



3773 Cherry Creek North Drive
Suite 575
Denver, CO 80209
www.ionconsulting.com

July 29, 2011

Mr. Joshua Gallion
Procurement Officer
N. Dakota Public Service Commission (RFP) Consulting Services for MDU & Otter Tail ADP
RFP Number 408.06.11.003
600 E Blvd Avenue Dept 408
Bismarck, ND 58505

**PROPOSAL TO ANALYZE THE ADVANCE DETERMINATION OF PRUDENCE
APPLICATION SUBMITTED BY MONTANA-DAKOTA UTILITIES COMPANY AND
OTTER TAIL POWER COMPANY**

RFP Number : 408.06.11.003

Dear Mr. Gallion:

We are in receipt of your RFP number 408.06.11.003. This letter proposal describes our understanding of the requested scope of work, our proposed approach, estimated cost, and details of our proposal. This proposal complies with all specified items in the RFP and we have no exceptions or items of concern to mention. We thank you for this opportunity to provide support in this important project.

INTRODUCTION

This proposal is being signed and submitted by Brian Walshe on behalf of ION Consulting with the following contact info:

ION Consulting
3773 Cherry Creek South Drive Suite 575
Denver CO 80209
(303) 355-1030 (office)
Brian Walshe (contact person)
bfw@ionconsulting.com
www.ionconsulting.com

We are happy to comply with all provisions included in the RFP and there are no instances where our firm or the individuals on our proposed engagement team have any possible conflict of interest. The proposal is signed by Brian Walshe, who is fully

empowered to bind the company. This proposal is valid for 60 DAYS from the deadline specific for submission.

UNDERSTANDING OF THE PROJECT

The North Dakota Public Service Commission ("Commission") regulates investor-owned utilities operating in the state of North Dakota. Montana-Dakota Utilities Company (MDU) and Otter Tail Power Company (Otter Tail) are seeking an advance determination of prudence approval for their proposed air quality control system (AQCS) investment at their Big Stone Generating Station. The investment is needed in order to keep the plant in compliance with the Federal Clean Air Act and the South Dakota Regional Haze Implementation Plan.

The consultant hired will work with the ratepayer Advocacy Staff in presenting its case for the ratepayers of MDU and Otter Tail. Written testimony and supporting documents will be submitted to the Advocacy Staff for its review and presented by the consultant at a public hearing. Advocacy staff does not intend to submit testimony other than that presented by the consultant. The consultant will be required to present effective oral testimony at the commission's technical hearing and assist in the preparation of pre- and post-hearing documents.

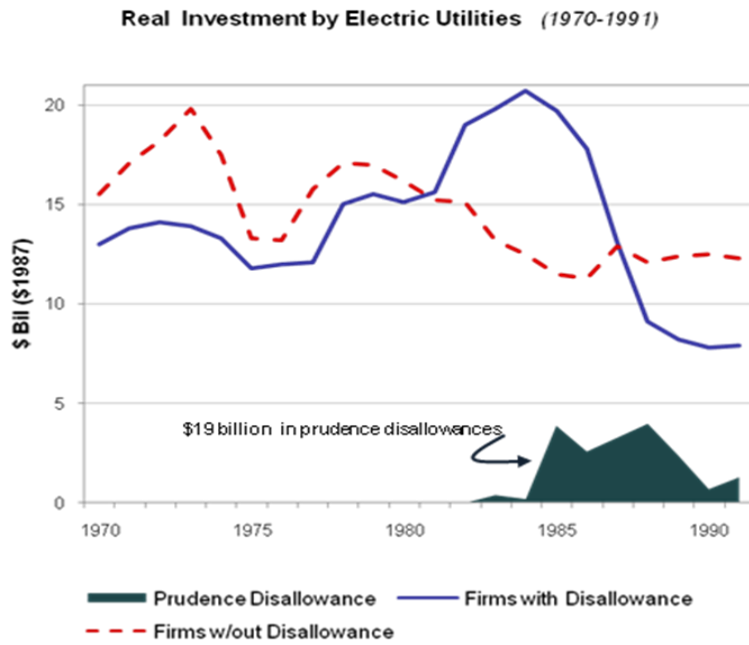
Consultant must provide a detailed analysis and conclusion related to the necessity and the economic prudence of installing the air quality control system on the existing Big Stone coal plant in comparison to other resource alternatives. Of specific interest in this case, advocacy staff is interested in determining the reasonableness of the air quality control system project costs, as well as the cost of other resource alternatives not chosen, the modeling inputs and sensitivity analysis, and the results as submitted by Montana-Dakota Utilities Company and Otter Tail Power Company.

We have attempted to summarize our understanding of the project in the following six sub-sections (listed as A-F)

A. Project Requirements

Utility regulators have used prudence to disallow capital costs since the "used and useful" standard was first cited in 1914. Prudence audits became a significant concern in the '80s and '90s when utilities were forced to write off approximately \$19 billion in nuclear disallowances.

Firms with disallowances were significantly affected and scaled back CapEx program by more than half. Firms with no disallowances also reduced CapEx in the '80s era of excess capacity, but not nearly as dramatically, as shown below.



Source: Lyon and Mayo (2005)

