the Public Utilities Commission of Ohio.

Senior Analyst on three recent audits of fuel procurement and management practices of Nova Scotia Power, a review of the merits and mechanics of a company-proposed automatic recovery method for energy costs, and an audit of affiliate relationships (including coal, electric power, and natural gas procurement activities) performed for the Nova Scotia Utility and Review Board.

Senior Analyst in an audit of the fuel and purchased-power procurement practices and costs of Arizona Public Service Company for the Arizona Corporation Commission. Responsible for reviews of the gas and power transactions of the utility and a wholesale marketing affiliate.

Senior Analyst on Liberty's management and operations audit of Columbia Gas of Ohio for the Public Utilities Commission of Ohio.

Project Coordinator and Senior Analyst for Liberty's focused and general management audits of NJR, New Jersey Natural Gas, and affiliates for the New Jersey Board of Public Utilities. Personally performed the reviews of all gas transactions of the Utility and a wholesale gas marketing affiliate, assisted in the review of EDECA requirements compliance.

Project Coordinator and Senior Analyst on Liberty's focused management and affiliates audit of People's Energy/Integrus for the Illinois Commerce Commission. Responsible for reviews of natural gas transactions of two regulated utilities, a retail energy affiliate, and a wholesale marketing affiliate.



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

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

Project Coordinator on Liberty's focused audit of NUI Corporation and NUI Utilities, responsible for communication and data exchange between Liberty and NUI. Analyzed commodity trade transaction and accounting information for gas purchases and sales by an affiliate conducting trades for utility and non-utility operations. Examined financial results, sources and uses of funds, accounting systems and controls, credit intertwining, cash commingling and affiliate transactions.

Performed research and analysis as part of Liberty's audit of the competitive service offerings of New Jersey's four main electric companies on behalf of the New Jersey Board of Public Utilities, focusing on cost allocation issues and compliance with the separation guidelines within the New Jersey Energy Competition Standards.

Responsible for designing and implementing sample reviews and analysis of cost data sets as part of Liberty's transmission and distribution revenue requirements audit of Commonwealth Edison for the Illinois Commerce Commission. Performed extensive, detailed examinations of utility cost and operations data.

Analyst for Liberty's audit of Ameritech-Ohio policies, procedures and compliance with service quality performance requirements under Ohio's Minimum Telephone Service Standards (MTSS). Performed in-depth analysis of methods used by Ameritech to calculate performance measures, and conducted extensive recalculation of MTSS and merger-related performance measures.

## **Education**

B.S. in Business and Economics, Finance Major, Lehigh University

## Appendix B: Project Summaries and References



A list of Liberty clients and a summary of the work performed follows. Liberty's strong rate of growth in customer base demonstrates Liberty's ability to provide cost-effective, timely work products for its clients.

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### **A. Directly Relevant Projects**

#### **1. Management and Operations Audits**

**Client:** New York Public Service Commission  
**Client Contact:** Henry Leak, Management Audit Unit  
NYS Department of Public Service  
Empire State Plaza  
Agency Building 3  
Albany, NY 12223-1350  
(518) 486-2478

**Summary:** Liberty performed a management and operations audit of the electricity, natural gas, and steam operations of ConEd for the New York Public Service Commission. Task areas include: Corporate Planning, Forecasting, System Planning, Supply Procurement, Budgeting, Program and Project Planning and Management, Workforce Management, and Performance and Results Measurement.

**Client:** NorthWestern Energy  
**Client Contact:** William T. Rhoads, General Manager – NorthWestern Energy Distribution Operations  
NorthWestern Energy  
40 E. Broadway  
Butte, MT 59701  
(406) 497-3496

**Summary:** Liberty has for some time been assisting NorthWestern Energy in the ongoing development of a major, long-term infrastructure improvement plan. That work includes participation in a broadly-based stakeholder group, which has been engaged with NorthWestern in a many-month process of sharing ideas about service objectives,

capital and O&M programs, Smart Grid development, costs of alternative future program, and future ratemaking alternatives. Liberty's work includes assistance in identifying, prioritizing, planning, budgeting, and subjecting to project management and performance measurement systems major infrastructure improvement needs affecting both electricity and natural gas delivery networks. The engagement includes an overall assessment of U.S. infrastructure (energy and non-energy) declines, major governmental support initiatives for infrastructure improvement, Smart Grid opportunities and risks, novel utility/regulator plans for participatory infrastructure planning and cost recovery methods, the merging of urban and rural service expectations, the particular difficulties in maintaining rural reliability in normal and transient conditions, and other issues surrounding the full integration of capital and O&M planning across both short and very long horizons.

**Client:** New Jersey Board of Public Utilities (*Focused and Management Audit of AGLR, ETG, and its Affiliates*)

**Client Contact:** Arthur Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

**Summary:** Liberty completed a management and operations audit of AGLR/Elizabethtown Gas. This is the third such audit Liberty has performed of New Jersey natural gas LDCs for the Board of Public Utilities. Its scope included, among other issues, reviews of organization structure; risk management; utility focus within a holding company structure; transactions between the utility and affiliates; performance of centralized services by the corporate entity; resource numbers and qualifications; and procedures, policies, systems, practices, and activities associated with the planning, execution, and details of energy purchases and sales and of corporate and infrastructure planning, budgeting, performance measurement, compensation, system construction, operations, maintenance, and customer service.

**Client:** Alabama Electric Cooperative, Inc.

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

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

**Client:** Arkansas Public Service Commission (APSC), Arkansas Western Gas Company (AWG), and the Office of the Attorney General (AG) of the State of Arkansas. (*auditing AWG*)

<b>Client Contacts:</b> Ms. Donna Gray	Mr. Ricky Gunter
Director, Financial Analysis	Arkansas Western Gas Company
Arkansas Public Service Commission	1083 Sain Street
1000 Center Street	P.O. Box 1408
Little Rock, AR 72201	Fayetteville, AR 72702-1408
(501) 682-5720	(501) 582-8482

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

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

**Client:** Connecticut Department of Public Utility Control (*auditing Southern Connecticut Natural Gas Company*)

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

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

**Client:** The Dayton Power and Light Company

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

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

**Client:** Kentucky Public Service Commission (*auditing East Kentucky Power Cooperative, Inc.*)

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

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

**Client:** New Hampshire Public Utilities Commission (*auditing Public Service New Hampshire*)

**Client Contact:** Thomas B. Getz, Chairman  
New Hampshire Public Utilities Commission  
21 South Fruit Street  
Concord, NH 03301-2429  
Concord, New Hampshire 03301-7319  
(603) 271-2431

*Summary:* Liberty performed a management and financial audit of Public Service Company of New Hampshire (PSNH) for the Commission. This audit was conducted during the course of the Commission's review of a rate filing by the company. A significant component of this investigation was an examination of the fuel management practices and procedures of the utility that burned a mix of coal, fuel oil and natural gas. The examination of such costs was of



material assistance to the Commission in examining the projected profitability of the various business segments under a range of assumptions about the future regulatory and market environments in which those segments would operate. Liberty assumed a principal role in negotiating outstanding restructuring issues and litigation between the NHPUC and PSNH, and is supporting the settlement in testimony before the Commission and the New Hampshire legislature. Liberty also provided on-going oversight of PSNH's preparations to sell its fossil-fueled and hydroelectric power plants through an auction, on behalf of the NHPUC. Monitoring activities included: meeting with PSNH and its investment banker and counsel to check on preparation progress, reviewing draft descriptive memoranda, providing comments to PSNH about terms and conditions of the proposed divestiture, and reporting on progress and issues to the NHPUC's senior Staff.

**Client:** New Jersey Board of Public Utilities (*Focused and Management Audit of NJR and its Affiliates*)  
**Client Contact:** Arthur Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** New Jersey Board of Public Utilities (*Focused and Management Audit of SJI and its Affiliates*)  
**Client Contact:** Arthur Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** New Jersey Board of Public Utilities (*Focused Audit of NUI Corp. and its Affiliates*)  
**Client Contact:** Art Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** New York Public Service Commission (*auditing New York State Electric & Gas Corp.*)  
**Client Contact:** Ron Pelinski, Management Audit Section  
New York Public Service Commission

State of New York  
Three Empire Plaza  
Albany, New York 12223  
(518) 486-2480

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

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

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

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

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

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

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

**Clients:** Pennsylvania Public Utility Commission (*auditing Bell Atlantic - Pennsylvania*) and District of Columbia Public Service Commission (*auditing Bell Atlantic - District of Columbia*)  
**Client Contacts:** Kathy Swords, Bureau of Audits (PA) and Dwayne Boyd, Chief Auditor (D.C.)  
Pennsylvania Public Utility Commission  
901 N. Seventh Street - Rear  
Harrisburg, Pennsylvania 17105-3265  
(717) 772-0315

Public Service Commission of the District of Columbia  
450 5th Street, N.W.  
Washington, D.C. 20001

(202) 626-5100

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

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

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

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

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

## 2. Supply Planning and Energy Procurement – Natural Gas Companies

**Client:** Illinois Commerce Commission (*auditing Peoples Gas and North Shore Gas*)  
**Client Contact:** Bill Voss  
527 East Capitol Avenue  
Springfield, IL 62701  
(217) 782-2061

*Summary:* Liberty performed for the Illinois Commerce Commission a major focused audit of natural gas forecasting, portfolio design and implementation, gas purchase and sale transactions, controls, organization and staffing, asset management, off-system sales, storage optimization, and all other issues related to gas supply over a period of eight years.

**Client:** New Jersey Board of Public Utilities (*Focused and Management Audit of NJR and its Affiliates*)  
**Client Contact:** Art Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** New Jersey Board of Public Utilities (*Focused Audit of NUI Corp. and its Affiliates*)  
**Client Contact:** Art Gallin, Division of Audits  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** New Jersey Board of Public Utilities (*Focused and Management Audit of SJI and its Affiliates*)  
**Client Contact:** Arthur Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** State Corporation Commission Commonwealth of Virginia (*Evaluation of Virginia Natural Gas' Asset Management Agreement*)  
**Client Contact:** Lawrence Oliver, Assistant Director, Division of Economics & Finance  
State Corporation Commission Commonwealth of Virginia  
P.O. Box 1197  
Richmond, VA 23218  
(804) 371-9358

*Summary:* Liberty worked with staff of the Virginia State Corporation Commission to evaluate the services of an affiliate providing gas portfolio management services under an asset management agreement with Virginia Natural Gas, an operating utility subsidiary of Atlanta-based AGLR.



**Client:** New Hampshire Public Utilities Commission (*Focused Audit of EnergyNorth Natural Gas, Inc.*)  
**Client Contact:** Stephen Frink, Assistant Director, Gas & Water Division  
New Hampshire Public Utilities Commission  
21 South Fruit Street  
Concord, NH 03301-2429  
(603) 271-7965

*Summary:* Liberty assisted the Commission's Staff in evaluating the demand forecasting and gas-supply planning of EnergyNorth Natural Gas Company, Inc. (ENGI), the New Hampshire subsidiary of KeySpan Energy Delivery New England. As part of that review, Liberty evaluated ENGI's use of a Gas Resource Portfolio Management and Gas Purchase Agreement between ENGI and Entergy-Koch Trading, an asset manager. The review was conducted as part of a formal investigation of these issues conducted by the New Hampshire PUC. The Liberty team filed a report and presented testimony in the investigation proceeding, and in related purchased-gas-cost recovery proceedings. The issues in the associated proceedings were settled between the Staff and the Company, to the satisfaction of the Commission.

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

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

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

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

**Client:** The Kentucky Public Service Commission (*auditing 5 major Kentucky LDCs*)  
**Client Contact:** John A. Rogness III, Manager, Management Audit Branch  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601  
(502) 564-3940

*Summary:* Liberty conducted a focused management and process audit of the gas supply and procurement functions of Kentucky's five major gas local distribution companies (collectively referred to as "LDCs") conducted for the



Kentucky Public Service Commission (*Commission*). The LDCs include Columbia Gas of Kentucky, Inc. (*Columbia*), Delta Natural Gas Company, Inc. (*Delta*), Louisville Gas and Electric Company (*LG&E*), The Union Light, Heat, and Power Company (*ULH&P*), and Western Kentucky Gas Company (*Western*).

There were two equally important primary objectives in this audit. The first primary objective was to examine and evaluate each of the major Kentucky LDCs' gas planning, procurement, and supply management processes and strategies, and make recommendations on a going forward basis. The Commission was especially concerned about the increased volatility being experienced in wholesale gas markets and how that has been translated to retail markets. The focus of the audit was therefore on determining whether the LDCs' planning, procurement, and supply management organizations were designed to produce a gas supply portfolio which adequately addressed the issues of minimizing cost to retail customers, reasonably mitigating price volatility, and maintaining a reasonable level of reliability.

The second equally important objective was to provide training to select Commission Staff during the course of the audit in order to help Staff understand, review and evaluate LDC gas procurement, gas portfolio management, and gas supply management related issues in the future. This training included both "classroom" training, and also more hands-on type instruction.

**Client:** Wyoming Public Service Commission (*auditing K N Energy*)  
**Client Contact:** Dave Mosier  
Wyoming Public Service Commission  
700 West 21st Street  
Cheyenne, Wyoming 82002  
(307) 777-5709

*Summary:* Liberty performed an evaluation of gas supply operations at K N Energy, which prior to FERC Order 636 had served as an integrated supply system stretching from Wyoming and Colorado to Kansas. K N Energy had supplied the full range of vertically integrated gas supply functions, including production, gathering, transmission, marketing, sales, and service. The breadth of its operations required it to deal with virtually every facet of operations affected by Order 636. Liberty assisted the Wyoming Commission in examining the implications of the company's post-Order 636 restructuring for the state's gas customers.

### 3. Energy Procurement – Electric Companies

**Client:** New York Public Service Commission  
**Client Contact:** Henry Leak, Management Audit Unit  
NYS Department of Public Service  
Empire State Plaza  
Agency Building 3  
Albany, NY 12223-1350  
(518) 486-2478

*Summary:* Liberty performed a management and operations audit of the electricity, natural gas, and steam operations of ConEd for the New York Public Service Commission. Task areas include: Corporate Planning, Forecasting, System Planning, Supply Procurement, Budgeting, Program and Project Planning and Management, Workforce Management, and Performance and Results Measurement.

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

*Summary:* Liberty completed audits relating to fuel procurement and management and on rate and regulatory accounting for related costs at Arizona Public Service Company for the Arizona Corporation Commission. The fuel and purchased power audit included extensive reviews of all physical and financial transactions of both the utility and a wholesale marketing affiliate, including the relationship between the two entities.

**Client:** New Mexico Public Regulation Commission (*auditing Southwestern Public Service Company*)  
**Client Contact:** Mr. Matthew Lovato, Chief Financial Officer  
Public Regulation Commission of New Mexico  
PERA Building – Room 335  
1120 Paseo de Peralta  
Santa Fe, NM 87504  
(505)-872-6940

*Summary:* Liberty performed an audit for the New Mexico Public Regulation Commission of Southwestern Public Service Company (SPS) that included a management review of the prudence of SPS' transactions under the Renewable Energy Credit tracker as conditionally approved by the Commission and a financial review of both revenues and expenses in order to provide an analysis of any under-recovery or over-recovery. Similarly, Liberty performed an evaluation of SPS' fuel clause process and regulations and a financial audit of fuel clause computation. In addition reviews of purchases of coal, natural gas, oil, and purchased power, power plant operations, line losses, and cost allocation and assignment were also performed.

**Client:** Public Utilities Commission of Ohio (*auditing Duke Energy Ohio*)  
**Client Contact:** Ms. Tamara Turkenton, Accounting and Electricity Division, Utilities Department  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215-3793  
(614) 466-1825

*Summary:* Liberty completed a two-phased management/performance audit and financial audit of coal procurement, management and environmental compliance of Duke Energy Ohio for the Public Utilities Commission of Ohio (PUCO). The overall purpose of each of these audits was to identify and evaluate the Company's policies, procedures and performance for fuel procurement, fuel utilization, purchased power, and capacity purchases, environmental compliance, as well as the accounting treatment of all related costs.

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

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

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

*Summary:* Liberty conducted the 2003 Gas Cost Recovery management/performance audit of Cincinnati Gas and Electric Company. The focus areas included supply planning; organization, staffing and control; gas acquisition; transportation; balancing; regulatory management; response to changes in regulation (primarily new Customer Choice programs in Ohio); follow-up to issues raised in the last audit; and several company-specific issues that were important to the PUCO.

**Client:** Public Utilities Commission of Ohio (*auditing Dominion East Ohio Gas*)  
**Client Contact:** Thomas C. Pearce II, Natural Gas Specialist  
Public Utilities Commission of Ohio

180 East Broad Street  
Columbus, Ohio 43215-3793  
(614) 466-1846

*Summary:* Liberty performed the 2005 Gas Cost Recovery management/performance audit of Dominion East Ohio Gas Company for the Public Utilities Commission of Ohio. The areas of focus of the audit included supply planning; organization, staffing and controls; management of gas transportation assets; commodity procurement, pricing and price risk management; and operational issues. The overall mission of the audit was to assess the Company's effectiveness in natural gas procurement and determine if the Company was able to achieve an adequate and reliable supply of gas at minimum prices, while at the same time minimizing transition costs associated with the Choice Program. The audit also addressed revenues generated from non-traditional capacity and commodity arrangements. Liberty did find that internal controls were weak, and that steps should be taken to improve documentation associated with the utility's gas buying strategies. Liberty's report to the Commission also documented those areas where management and operations were working effectively and efficiently.

**Client:** Public Utilities Commission of Ohio (*auditing Eastern Natural Gas Company and Pike Natural Gas Company*)

**Client Contact:** Adam Pyles  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43266-0573  
(614) 466-8203

*Summary:* Liberty conducted the 1993 Gas Cost Recovery management/performance audits of Eastern Natural Gas and Pike Natural Gas, which are local distribution operating units of Clearfield Ohio Holdings, Inc. The focus areas included: supply planning, organization, staffing and control, gas acquisition, transportation, unaccounted-for gas, regulatory management, response to changes in regulation (primarily FERC Order 636), follow-up to issues raised in the last audit, and several company-specific issues that were important to the PUCO.

**Client:** Public Utilities Commission of Ohio (*auditing The East Ohio Gas Company*)

**Client Contact:** Roger Sarver, GCR Supervisor  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215-3793  
(614) 466-7647

*Summary:* Liberty conducted the 1999 Gas Cost Recovery management/performance audit of The East Ohio Gas Company, which is one of four local-distribution operating units of Consolidated Natural Gas Company. The focus areas included supply planning; organization, staffing and control; gas acquisition; transportation; balancing; regulatory management; response to changes in regulation (primarily new Customer Choice programs in Ohio); follow-up to issues raised in the last audit; and several company-specific issues that were important to the PUCO.

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

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

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

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

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

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

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

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

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

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

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



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

**Client:** New Hampshire Public Utilities Commission (*auditing Public Service New Hampshire*)

**Client Contact:** Thomas B. Getz, Chairman  
New Hampshire Public Utilities Commission  
21 South Fruit Street  
Concord, NH 03301-2429  
Concord, New Hampshire 03301-7319  
(603) 271-2431

**Summary:** Liberty performed a management and financial audit of Public Service Company of New Hampshire (PSNH) for the Commission. This audit was conducted during the course of the Commission's review of a rate filing by the company. A significant component of this investigation was an examination of the fuel management practices and procedures of the utility that burned a mix of coal, fuel oil and natural gas. The examination of such costs was of material assistance to the Commission in examining the projected profitability of the various business segments under a range of assumptions about the future regulatory and market environments in which those segments would operate.

**Client:** Long Island Power Authority

**Client Contact:** Lynda Nicolino, General Counsel  
Long Island Power Authority 21 South Fruit Street  
333 Earle Ovington Boulevard, Suite 403  
Uniondale, NY 11553  
(516) 719-9847

**Summary:** Liberty performed a management and financial audit of Public Service Company of New Hampshire (PSNH) for the Commission. This audit was conducted during the course of the Commission's review of a rate filing by the company. A significant component of this investigation was an examination of the fuel management practices and procedures of the utility that burned a mix of coal, fuel oil and natural gas. The examination of such costs was of material assistance to the Commission in examining the projected profitability of the various business segments under a range of assumptions about the future regulatory and market environments in which those segments would operate.

**Client:** Nova Scotia Utility and Review Board (*auditing Nova Scotia Power*)

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

**Summary:** Liberty has performed three separate, annual reviews, evaluations, and ratemaking adjustments of Nova Scotia Power's fuel and energy costs based on an examination of fuel and energy procurement and management, and a review of the reasonableness of major fuel procurement transactions.

**Client:** Nova Scotia Utility and Review Board (*auditing Nova Scotia Power*)

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

**Summary:** Liberty performed a review of affiliate relationships of Nova Scotia Power for the Nova Scotia Utility and Review Board. This review included examinations of procurement activities (both power and natural gas), and affiliate transactions, including those with a wholesale marketing affiliate.



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

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

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

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

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

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

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

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

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

*Summary:* Liberty completed a focused management audit that examined all operational and managerial aspects of the fuel procurement functions of KU and LG&E. The audit included an examination of the organizational structure

and the operational interrelationship of fuel procurement management among LG&E Energy, KU and LG&E. Although the greatest effort of the audit was a focus on coal procurement, the procurement of natural gas and fuel oil was included as well.

#### 4. Gas Operation, Systems, and Safety Practices

**Client:** Maine Public Utilities Commission (*auditing Northern Utilities Gas Company – NiSource-ME*)  
**Client Contact:** Joanne Steneck, General Counsel  
Public Utilities Commission, State of Maine  
242 State Street, State House Station 18  
Augusta, ME 04333  
(207) 287-1390

**Summary:** Liberty conducted for the Maine Public Service Commission a management audit of the company's safety operations and practices, which will produce a report setting forth findings on the adequacy of gas safety management and operations, and making any recommendations appropriate to improving them. This audit came in response to a growing series of problems with NUI's gas safety operations and practices, driven by a series of commission examinations of potential violations of state and federal regulations.

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

**Summary:** Liberty performed for the Illinois Commerce Commission a review and evaluation of Peoples Gas' overall operations and maintenance activities and its pipeline safety program to determine:

- Compliance with federal and state regulations
- Conformance of those activities and program with industry best practices and best practices determined by the ICC Staff in consultation with Peoples Gas.

Upon the completion of this baseline assessment, Liberty monitored the efforts of Peoples Gas to implement Liberty's audit recommendations. Specific focus areas of the audit include:

- Excavation Damage Prevention
- Corrosion Control
- Management and Maintenance of System Assets
- Operator Qualification
- Construction System Support, Programs, and Records.

**Client:** District of Columbia, Public Service Commission (*auditing Washington Gas Light*)  
**Client Contact:** Dr. Joseph Nwude, Deputy, Executive Director - Office of Tech. & Reg. Analysis  
DC Public Service Commission  
1333 H Street NW  
Suite 200, West Tower  
Washington, DC 20005  
(202) 626-5156

**Summary:** Liberty served as technical consultant to the District of Columbia PSC as they examined the usage and cost recovery of a hexane injection strategy used by Washington Gas Light. Liberty prepared a report and assisted in the preparation of testimony relating to the:

- Prudence of the hexane injection strategy of Washington Gas Light (WGL) to respond to the effects of massive injections of liquefied natural gas into its distribution system
- Recovery of hexane injection costs
- Planning and recovery of costs associated with a significantly accelerated program for correcting increased leaks associated with the facilities affected by the introduction of LNG
- Safety and cost impacts on the District and its customers.

## B. Affiliates Audits

**Client:** North Carolina Utilities Commission (*auditing Duke Energy Carolinas*)

**Client Contacts:** Gisele Rankin or Elise Cox  
North Carolina Utilities Commission  
4326 Mail Service Center  
Raleigh, NC 27699-4326  
(919) 733-097 or (919) 733-0921

*Summary:* Liberty completed an audit of Duke Energy Carolinas (DEC) for the North Carolina Utilities Commission that addressed: affiliate relationships and agreements, methods for determining fully embedded costs for Service Company, utility, and affiliate services, Service Company cost allocation and assignment methods, potential for cross-subsidization, financial separation, income tax issues, and use of customer information.

**Client:** Indiana Utility Regulatory Commission (*auditing Duke Energy Indiana*)

**Client Contact:** Robert Mork, Deputy Consumer Counselor for Federal Affairs Office of Utility Consumer Counselor (OUCC)  
National City Center  
115 W. Washington Street  
Suite 1500 South  
Indianapolis, IN 46204  
(317) 232-2494

*Summary:* Liberty performed a comprehensive examination of cost allocation and assignment systems, methods, procedures, calculations, organizations, and results, as well as a similar review of the multiple agreements governing services among affiliates and the Indiana and Kentucky utility operations that came to Duke Energy as part of the Cinergy acquisition.

**Client:** Arkansas Public Service Commission (APSC), Arkansas Western Gas Company (AWG), and the Office of the Attorney General (AG) of the State of Arkansas. (*auditing AWG*)

**Client Contacts:** Donna Gray, Ricky Gunter, and Shawn McMurray  
Ms. Donna Gray, Director  
Arkansas Public Service Commission  
1000 Center Street  
Little Rock, AR 72201  
(501) 682-5720  
Mr. Ricky Gunter  
Arkansas Western Gas Company  
1083 Sain Street  
P.O. Box 1408  
Fayetteville, AR 72702-1408  
(501) 582-8482

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

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

**Client:** Connecticut Department of Public Utility Control (*auditing Southern Connecticut Natural Gas Company*)

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

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

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

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

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

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

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

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

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

(603) 271-2431

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

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

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

**Client:** New Jersey Board of Public Utilities (*audits of the competitive-service offerings of New Jersey's four electric-distribution companies*)  
**Client Contact:** Pasquale Salvemini  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-0637

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

**Client:** New Jersey Board of Regulatory Commissioners (*auditing Public Service Electric & Gas Company*)  
**Client Contact:** Art Gallin, Division of Audits  
New Jersey Board of Regulatory Commissioners  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

*Summary:* Liberty performed a focused evaluation of The Public Service Enterprise Group (PSEG) and its subsidiaries, which include, among others, Public Service Electric & Gas Company, one of the largest combination electricity and natural-gas utilities in the United States. The scope included a review of the management of resources, cash, and property of each company and their impacts on short- and long-term performance. The focus areas included documentation of the scope, nature, and controls on cost-allocation methods; prices of goods and services; and the financial, economic, and operating impacts of the holding-company structure and affiliates on utility rates and service. The financial performance and business plans of the company's unregulated subsidiaries



were evaluated. Liberty also reviewed the appropriateness of executive compensation packages. Liberty conducted this audit in accordance with the U.S. General Accounting Office's audit standards. Liberty completed this assignment in only a few months, and within budget, despite the size and complexity of PSEG's operations and number of subsidiary companies. Liberty's client, the New Jersey Board of Regulatory Commissioners, accepted our recommendations.

**Client:** Illinois Commerce Commission (*auditing Illinois Bell Telephone Company*)  
**Client Contact:** Sam McClerren  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62794-9280  
(217) 782-0597

**Summary:** Liberty consultants served as technical advisors in the areas of affiliate interests, marketing, and operations planning to the Staff of the Illinois Commerce Commission in its conduct of a reconnaissance audit of the Illinois Bell Telephone Company.

**Client:** New York Public Service Commission (*auditing New York Telephone Company*)  
**Client Contact:** Cheryl Callahan, Assistant Counsel  
New York Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223  
(518) 474-7072

**Summary:** Liberty performed an analysis of the propriety and reasonableness of transactions between New York Telephone and its affiliates. This review involved the development of a comprehensive collection of factual information, determining the reasonableness of affiliate transactions and the management processes and performance associated with them, and quantifying the financial impact of transactions and performance on ratepayers.

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

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

**Clients:** Pennsylvania Public Utility Commission (*auditing Bell Atlantic - Pennsylvania*) and District of Columbia Public Service Commission (*auditing Bell Atlantic - District of Columbia*)  
**Client Contacts:** Kathy Swords, Bureau of Audits (PA) and Dwayne Boyd, Chief Auditor (D.C.)  
Pennsylvania Public Utility Commission  
901 N. Seventh Street - Rear  
Harrisburg, Pennsylvania 17105-3265  
(717) 772-0315  
  
Public Service Commission of the District of Columbia  
450 5th Street, N.W.  
Washington, D.C. 20001  
(202) 626-5100

**Summary:** Liberty performed a comprehensive management audit of the functional operations of Bell Atlantic - Pennsylvania and Bell Atlantic - District of Columbia, operating companies of Bell Atlantic, one of the largest telecommunications organizations in the world. The audit included in-depth reviews of accounting functions and

finance, including cost accounting, managerial accounting, budgeting and control, internal auditing, rates, cash management, financial-requirements planning, financing methods, and asset transfers. Liberty's review of compensation and benefits was performed because the area was identified as a special area warranting focused review. The review also included an in-depth analysis of the relationships and transactions of Bell Atlantic - Pennsylvania and Bell Atlantic - District of Columbia and their Bell Atlantic affiliates.

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

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

**Client:** State Corporation Commission Commonwealth of Virginia (*evaluation of Virginia Natural Gas' Asset Management Agreement*)  
**Client Contact:** Lawrence Oliver, Assistant Director, Division of Economics & Finance  
State Corporation Commission Commonwealth of Virginia  
P.O. Box 1197  
Richmond, VA 23218  
(804) 371-9358

**Summary:** Liberty worked with staff of the Virginia State Corporation Commission to evaluate the services of an affiliate providing gas portfolio management services under an asset management agreement with Virginia Natural Gas, an operating utility subsidiary of Atlanta-based AGLR.

**Client:** Virginia State Corporation Commission (*examining relationships between Virginia Power Company and its parent company, Dominion Resources, Inc.*)  
**Client Contact:** James Douglas  
Virginia State Corporation Commission  
Box 1197  
Richmond, Virginia 23209  
(804) 371-9422

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

## C. Commonwealth Edison Capital and O&M Spending Audit

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

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

## D. Electric Systems Operations and Reliability

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

*Summary:* Liberty was selected by the Illinois Commerce Commission to perform an audit of whether Ameren Illinois appropriately planned, designed, constructed, inspected, and maintained their electric delivery systems, and specifically, whether Ameren Illinois adequately planned, prepared, and executed storm-service restoration efforts following a July 2006 windstorm and a November 2006 ice storm that affected hundreds of thousands of customers. The windstorm caused service interruptions to almost one million customers in St. Louis and parts of southern and central Illinois. Over 300,000 electric customers lost service in Illinois. Restoring service completely took over a week. The winter storm caused nearly 235,000 Ameren Illinois customers to lose electric service and caused extensive tree damage, broken poles, downed lines, and the loss of nearly 100 distribution feeder circuits. On December 4, the company announced that about 150,000 customers remained without electric service.

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

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

**Client:** Illinois Commerce Commission  
**Client Contact:** Roy Buxton  
Illinois Commerce Commission  
527 E. Capitol Avenue

Springfield, IL 62706  
(217) 785-5424

*Summary:* Liberty has been engaged for many years in a very extensive program of work for the Illinois Commerce Commission, for which Liberty has performed a variety of comprehensive investigative, monitoring, and ratemaking assignments associated with the Company's transmission and distribution reliability. This work began with a 2000 comprehensive examination of events surrounding and responses to a major series of outages experience in Chicago. Liberty undertook as part of this examination a review of transmission and distribution management, operations, and supporting systems and a review of the reliability of Commonwealth Edison's transmission and distribution systems.

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

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

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

*Summary:* Bangor Hydro-Electric Company ("BHE") filed a petition for a certificate of public convenience and necessity to construct a \$99 million, 85-mile, 345kV transmission line to the Canadian border, in order to provide an interconnection (called the *Northeast Reliability Interconnect*, or "NRI") with New Brunswick Power. The interconnection's purpose is to provide an additional transmission link (to the single existing one) to improve system reliability, increase import/export transmission capacity and reduce line losses. Liberty assisted the Maine Public Utilities Commission in the proceedings addressing the BHE request. The proceedings included 19 parties. The Commission eventually approved the petition upon stipulation. The stipulation, accepted by many of the parties to the proceeding, came after extensive data requests and five technical conferences, in which Liberty participated as part of Commission advisory staff. The issues addressed were similar in nature to those described in connection with the MPS New Brunswick Interconnection and included evaluation of inter-regional power pool economics under differing market paradigms.

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

*Summary:* Central Maine Power Company filed a petition for certificate of public convenience and necessity to construct a double circuit 115kV transmission line from the Loudon Substation in Loudon, Maine to the new Ross Road Substation 7 miles distant near Old Orchard Beach to maintain the reliability of the local Saco Bay region. The case went to settlement with the intervenors trying to provide an alternative location for the facilities for a portion of the line. Liberty reviewed the engineering aspects of the proposed line and assisted the Commission in analyzing the technical benefit of the proposed line.

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



*Summary:* Bangor Hydro-Electric Company filed a petition for certificate of public convenience and necessity to construct a 15kV transmission line from the Ellsworth Substation in Ellsworth, Maine to the new Trenton Substation 14 miles distant in Trenton, Maine to maintain the reliability of the local Mount Desert Island region. Liberty reviewed the engineering aspects of the proposed line and assisted the Commission in analyzing the technical benefit of the proposed line.

**Client:** Public Service Commission, District of Columbia  
**Client Contact:** Dr. Joseph Nwude, Deputy Executive Director  
District of Columbia Public Service Commission  
1333 H Street, NW  
Suite 200, West Tower  
Washington, DC 20005  
202-626-5156

*Summary:* Liberty provided technical expertise to the Commission on the public necessity and convenience of four new 69kV and 230 kV transmission line to replace the Potomac River Generating Plant shutdown because of its inability to meet environmental requirements.

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

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

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

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

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

*Summary:* Liberty reviewed the LG&E/KU analyses of the need for a 345 kV transmission line originally denied by the Commission. Included in the work was Liberty's analysis of the applicability of previous LG&E/KU power flow and other analyses. Also included in Liberty's assessment of the facilities was an evaluation of the process used by LG&E/KU to identify alternative solutions.

**Client:** Kentucky Public Service Commission (*East Kentucky Power Cooperative -EKPC*)  
**Client Contact:** John Rogness, III, Manager – Management Audit Branch  
Kentucky Public Service Commission



211 Sower Boulevard  
Frankfort, Kentucky 40601  
502-564-3940

*Summary:* Liberty reviewed EKPC's analysis of the need for a 345kV transmission line in Clark, Garrard and Madison counties of Kentucky. Included in the work was Liberty's analysis of EKPC's power flow analyses and long range plans. Liberty also performed an assessment of the actual need for the proposed transmission line and alternative solutions, including upgrading existing facilities, wheeling through neighboring systems, as well as the use of generation, in terms of long-range system development.

**Client:** Vermont Public Service Board  
**Client Contacts:** Mr. John D. Burke, Commissioner  
Mr. Kurt R. Janson, General Counsel  
Vermont Public Service Board  
112 State Street  
Montpelier, VT 05620  
802-828-2358

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

with PSNH and its investment banker and counsel to check on preparation progress, reviewing draft descriptive memoranda, providing comments to PSNH about terms and conditions of the proposed divestiture, and reporting on progress and issues to the NHPUC's senior Staff.

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

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

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

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

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

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

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

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

**Client:** Rochester Gas & Electric Corporation  
**Client Contact:** Charles Keele  
Rochester Gas & Electric Corporation  
89 East Avenue  
Rochester, NY 14649  
(716) 724-8662

**Summary:** Liberty worked with a group of RG&E managers to re-engineer the project-controls, work-management, and manpower-planning processes for electric T&D operations. The group included the work-scheduling section, general foremen, and T&D department managers. The Liberty/RG&E team built a system that ties together all

identified projects, spreads resource requirements across the duration of each project, and calculates aggregate manpower requirements, along with administrative and non-work time, such as training, sick days, safety meetings, etc. The idea was to draw together all work requirements, assign priorities, and compare the results to available T&D crews. The project was generated by senior management's concern that labor costs, and specifically contractor crews, were increasing, but projects were not getting accomplished, and outages were too high. Most outages were linked to identified, but still-open, system-deficiency reports. By using the system RG&E was able to eliminate the problems and cut contractor costs in half.

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

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

## E. Prior Reviews of Emergency Planning and Response

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

*Summary:* Liberty was selected by the Illinois Commerce Commission to perform an audit of whether Ameren Illinois appropriately planned, designed, constructed, inspected, and maintained their electric delivery systems, and specifically, whether Ameren Illinois adequately planned, prepared, and executed storm-service restoration efforts following a July 2006 windstorm and a November 2006 ice storm that affected hundreds of thousands of customers. The windstorm caused service interruptions to almost one million customers in St. Louis and parts of southern and central Illinois. Over 300,000 electric customers lost service in Illinois. Restoring service completely took over a week. The winter storm caused nearly 235,000 Ameren Illinois customers to lose electric service and caused extensive tree damage, broken poles, downed lines, and the loss of nearly 100 distribution feeder circuits. On December 4, the company announced that about 150,000 customers remained without electric service.

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

*Summary:* Liberty provided an assessment of the transmission system and customer communications of Nova Scotia Power, Inc. This assessment included a broad review transmission system design and engineering, operations, planning, staffing, and maintenance. Liberty also performed specific analyses of (1) the separate effects of the storm resulting from failures in the transmission system and from the distribution system, and (2) the failure of several transmission structures. Liberty testified before the Board regarding its findings and recommendations. As a follow-



up to issues raised during the hearings, the Board retained Liberty to (1) conduct an on-site inspection and evaluation of portions of the company's distribution system and to assess the reliability of the distribution system, (2) to perform a structural evaluation of distribution system poles, and (3) to assess the frequency of transmission system relay testing and calibration.

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

*Summary:* Liberty has been engaged for many years in a very extensive program of work for the Illinois Commerce Commission, for which Liberty has performed a variety of comprehensive investigative, monitoring, and ratemaking assignments associated with the Company's transmission and distribution reliability. This work began with a 2000 comprehensive examination of events surrounding and responses to a major series of outages experienced in Chicago. Liberty undertook as part of this examination a review of transmission and distribution management, operations, and supporting systems and a review of the reliability of Commonwealth Edison's transmission and distribution systems.

## F. Holding Company/Utility Governance, and Financial Insulation

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

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

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

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

**Client:** Kentucky Public Service Commission (*auditing GTE South*)  
**Client Contact:** Aaron Greenwell, Manager - Management Audit Branch  
Kentucky Public Service Commission  
211 Sower Boulevard

Frankfort, Kentucky 40602  
(502) 564-3940

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

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

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

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

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

**Client:** New Jersey Board of Regulatory Commissioners (*auditing Public Service Electric & Gas Company*)  
**Client Contact:** Art Gallin, Division of Audits  
New Jersey Board of Regulatory Commissioners  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

*Summary:* Liberty performed a focused evaluation of The Public Service Enterprise Group (*PSEG*) and its subsidiaries, which include, among others, Public Service Electric & Gas Company, one of the largest combination electricity and natural-gas utilities in the United States. The scope included a review of the management of resources, cash, and property of each company and their impacts on short- and long-term performance. The focus areas included documentation of the scope, nature, and controls on cost-allocation methods; prices of goods and services; and the financial, economic, and operating impacts of the holding-company structure and affiliates on utility rates and service. The financial performance and business plans of the company's unregulated subsidiaries

were evaluated. Liberty also reviewed the appropriateness of executive compensation packages. Liberty conducted this audit in accordance with the U.S. General Accounting Office's audit standards. Liberty completed this assignment in only a few months, and within budget, despite the size and complexity of PSEG's operations and number of subsidiary companies. Liberty's client, the New Jersey Board of Regulatory Commissioners, accepted our recommendations.

**Client:** New Jersey Board of Public Utilities (*audits of the competitive-service offerings of New Jersey's four electric-distribution companies*)

**Client Contact:** Pasquale Salvemini  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-0637

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

**Client:** New Jersey Board of Public Utilities (*Focused Audit of NUI Corp. and its Affiliates*)

**Client Contact:** Art Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** New Jersey Board of Public Utilities (*Focused and Management Audit of SJI and its Affiliates*)

**Client Contact:** Arthur Gallin, Division of Audits  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-1664

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

**Client:** Nova Scotia Utility and Review Board (*auditing Nova Scotia Power*)

**Client Contact:** Mr. George Smith  
Nova Scotia Utility and Review Board  
3<sup>rd</sup> Floor, 1601 Lower Water Street

P.O. Box 1692, Unit "M"  
Halifax, Nova Scotia B3J 3S3  
(902) 424-4448

*Summary:* Liberty conducted a review and analysis of the utility's affiliate transactions report to the board. The work included filing and reviewing the responses to supplemental information requests, a meeting with the company to discuss the operations of one of its major non-utility subsidiaries, an examination of allocations, and detailed questions about certain test transactions. Liberty filed with the board a report of its findings and recommendations for further inquiries.

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

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

**Clients:** Pennsylvania Public Utility Commission (*auditing Bell Atlantic - Pennsylvania*) and District of Columbia Public Service Commission (*auditing Bell Atlantic - District of Columbia*)  
**Client Contacts:** Kathy Swords, Bureau of Audits (PA) and Dwayne Boyd, Chief Auditor (D.C.)  
Pennsylvania Public Utility Commission  
901 N. Seventh Street - Rear  
Harrisburg, Pennsylvania 17105-3265  
(717) 772-0315

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

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

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

*Summary:* This comprehensive management audit covered the traditional functional areas of executive management and corporate planning, financial systems, system operations, customer services, human resources, and support functions, as well as specific issues, including: main extension policies; vehicle management; affiliate interests and leases; advertising, sales, and promotion expenses; continuing property records; procurement and vendor relations; comparative rates; and comparative salaries and wages. Liberty's review of financial systems included requirements planning, accounting, budget management and control, rates, internal auditing, cash management, taxes, forecasting, compensation and benefits, and construction management. United Cities Gas Company accepted most of Liberty's



70 recommendations for improvements. The Tennessee Public Service Commission asked Liberty's consultants to testify on a few areas of disagreement as expert witnesses in a rate case.

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

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

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

## G. Other Electric Utility Projects

**Client:** BEC Energy  
**Client Contacts:** Neven Rabadjija, Associate General Counsel  
BEC Energy  
800 Boylston Street  
Boston, Massachusetts 02199  
(617) 424-2461

Roscoe Trimmier, Jr., Esq.  
Ropes and Gray  
One International Place  
Boston, Massachusetts 02110  
(617) 951-7000

*Summary:* Liberty supported BEC Energy, an electric utility whose participation in a new non-regulated venture became subject to regulatory scrutiny. This support included efforts in the regulatory proceeding initiated by an information-services competitor and the structuring of the newly-formed holding company.

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

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



**Client:** Pennsylvania Public Utility Commission under subcontract to Deloitte & Touche (*auditing Metropolitan Edison Company and Pennsylvania Electric Company*)

**Client Contacts:** Glenn Bartron, Director, Bureau of Audits  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, Pennsylvania 17120  
(717) 783-5000

Ken Hagstrom, Partner Deloitte & Touche  
Deloitte & Touche  
1700 Market Street, 24th floor  
Philadelphia, Pennsylvania  
(215) 246-2351

*Summary:* Liberty performed the review of nuclear-fuel procurement and management, and played a key role in the review of planning, forecasting, and demand management, both of which involved service company or multiple-operating-company coordination in a multi-state holding-company structure.

**Client:** Illinois Commerce Commission (*auditing Illinois Power Company*)

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

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

**Client:** Maryland Public Service Commission (*auditing Baltimore Gas & Electric Company*)

**Client Contacts:** Allen Freifeld and Ronald Alper  
Maryland Public Service Commission  
6 St. Paul Center  
Baltimore, Maryland 21202  
(410) 767-8000

*Summary:* Liberty performed for the Maryland Public Service Commission an extensive review of management and the productive capacity of Baltimore Gas & Electric Company's (BG&E) Calvert Cliffs Nuclear Power Plant. The focus of the study concerns issues and events pertinent to extended outages at both units of Calvert Cliffs. Testimony has been filed in a BG&E fuel rate adjustment proceeding.

## H. Projects for Private-Sector Clients

**Client:** Swidler & Berlin for South Carolina Public Service Authority/Santee Cooper

**Client Contact:** Andrew Weisman  
Swidler & Berlin  
3000 K Street, NW, Suite 300  
Washington, DC 20013  
(202) 944-4300

*Summary:* Liberty provided consulting services to attorneys representing non-operating owners of a nuclear-power plant. The subject matter was monitoring by a non-operating owner of plant operations.

**Client:** Vinson & Elkins L.L.P.

**Client Contact:** William H. Church, Jr., Esq.  
Vinson & Elkins L.L.P.  
3700 Trammell Crow Center and 2001 Ross Avenue  
Dallas, Texas 75201-2975  
(214) 220-7700

*Summary:* Liberty provided expert testimony in an arbitration involving claims made by a non-operating owner of a nuclear-power plant against an insurance provider.

**Client:** DuPont and Westinghouse  
**Client Contact:** Mike Kidd, Director of Special Projects  
Savannah River Laboratory  
Aiken, SC 29808  
(803) 725-5281

*Summary:* Liberty assisted with the design and implementation of self-assessment programs. The objective was to transfer effective methods used in the commercial-nuclear-power industry to the weapons plant.

**Client:** Westinghouse Electric Corporation  
**Client Contact:** Mindy Spector, Esq.  
Weil, Gotshal & Manges  
767 Fifth Ave  
New York, N.Y. 10153  
(212) 310-8000

*Summary:* Liberty provided expert assistance in connection with a dispute between Furnas (of Brazil) and Westinghouse Electric Corporation over problems at the Angra nuclear plant.

**Client:** Colorado Independent Energy Association  
**Client Contact:** Nicholas G. Muller  
475 17th Street, Suite 950  
Denver, Colorado 80202  
(303) 297-1970

*Summary:* Liberty assessed the effects of electric-industry restructuring on all of the members of the Colorado Independent Energy Association (CIEA). CIEA represents about 20 owners of small power-generation projects (qualifying facilities -QF- as defined under PURPA) that sell power to the local electric utility. The project involved detailed assessment of the current regional market for electric-power sales, evaluation of existing power-sales agreements, and analysis of the operations and economics of the QF facilities. The project included a review of national electric-industry initiatives and programs, and a formal presentation of findings and strategies to CIEA's members.

**Client:** Powder River Energy Corporation  
**Client Contact:** Ron Harper (Ron Harper is now CEO at Basin Electric, @ 1-800-242-2372).  
Powder River Energy Corporation  
221 Main Street  
P.O. Box 930  
Sundance, Wyoming 82729  
(307) 283-3531

*Summary:* For this mid-sized Wyoming distribution coop, Liberty first acted as facilitator of a strategic planning process that included the coop's board and senior staff. Subsequently, Liberty assessed the utility's readiness for competition, and developed the coop's first ever strategic business plan for provision of new offerings of service to its members.

**Client:** Confidential  
**Client Contact:** Confidential

*Summary:* Liberty assisted a major southern public-power entity to examine several of its core business practices and processes with the objective of identifying methods for enhancing their competitiveness in a more-open electricity marketplace. This project involved structural, staffing, and methods issues that affect the client's competitiveness.

**Client:** Major Electric Cooperative  
**Client Contact:** Confidential

*Summary:* Liberty facilitated the development of a strategic plan for the client. Liberty performed a review of the operations of the member companies and the generating and transmission company to determine: missions, functions, environmental factors and other strategy drivers, strengths and weaknesses, opportunities and threats, and roles and responsibilities. Liberty then led a group of about 50 managers, directors, and other executives in writing the basic elements of the strategic plan.

**Client:** Potomac Electric Power Company  
**Client Contacts:** Thomas E. Graves, Manager, Fuels Procurement  
Susann D. Felton, Vice President - Materials  
Potomac Electric Power Company  
1900 Pennsylvania Avenue, N.W.  
Washington, D.C. 20068-0001  
(202) 872-3415

*Summary:* Liberty prepared a comprehensive set of fuel-management policies, practices, and procedures for the Fuel Department of Potomac Electric Power Company (PEPCO). This project was highly interactive with PEPCO personnel from all departments involved in the fuel management process. The project included identification of all significant fuel management processes and the subsequent development of policies, practices, and procedures to cover these processes. Major processes included requirements planning, procurement, transportation, utilization, contract administration and inventory management of coal, oil, and natural gas used as fuels for electric power generation.

**Client:** East Kentucky Power Cooperative, Inc.  
**Client Contact:** Randy Dials, Vice President, Power Production  
East Kentucky Power Cooperative, Inc.  
P. O. Box 707  
Winchester, Kentucky 40392-0707  
(606) 744-4812

*Summary:* Liberty assisted the Fuels staff of this generation and transmission electric power cooperative with the development of a supply strategy for its first-ever gas-fired generating capacity. Gas requirements were estimated through generation simulations, a solicitation for supply offers was conducted, and responses to the solicitation were evaluated.

**Client:** Atmos Energy Corporation  
**Client Contact:** Mark G. Thessin  
United Cities Gas Company  
810 Crescent Center Drive  
Suite 600  
Franklin, Tennessee 37067  
(615) 771-8300

*Summary:* For this multi-state gas distributor, Liberty worked with the company to develop a strategy for unbundling its gas-supply services. The strategy was developed at the parent-company level, with a working group composed of representatives of each of Atmos's five operating divisions. The strategy was implemented through unbundling plans filed in each state where the company operates, accompanied by internal plans focused on developing the capabilities necessary to meet the commitments undertaken as part of each plan filed in the states. The project was being directed internally by an officer of one of the operating divisions (United Cities Gas Company).

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

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

**Client:** Major Electric Cooperative

**Client Contact:** Confidential

*Summary:* Liberty facilitated the development of a strategic plan. Liberty performed a review of the operations of the member cooperatives and the generating and transmission unit to determine missions, functions, environmental factors and other strategy drivers; strengths and weaknesses; opportunities and threats; and roles and responsibilities. Liberty then led a group of about 50 managers, directors, and other executives in writing the basic elements of the strategic plan.

**Client:** Confidential

**Client Contact:** Confidential

*Summary:* Liberty assisted an electric utility in exploring diversification into related businesses. Options considered included distribution of other fuels, including natural gas, propane and heating oil, and ventures in telecommunications. Liberty activities included industry analysis, leading to identification of target business segments, and development of entry strategies for selected segments. Pilot ventures are planned.

**Client:** Confidential

**Client Contact:** Confidential

*Summary:* Liberty assisted a major western public-power entity in evaluating the marketability and the value of major electricity-generating stations because of expected changes in a power-sales agreement. The evaluation examined the baseline value of the units, *i.e.*, what their worth would be assuming no changes in use, the costs to operate them, and the methods for assigning support costs to their operations. The evaluation also assessed how the plants' value can be enhanced by changes to the operational or other factors that affect them.

**Client:** Confidential

**Client Contact:** Confidential

*Summary:* Liberty provided consulting assistance related to the marketing of power from a western water and power cooperative. This project included development of options for sale of electric power from the facility, training in the operation of local and regional electric-power markets, and assistance with the evaluation and selection of the most attractive market for this electricity.

**Client:** Confidential

**Client Contact:** Confidential

*Summary:* For an investment banking group, Liberty identified themes for enhancing the value of gas-distribution and transmission/storage business segments through acquisitions, and used those themes to develop criteria for acquisitions.

**Client:** The Dayton Power and Light Company

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

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

**Client:** The Dayton Power and Light Company

**Client Contact:** Maria Werling  
The Dayton Power and Light Company  
P. O. Box 8825  
Dayton, Ohio 45401  
(513) 259-7233

*Summary:* Liberty assisted this combination electric- and gas-utility company with a review of its peak-load forecasting method for gas. Included in the review were alternative formulations of equations for projecting peak-day sendout to firm customers, and expected levels of weather parameters for use in setting design-day conditions.

**Client:** The Dayton Power and Light Company  
**Client Contact:** Thomas D. Tatham, Manager, Information Resources  
The Dayton Power and Light Company  
3931 South Dixie Drive  
Dayton, Ohio 45439

*Summary:* Liberty was engaged to develop a new gas-main-extension policy. The policies of the surrounding gas utilities were compared to DP&L's prior policy, and then benchmarked against the policies of four companies of comparable size who were aggressively expanding their businesses. Criteria for a new policy were developed, and the performance of old and proposed new policies was examined for sample projects. Liberty's recommendations were adopted.

**Client:** Confidential  
**Client Contact:** Confidential

*Summary:* Provided consulting services to an Independent Power Producer to determine the feasibility of Cogeneration at a New York marine terminal.

**Client:** Ahlstrom Development Corporation)  
**Client Contact:** Neil Cody  
(703-631-6075)

*Summary:* Liberty completed a 2½-year assignment to revitalize a steam-heating company in Scranton, PA. The client for the project was a Finnish developer of cogeneration projects who wanted to develop a cogeneration project that would burn waste-coal deposits using circulating fluidized-bed technology. Liberty's contribution to this effort included development and implementation of a strategic business plan; implementation of an early-retirement offer; resizing the distribution plant; changing production from old, high-sulfur (#5) oil boilers to new gas #2 oil boilers; and development and introduction of work-planning and production modeling.

**Client:** NOVA Corporation of Alberta  
**Client Contact:** C. Kent Jespersen, Senior Vice President, Corporate Development  
NOVA Corporation of Alberta  
P. O. Box 2535  
Postal Station M  
Calgary, Alberta T2P 2N6  
CANADA

*Summary:* For this Canadian gas-pipeline and petrochemicals concern, Liberty performed an analysis of strategic factors in U. S. natural-gas-pipeline mergers. The financial context for the activity in the early 1980s was analyzed, then strategic *drivers* were developed for a series of transactions identified by the client as being of interest. Liberty's analysis was presented at an off-site meeting of the company's Corporate Strategy and Policy Committee.

**Client:** North Mississippi Gas Storage Company, LLC  
**Client Contact:** D. Keith Miller  
North Mississippi Gas Storage Company, LLC  
C/o Ames Financial, Inc.  
416 Travis Street, Suite 1106  
Shreveport, Louisiana 71101  
(318) 227-8944

*Summary:* Liberty assisted the owners of this proposed natural gas storage complex, to be located near Aberdeen, Mississippi, with finding partners to participate in the project. Liberty's role was to identify prospective users of the project's facilities, and then to approach them regarding their possible participation.

**Client:** Public Service Company of Colorado  
**Client Contact:** Bruce L. Shults, Manager - Support Services Division  
Public Service Company of Colorado  
1225 17th Street, Suite 1200  
Denver, Colorado 80202-5533  
(303) 294-2375



*Summary:* Liberty performed an assessment of the manpower planning and workforce-management activities of the Gas & Electric Distribution unit. The focus of the work was on tracking and timekeeping as they related to workforce-management processes. This project included interviews with selected managers, and concluded with a workshop involving these same individuals to identify opportunities for process improvement and develop specific near-term action plans in work management.

**Client:** Colorado Springs Utilities  
**Client Contact:** Bruce J. Swain, Customer Services Director  
Colorado Springs Utilities  
111 South Cascade Avenue, Suite 208  
Colorado Springs, Colorado 80947-1026  
(719) 448-8205

*Summary:* Liberty performed a study to assist this utility in addressing the organizational impacts associated with a transition to automated meter reading (AMR). Transitions to AMR mean organizational change and consideration of the issues of human-resource management in conjunction with technical changes were a large part of this work. This study also addressed the technical compatibility between meters and the three different metered-utility services (electric, gas, and water), and how these technical issues will influence operational techniques, management philosophy, and organizational interfaces. Liberty's work included a survey of the experiences and lessons learned by about 25 utilities who have already adopted AMR.

**Client:** National Fuel Gas Distribution Corporation  
**Client Contact:** Ronald J. Tanski, VP & General Counsel  
National Fuel Gas Supply Corporation  
10 Lafayette Square  
Buffalo, NY 14203  
(716) 857-6891

*Summary:* Liberty prepared National Fuel's local gas-distribution company for comprehensive management audits by the New York and Pennsylvania public-utility commissions. Liberty performed focused reviews of gas-supply management and legal services, to identify strengths and vulnerabilities and, where applicable, recommend corrective actions. A significant part of this project included preparation of detailed procedures for improved operation of the legal department. In addition to these and other focused reviews, Liberty prepared organizations and individuals for interviews.

**Client:** National Fuel Gas Supply Corporation  
**Client Contact:** Dale Rowekamp  
National Fuel Gas Supply Corporation  
10 Lafayette Square  
Buffalo, NY 14203  
(716) 857-6890

*Summary:* For this gas pipeline and storage company, Liberty performed a preliminary analysis of markets for gas in the electricity-generation sector in Pennsylvania. Electric-utility companies' plans for new generating capacity were examined, along with the influence of the Clean Air Act Amendments of 1990.

**Client:** Florida Power Corporation  
**Client Contact:** Bruce Hickie  
Florida Power Corporation  
3201 34th Street South  
St. Petersburg, Florida 33733  
(352) 563-4591

*Summary:* Liberty developed a revised set of performance indicators for the nuclear plant that could be directly related to annual business goals.

**Client:** Big Rivers Electric Corporation  
**Client Contact:** John West, Vice General Manager of Finance  
Big Rivers Electric Corporation  
201 Third Street

Henderson, Kentucky 42420  
(502) 827-2561

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

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

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

**Client:** Delmarva Power & Light Company  
**Client Contact:** Ralph Klesius, Vice President of Engineering and Operations  
Delmarva Power & Light Company  
800 King Street  
Wilmington, Delaware 19899  
(302) 429-3625

*Summary:* Liberty provided advice regarding selection of planning, scheduling, and monitoring software systems. Made recommendations for work-process improvements and established an enhanced quality-assurance organization.

**Client:** Central Illinois Public Service Company  
**Client Contacts:** Clifford Greenwalt, CEO, CIPS and Boyd Springer, Esq.  
Central Illinois Public Service Company  
607 East Adams Street  
Springfield, Illinois 62739  
(217) 523-3600

Boyd Springer, Esq.  
Jones, Day, Reavis & Pogue  
77 West Wacker Street  
Chicago, Illinois 60601-1692  
(312) 269-4151

*Summary:* Liberty President John Antonuk testified to the results of a procurement-performance review of fuel management, and identified steps to improve utility efficiency and accountability for coal procurement and management. He also conducted a retrospective evaluation of major coal-contracting processes and decisions. The retrospective study formed part of expert testimony before the Illinois Commerce Commission, which largely accepted the findings and conclusions of the retrospective study.

**Client:** Commonwealth Electric Company  
**Client Contact:** Andrew Weisman, of Counsel  
Swidler & Berlin  
3000 K Street, N.W.  
Washington, D.C. 20007-3841  
(202) 944-4351

*Summary:* As part of proceedings before the FERC, Liberty performed an extensive investigation and evaluation of utility-management performance in connection with a nuclear plant that suffered performance decline, was placed on the NRC's Watch List, and experienced an extended outage. Liberty coordinated the activities of several consulting firms involved in the investigation. Liberty's experts quantified damages resulting from unreasonable performance of the managing owner in operation of a nuclear-power plant. Liberty also analyzed the need for, and management of, major capital and maintenance projects. Liberty's analyses were instrumental in settlement of the proceedings before FERC.

**Client:** Public Service Company of Colorado  
**Client Contact:** Larry Brey, Manager of Licensing  
Public Service Company of Colorado  
2420 West 26th Street, Suite 100-D  
Denver, CO 80211  
(303) 480-6900

*Summary:* Liberty provided consulting assistance regarding the compliance of the fitness-for-duty program at Fort St. Vrain with the requirements of the Nuclear Regulatory Commission.

**Client:** Rochester Gas & Electric Company  
**Client Contact:** Paul Wilkins, Department Manager for Nuclear Engineering Services  
Rochester Gas & Electric Company  
89 East Avenue  
Rochester, New York 14649  
(716) 546-2700

*Summary:* Liberty evaluated all elements of the design-modification process for RG&E's Nuclear Engineering Services department, and formulated a set of wide-ranging recommendations to re-engineer and improve work processes. Recommendations were implemented through procedure changes that streamlined the approval process, eliminated unnecessary steps, ensured compliance with regulatory requirements, improved plant interfaces, and reduced the time and cost of plant modifications.

**Client:** Florida Power Corporation  
**Client Contact:** Paul McKee, Plant Manager  
Florida Power Corporation  
3201 34th Street South  
St. Petersburg, Florida 33733  
(352) 866-5257

*Summary:* Liberty conducted a series of prudence inquiries related to several forced outages at the Crystal River 3 nuclear-power plant. Liberty assisted Florida Power with the development of testimony in preparation for hearings before the Florida Public Service Commission. Separately, Liberty also provided prudence-awareness and document-preparation training for senior managers responsible for nuclear-plant management.

**Client:** Florida Power Corporation  
**Client Contact:** Paul McKee, Plant Manager  
Florida Power Corporation  
3201 34th Street South  
St. Petersburg, Florida 33733  
(352) 866-5257

*Summary:* Liberty conducted a seminar that dealt with the issues, documentation requirements, and criteria for judging the prudence of the operation of a nuclear-power plant.

**Client:** Pennsylvania Power & Light Company  
**Client Contact:** Terence Bannon  
Pennsylvania Power & Light Company  
Two North Ninth Street  
Allentown, Pennsylvania 18101  
(610) 774-7911

*Summary:* Liberty performed several nuclear-plant and management-performance assessments of Pennsylvania Power & Light's Susquehanna Steam Electric Station using NRC SALP-based standards. Liberty also provided consultation supporting efforts to optimize communications programs with the NRC, and to identify performance indicators that merited management attention. This assignment was carried out as part of the client's efforts to continue to be recognized as a leader in its nuclear operations.

**Client:** Philadelphia Thermal Electric Company  
**Client Contact:** Joseph Martino  
Philadelphia Thermal Electric Company  
2600 Christian Street  
Philadelphia, Pennsylvania 19146  
(215) 875-6900

*Summary:* Liberty provided regulatory-accounting, fuel-clause-adjustment, and rate consulting.

**Client:** Louisiana Power & Light Company  
**Client Contacts:** Jerold Dewease, former Senior Vice President, Nuclear and Fred Drummond, former Director of Nuclear Excellence  
Louisiana Power & Light Company  
317 Baronne Street  
New Orleans, LA 70160  
(504) 595-3100

*Summary:* Liberty helped to develop a program to establish and maintain excellence in operations at the Waterford 3 nuclear-power plant. The assistance included extensive review of management and operations at the site and in-home office-support functions, addressing all functions of the nuclear organization. It also included assistance in developing goals and objectives, and instituting a communications program to assure that they were understood and accepted. The assignment also included measurement of performance results against regulatory and industry standards, and providing recommendations and implementation plans for improving performance. Following Liberty's work, the Institute of Nuclear Power Operations gave the plant the highest rank attainable.

**Client:** Louisiana Power & Light Company  
**Client Contacts:** Jerold Dewease, former Senior Vice President, Nuclear and Fred Drummond, former Director of Nuclear Excellence  
Louisiana Power & Light Company  
317 Baronne Street  
New Orleans, LA 70160  
(504) 595-3100

*Summary:* Liberty performed an assessment of the systems, procedures, and organization associated with the cost monitoring and control of outages. Liberty compared the outage cost-control approach and practices with the range of industry practices. Liberty provided specific recommendations for achieving improvements in the outage cost-control effectiveness. Liberty also developed guidelines for the development of a post-outage critique document.

**Client:** Soyland Power Cooperative  
**Client Contacts:** Peter Herzog  
Bryan, Cave, McPheeters & McRoberts  
500 North Broadway  
St. Louis, Missouri 63102  
(314) 231-8600

Jeffrey S. Wolff  
Fulbright & Jaworski  
1301 McKinney  
Houston, Texas 77010  
(713) 651-5151

*Summary:* Liberty helped the client to assess liability for, and the extent of damages from, imprudent management performance found by the Illinois Commerce Commission in proceedings concerning Illinois Power Company's management of the Clinton Nuclear Project.

**Client:** Houston Lighting & Power Company  
**Client Contacts:** Scott Rozzell and Finis Cowan of Baker & Botts  
Jack Greenwade, Hugh Rice Kelly, and Steve Letbetter, of Houston Lighting & Power Company  
Houston Lighting & Power Company  
611 Walker Street  
Houston, TX 77002  
(713) 207-3700  
  
Baker & Botts  
One Shell Plaza  
Houston, Texas 77002  
(713) 229-1502

*Summary:* Liberty provided extensive consulting assistance related to a regulatory review of the management and costs of a nuclear-construction project. The client needed to respond to an extensive and intensive review of management and costs, and prepare for formal proceedings before the Texas PUC. Liberty's assistance in responding to the audit sponsored by the Commission resulted in that report being stricken from the record. Liberty's advice on substantive matters was important guidance to company management and its counsel in decisions throughout the process. Liberty also provided ongoing support and assistance to implement the response strategy and meet the needs of the administrative proceedings. Liberty implemented, for the team (in-house and outside legal resources, including numerous expert witnesses) a project-control and work-management system to efficiently manage the various legal proceedings, including a multi-disciplinary litigation, rate-case, and prudence docket. In addition, Robert Stright, a Liberty Principal, provided expert testimony on the quantification of alleged imprudence on the part of the managing owner.

**Client:** Houston Lighting & Power Company  
**Client Contacts:** C. Janie Mitcham (Houston Lighting & Power Company) and Scott Rozzell (Baker & Botts)  
Houston Lighting & Power Company  
611 Walker Street  
Houston, TX 77002  
(713) 207-3700  
  
Baker & Botts  
One Shell Plaza  
Houston, Texas 77002  
(713) 229-1502

*Summary:* Liberty assisted Houston Lighting & Power by independently assessing the reasonableness of management actions at its two nuclear units at the South Texas Project (STP). STP had been under close NRC scrutiny because of perceived weaknesses in several plant programs that affected safety, and had experienced an extended two-unit outage in 1992-1994 to make equipment upgrades and program improvements. Liberty reviewed the reasonableness of HL&P's management of the plant from a viewpoint that considered all factors involved in decision making, and helped HL&P fairly portray its performance in regulatory proceedings affecting rates. Liberty's role included the evaluation of management effectiveness in the planning and budgeting processes, in plant operations, engineering support, maintenance, training, material control, and several other areas.

**Client:** Cleveland Electric Illuminating Company  
**Client Contact:** Mike Lyster, former Vice President of Nuclear Operations  
Cleveland Electric Illuminating Company  
10 Center Road  
Perry, OH 44081  
(216) 259-3737

*Summary:* Liberty performed an independent review of CEI's operating-experience program at the Perry nuclear plant. Liberty reviewed operating-experience documentation to identify performance areas that indicated possible opportunities for improvement based on evaluation standards applicable to reviews by industry and regulatory agencies. The client used Liberty's study result to focus management attention on priority-improvement areas.



**Client:** Cleveland Electric Illuminating Company  
**Client Contact:** Mike Lyster, former Vice President of Nuclear Operations  
Cleveland Electric Illuminating Company  
10 Center Road  
Perry, OH 44081  
(216) 259-3737

*Summary:* Liberty provided assistance to improve outage management at the Perry nuclear plant. Liberty performed a consulting engagement designed to help improve and implement planning and control systems used to plan and schedule plant outages, estimate costs, and track cost and schedule performance. The assistance included development and implementation of training programs to address general and plant-specific elements of outage planning and management.

**Client:** Georgia Power Company  
**Client Contact:** Arthur Domby, of Counsel  
Troutman, Sanders, Lockerman and Ashmore  
1400 Candler Building  
Atlanta, Georgia 30043  
(404) 658-8000

*Summary:* Liberty performed an independent evaluation of the replacement of recirculating-water pipe at the Plant Hatch nuclear station. The evaluation addressed the propriety of the planning, decision making, and management of an extended outage. Testimony was submitted before the Georgia Public Service Commission in the regulatory review of management and the schedule and costs of this major project.

**Client:** Gulf States Utilities  
**Client Contact:** James Booker, former Vice President of Nuclear Operations  
Gulf States Utilities  
P.O. Box 220  
St. Francisville, LA 70775  
(504) 635-6094

*Summary:* Liberty performed a review of the effectiveness of the operating-experience program for the River Bend Station. The review addressed a broad spectrum of activities, including plant- operating experience at River Bend and other nuclear-power plants. Station events were reviewed to determine the adequacy of root-cause determinations, and corrective actions in response to INPO findings were also assessed.

**Client:** Georgia Power Company  
**Client Contacts:** Douglas Miller, Mark VanderBroek, and Kevin Green  
Troutman, Sanders, Lockerman and Ashmore  
1400 Candler Building  
Atlanta, Georgia 30043  
(404) 658-8000

*Summary:* Liberty consultants testified before the Georgia Public Service Commission in a regulatory review of the management and costs of a major construction project. The testimony was based on an assessment of the sources of delay in design, construction, and start-up, including the development of an as-built critical-path schedule.

**Client:** El Paso Electric Company  
**Client Contact:** Davis Wiggs, President  
El Paso Electric Company  
303 North Oregon Street  
El Paso, Texas 79960  
(915) 543-5711

*Summary:* Liberty evaluated and provided expert testimony concerning the reasonableness and prudence of efforts by a non-managing owner to provide monitoring and oversight to protect its interests as a minority owner of a major generating facility during design and construction.

**Client:** Duquesne Light Company  
**Client Contact:** Steve Lacey, General Manager  
Duquesne Light Company  
P.O. Box 4  
Shippingport, PA 15077  
(412) 393-7622

*Summary:* Liberty performed an independent assessment of the effectiveness of performance-improvement initiatives and programs at the Beaver Valley nuclear-power plant. Liberty's assistance was part of a concerted management effort to achieve overall performance enhancements, and to promote and achieve excellence in nuclear-plant operations. Liberty provided specific recommendations and implementation plans for achieving improvements in performance.

**Client:** Enbridge Midcoast Energy, Inc.  
**Client Contact:** Chris Kaitson, General Counsel  
Enbridge Midcoast Energy, Inc.  
1100 Louisiana Street, Suite 2900  
Houston, Texas 77002-5217  
(713) 821-2028

*Summary:* Liberty provided an expert witness to this mid-continent pipeline system in an investigation by the Missouri Public Service Commission of the gas-purchasing practices of Midcoast's customer, Missouri Gas Energy (MGE). MGE was operating under an Experimental Gas Cost Incentive Mechanism (EGCIM) during the periods in question. Both the structure of the EGCIM and MGE's operations under it have been at issue in the proceedings.

**Client:** Colorado Springs Utilities  
**Client Contact:** Bruce J. Swain, Customer Services Director  
Colorado Springs Utilities  
111 South Cascade Avenue, Suite 208  
Colorado Springs, Colorado 80947-1026  
(719) 448-8205

*Summary:* Liberty performed a study to assist this utility in addressing the organizational impacts associated with a transition to automated meter reading (AMR). Transitions to AMR mean organizational change and consideration of the issues of human-resource management in conjunction with technical changes were a large part of this work. This study also addressed the technical compatibility between meters and the three different metered-utility services (electric, gas, and water), and how these technical issues will influence operational techniques, management philosophy, and organizational interfaces. Liberty's work included a survey of the experiences and lessons learned by about 25 utilities who have already adopted AMR.

**Client:** Electric Power Research Institute  
**Client Contact:** Dr. Veronica Rabl  
Electric Power Research Institute  
3412 Hillview Avenue  
P.O. Box 10412  
Palo Alto, California 94303  
(415) 855-2000

*Summary:* Liberty conducted an assessment of the issues and forces that were likely to affect demand-side management activities in the industry. This strategic-planning study was performed to assist EPRI in devising its demand-management direction and programs.

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

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

**Client:** District of Columbia Public Schools  
**Client Contact:** William H. McAfee III, Director  
District of Columbia Public Schools  
Office of Admin. Services  
Division of Facilities Management  
1709 3rd Street, N.E.  
Washington, D.C. 20002  
(202) 576-6612

*Summary:* Liberty provided a two-day seminar to senior-level managers in the District of Columbia public-schools system, introducing them to the role of reliability-centered maintenance in an effective facilities-management program. Liberty then performed a work-control process assessment to identify areas needing improvement. The assessment included interviews with principals, regional service-center managers, and staff involved in work planning and scheduling. A new system for initiating work requests was developed, as well as a new system for estimating backlog and work schedules.

**Client:** Central Illinois Public Service Company  
**Client Contacts:** Clifford Greenwalt, CEO, CIPS and Boyd Springer, Esq.  
Central Illinois Public Service Company  
607 East Adams Street  
Springfield, Illinois 62739  
(217) 523-3600

Boyd Springer, Esq.  
Jones, Day, Reavis & Pogue  
77 West Wacker Street  
Chicago, Illinois 60601-1692  
(312) 269-4151

*Summary:* Liberty Principal John Antonuk testified to the results of a procurement-performance review of fuel management, and identified steps to improve utility efficiency and accountability for coal procurement and management. He also conducted a retrospective evaluation of major coal-contracting processes and decisions. The retrospective study formed part of expert testimony before the Illinois Commerce Commission, which largely accepted the findings and conclusions of the retrospective study.

**Client:** Commonwealth Electric Company  
**Client Contact:** Andrew Weisman, of Counsel  
Swidler & Berlin  
3000 K Street, N.W.  
Washington, D.C. 20007-3841  
(202) 944-4351

*Summary:* As part of proceedings before the FERC, Liberty performed an extensive investigation and evaluation of utility-management performance in connection with a nuclear plant that suffered performance decline, was placed on the NRC's Watch List, and experienced an extended outage. Liberty coordinated the activities of several consulting firms involved in the investigation. Liberty's experts quantified damages resulting from unreasonable performance of the managing owner in operation of a nuclear-power plant. Liberty also analyzed the need for, and management of, major capital and maintenance projects. Liberty's analyses were instrumental in settlement of the proceedings before FERC.

**Client:** Non-managing owners of the Seabrook nuclear-power plant  
**Client Contact:** Michael Ward, Esq.

Swidler & Berlin  
3000 K St., NW, Suite 300  
Washington, DC 210013  
(202) 944-4300

*Summary:* Liberty performed various reviews and analyses for the attorneys representing non-managing owners of the Seabrook nuclear-power project. The subject was the prudence of the construction of the plant.

**Client:** Washington Public Power Supply System  
**Client Contact:** Dr. G.D. Bouchey, former Director of Licensing and Assurance  
Washington Public Power Supply System  
P.O. Box 968  
Richland, WA 99352  
(509) 372-5344

*Summary:* Liberty performed an effectiveness review of the overall quality program at the WPPSS 2 nuclear plant. Liberty evaluated the degree to which client programs supported self-improvement efforts and provided detailed recommendations to help to achieve the desired level of performance.

**Client:** U.S. Attorney's Office (in the state of Alaska)  
**Client Contact:** Neil Evans, Assistant U.S. Attorney  
*Summary:* Liberty was engaged to provide expert analysis (in the context of criminal-fraud proceedings) concerning a public-works program of more than \$1 billion involving many different individual projects. The projects included public housing, school facilities, municipal-services buildings, domestic-utility systems, and airport facilities. Liberty Principal John Antonuk had previously overseen an extensive review of the: organization; management; vendor and contractor selection; contract administration; and contractor performance on the projects.

**Client:** Arizona Public Service Company  
**Client Contact:** Jack Bailey, former Vice President  
Arizona Public Service Company  
411 North Central Avenue  
Phoenix, Arizona 85004  
(602) 393-7622

*Summary:* Liberty performed an independent assessment of the effectiveness, progress, and status of operations-performance improvements at the three-unit Palo Verde nuclear-power station. The objective was to establish and maintain excellence in nuclear-power-plant operations at a plant that experienced significant performance problems. Liberty's work included an extensive review of the client's efforts to monitor management and operations improvements at the site and home-office-support functions. The assignment also included measurement of performance results against industry standards. Liberty provided recommendations and detailed implementation plans for improving performance. Subsequent improvement in the client's operations was demonstrated by improved evaluation results from the Institute of Nuclear Power Operations.

**Client:** Nebraska Public Power District  
**Client Contact:** Guy Horn, Division Manager  
Nebraska Public Power District  
P.O. Box 98  
Brownville, NE 68321

*Summary:* Liberty provided management-consulting assistance to the client in responding to an INPO evaluation of the Cooper Nuclear Station.

**Client:** Omaha Public Power District  
**Client Contacts:** Jim Chase and Merl Core  
Omaha Public Power District  
1623 Harney Street  
Omaha, NE 68102  
(402) 536-4000

*Summary:* Liberty performed an assessment of power-plant maintenance and support activities at the Fort Calhoun nuclear-power plant. Liberty developed a comprehensive action plan to improve planning, scheduling, monitoring, and other support of maintenance activities.

Liberty also performed a more broadly-based review of plant management, identifying corrective actions to improve plant management and performance, assessing the effectiveness of corrective actions and the status of their implementation, and then provided recommendations to accomplish client goals in an effective manner. The recommendations were integrated into client plans for subsequent improvement activities. The improvements were recognized and documented in subsequent industry evaluations.

## I. Telecommunications Projects

**Client:** Maryland Public Service Commission (*auditing C&P Telephone of Maryland*)  
**Client Contact:** Gregory V. Carmean, Executive Director  
Maryland Public Service Commission  
6 St. Paul Center  
Baltimore, Maryland 21202  
(410) 767-8000

*Summary:* Liberty performed an audit of the affiliate transactions of the Chesapeake & Potomac Telephone Company of Maryland (*C&P, now Bell Atlantic - Maryland*). The study encompassed a detailed review of C&P's relationships with Bell Atlantic Corporation and other Bell Atlantic subsidiaries and affiliates. Liberty team members presented testimony in rate-case proceedings with regard to Liberty's findings.

**Client:** DC Public Service Commission  
**Client Contact:** Ken Hughes, Office of the General Counsel, DC Public Service Commission  
District of Columbia Public Service Commission  
1333 H St NW Suite 200, West Tower  
Washington, DC 20005  
(202) 626-5157

*Summary:* Liberty's president served as arbitrator for by the District of Columbia Public Service Commission to address industry-wide need for amendments to interconnection agreements as a result of the FCC's Triennial Review Order.

**Client:** New Jersey Board of Public Utilities (*auditing Verizon New Jersey*)  
**Client Contact:** James Corcoran, Staff, Board of Public Utilities  
New Jersey Board of Public Utilities  
44 South Clinton Ave., 7<sup>th</sup> Floor  
Trenton, NJ 08625  
(609) 292-0637

*Summary:* Liberty conducted a comprehensive review of Verizon-New Jersey's wholesale performance measures and incentive plan. The review involved interaction with CLEC customers of Verizon, evaluation of change management policies and practices, detailed analyses of algorithms and code used to produce performance measures, and recalculation of performance measure results.

**Client:** Public Utilities Commission of Ohio (*auditing Ameritech- Ohio*)  
**Client Contact:** Jason Well, Staff  
Public Utilities Commission of Ohio  
180 East Broad Street, 7<sup>th</sup> Floor  
Columbus, OH 43215-3793  
(614) 995-5707

*Summary:* Liberty performed a comprehensive investigation of Ameritech-Ohio's service delivery quality. This engagement included an assessment of Ameritech-Ohio's installation and repair operations and processes, and an in-depth review of performance measures and service quality benchmarks.



**Client:** Regional Oversight Committee  
**Client Contact:** Bob Rowe, Commissioner  
Montana Public Service Commission  
701 Prospect Avenue  
P.O. Box 202601  
Helena, Montana 59620-2601  
(406) 444-6167

*Summary:* Liberty performed a comprehensive audit of Qwest's performance measures for 13 state commissions in Qwest's service territory.

**Client:** Pennsylvania Public Utility Commission  
**Client Contact:** Nora Mead Brownell, Commissioner  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
North Office Building, Room 107  
Harrisburg, PA 17105  
(717) 772-0692

*Summary:* Liberty provided advice to the commission about many issues associated with local competition in the Pennsylvania global-telecommunications-settlement proceeding.

**Client:** Delaware Public Service Commission  
**Client Contact:** G. Arthur Padmore, Administrative Law Judge  
Delaware PSC  
861 Silver Lake Blvd.  
Cannon Building, Suite 100  
Dover, DE 19904  
(302) 739-3232

*Summary:* Liberty assisted an ALJ in the examination and resolution of seven different disputes regarding a wide range of service and interconnection issues between the incumbent and various types of carriers, including paging and wireless.

**Client:** Virginia State Corporation Commission (*Bell Atlantic - Virginia arbitration hearings with competing local-exchange carriers*)  
**Client Contact:** William Irby  
Virginia State Corporation Commission  
P.O. Box 1197  
Richmond, Virginia 23218  
(804) 371-9967

*Summary:* Liberty served as a technical advisor to Staff in its support of arbitrators in various BA-VA arbitrations with competing local-exchange carriers, such as AT&T, MCI, TCG, Cox, and MFS related to the Telecommunications Act of 1996 and the FCC Interconnection Order. Liberty provided technical assistance in reviewing each party's positions on wholesale pricing, unbundled-element pricing, TELRIC models, branding issues, and a variety of operational issues subject to arbitration. Liberty also assessed the issues raised in each petition and has designed a database that was used to help categorize, compare, manage, and report on the issues. Liberty identified, requested, and reviewed additional information needed from the petitioners, and also conducted informal interviews of them. Liberty aided in identifying opportunities to consolidate issues among petitioners. Liberty determined whether the responses to petitions and information requests showed differences in understanding of the issues or positions between petitioners and respondents. Liberty consultants John Antonuk, Robert Stright, and Paul Hlavac, all served as witnesses in hearings on the terms and conditions of interconnection.

**Client:** Virginia State Corporation Commission (*Bell Atlantic - Virginia permanent pricing for unbundled network elements and assessment of non-price interconnection issues with competing local-exchange carriers*)  
**Client Contact:** James Douglas  
Virginia State Corporation Commission  
Tyler Building

P.O. Box 1197  
Richmond, Virginia 23218  
(804) 371-9422

*Summary:* Liberty served as the Staff in this important proceeding that determined the permanent prices for Bell Atlantic-VA's unbundled network elements and to evaluate non-price terms and conditions offered by Bell Atlantic-VA in connection with its application for providing inter-LATA service. Other participants in the proceeding included AT&T, MCI, TCG, MFS, and VCTA. Liberty prepared and filed reports in the case, and consultants Robert Stright and Paul Hlavac testified before the Commissioners.

**Client:** New Jersey Board of Public Utilities (*Bell Atlantic - New Jersey arbitration hearings with competing local-exchange carriers*)

**Client Contact:** James Murphy  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
(201) 648-4626

*Summary:* Liberty served as a technical advisor to Staff in its support of several judges who acted as arbitrators in various BA-NJ arbitrations with competing local-exchange carriers, such as AT&T, MCI, TCG, and MFS related to the Telecommunications Act of 1996 and the FCC's Interconnection Order. Liberty provided technical assistance in reviewing each party's positions on wholesale pricing, unbundled-element pricing, TELRIC models, branding issues, and a variety of operational issues subject to arbitration.

**Client:** Nebraska Public Service Commission

**Client Contacts:** Mary Tribby, AT&T, and James Stroo, GTE  
AT&T Law Department  
1875 Lawrence Street, Room 1575  
Denver, Colorado 80202  
(303) 298-6508

GTE Telephone Operations  
1000 GTE Drive  
Wentzville, Missouri 63385  
(314) 332-7663

*Summary:* Liberty served as the arbitrator for AT&T and GTE in a case involving implementation of the Telecommunications Act of 1996.

**Client:** Oklahoma Corporation Commission

**Client Contact:** Denise Bodie, Commissioner  
Oklahoma Corporation Commission  
Jim Thorpe Office Building  
Oklahoma City, OK 73105  
(405) 521-2518

*Summary:* Liberty served as the Staff in this important proceeding that determined the permanent prices for Southwestern Bell's unbundled-network elements. Other participants in the proceeding included AT&T, Brooks Fiber, and Cox. Liberty's consultants Robert Stright and Paul Hlavac prepared and filed testimony in the case.

**Client:** Mississippi Public Service Commission

**Client Contacts:** Mary Tribby, AT&T, and John McCullouch, General Counsel - Mississippi BellSouth  
AT&T Law Department  
1875 Lawrence Street, Room 1575  
Denver, Colorado 80202  
(303) 298-6508

BellSouth Telecommunications, Inc.  
P.O. Box 811  
Jackson, Mississippi 39205

(601) 961-1700

*Summary:* Liberty served as the co-arbitrator for AT&T and Bell South in a case involving implementation of the Telecommunications Act of 1996.

**Client:** Idaho Public Utilities Commission  
**Client Contacts:** Michelle Singer, AT&T, and Doug Owens, US West  
AT&T Law Department  
1875 Lawrence Street, Room 1575  
Denver, Colorado 80202  
(303) 298-6508

US West  
1801 California Street, Room 5100  
Denver, Colorado 80202  
(303) 672-2810

*Summary:* Liberty served as the arbitrator for AT&T and US West in a case involving implementation of the Telecommunications Act of 1996.

**Client:** North Dakota Public Service Commission  
**Client Contacts:** Mary Tribby, AT&T, and William P. Heaston, US West  
AT&T Law Department  
1875 Lawrence Street, Room 1575  
Denver, Colorado 80202  
303-298-6508

US West  
1801 California Street, Room 5100  
Denver, Colorado 80202  
(303) 672-2810

*Summary:* Liberty served as the arbitrator for AT&T and US West in a case involving implementation of the Telecommunications Act of 1996.

**Client:** Idaho Public Utilities Commission  
**Client Contact:** Weldon B. Stutzman, Deputy Attorney General, Idaho Public Utilities Commission  
Idaho Public Utilities Commission  
P.O. Box 83702  
472 West Washington Street  
Boise, ID 83702  
(208) 334-0318

*Summary:* A Liberty-supplied professional served as the arbitrator for AT&T and US West in a case involving implementation of the Telecommunications Act of 1996.

**Client:** Idaho Public Utilities Commission  
**Client Contact:** Weldon B. Stutzman, Deputy Attorney General, Idaho Public Utilities Commission  
Idaho Public Utilities Commission  
P.O. Box 83702  
472 West Washington Street  
Boise, ID 83702  
(208) 334-0318

*Summary:* A Liberty-supplied professional served as the arbitrator for AT&T and GTE in a case involving implementation of the Telecommunications Act of 1996.

**Clients:** District of Columbia Public Service Commission (*auditing Bell Atlantic - District of Columbia*) and Pennsylvania Public Utility Commission (*auditing Bell Atlantic - Pennsylvania*)  
**Client Contacts:** Dwayne Boyd, Deputy Chief Auditor (D.C.) and Thomas Sheets, Bureau of Audits (PA)  
Public Service Commission of the District of Columbia  
717 14th Street, N.W.  
Washington, D.C. 20005  
(202) 626-5139

Pennsylvania Public Utility Commission  
901 N. Seventh Street - Rear  
Harrisburg, Pennsylvania 17105-3265  
(717) 772-0315

**Summary:** Liberty performed a comprehensive management audit of the functional operations of Bell Atlantic - Pennsylvania and Bell Atlantic - District of Columbia, operating companies of Bell Atlantic, one of the largest telecommunications organizations in the world. This review also included an in-depth analysis of the relationships and transactions of Bell Atlantic - Pennsylvania and Bell Atlantic - District of Columbia and their Bell Atlantic affiliates.

**Client:** Public Service Commission of the District of Columbia (*auditing Bell Atlantic - District of Columbia*)  
**Client Contact:** Dwayne Boyd, Deputy Chief Auditor  
Public Service Commission of the District of Columbia  
717 14th Street, N.W.  
Washington, D.C. 20005  
(202) 626-5139

**Summary:** Liberty examined the accounting for, and allocation of, lobbying costs of Bell Atlantic - District of Columbia between 1988 and 1995. This engagement also included an examination of the propriety of current policies and procedures governing the assignment and allocation of lobbying costs.

**Client:** Public Service Commission of the District of Columbia (*auditing Bell Atlantic - District of Columbia*)  
**Client Contact:** Daryl Avery, General Counsel  
Public Service Commission of the District of Columbia  
717 14th Street, N.W.  
Washington, D.C. 20005  
(202) 626-5100

**Summary:** Liberty assisted the Commission in its review of the recommendations presented in a report by the Quality of Service Working Group, which is made up of individuals from Bell Atlantic, The Office of People's Counsel, Commission Staff, and other interested parties. Liberty also assisted the Commission in a review of Bell Atlantic - District of Columbia's construction-program planning.

**Client:** Prosecutorial Unit, Connecticut Department of Public Utility Control (*Docket investigating alternative regulation for Southern New England Telephone Company*)  
**Client Contact:** Cindy Jacobs, Attorney  
Connecticut Department of Public Utility Control  
Prosecutorial Unit  
10 Franklin Square  
New Britain, CT 06051  
(860) 827-2853

**Summary:** Liberty assisted in reviewing total-service long-run incremental-cost models filed in this docket by Southern New England Telephone. Prepared an alternative rate design based on incremental-cost data. Assisted the Prosecutorial Unit in addressing related issues in briefs.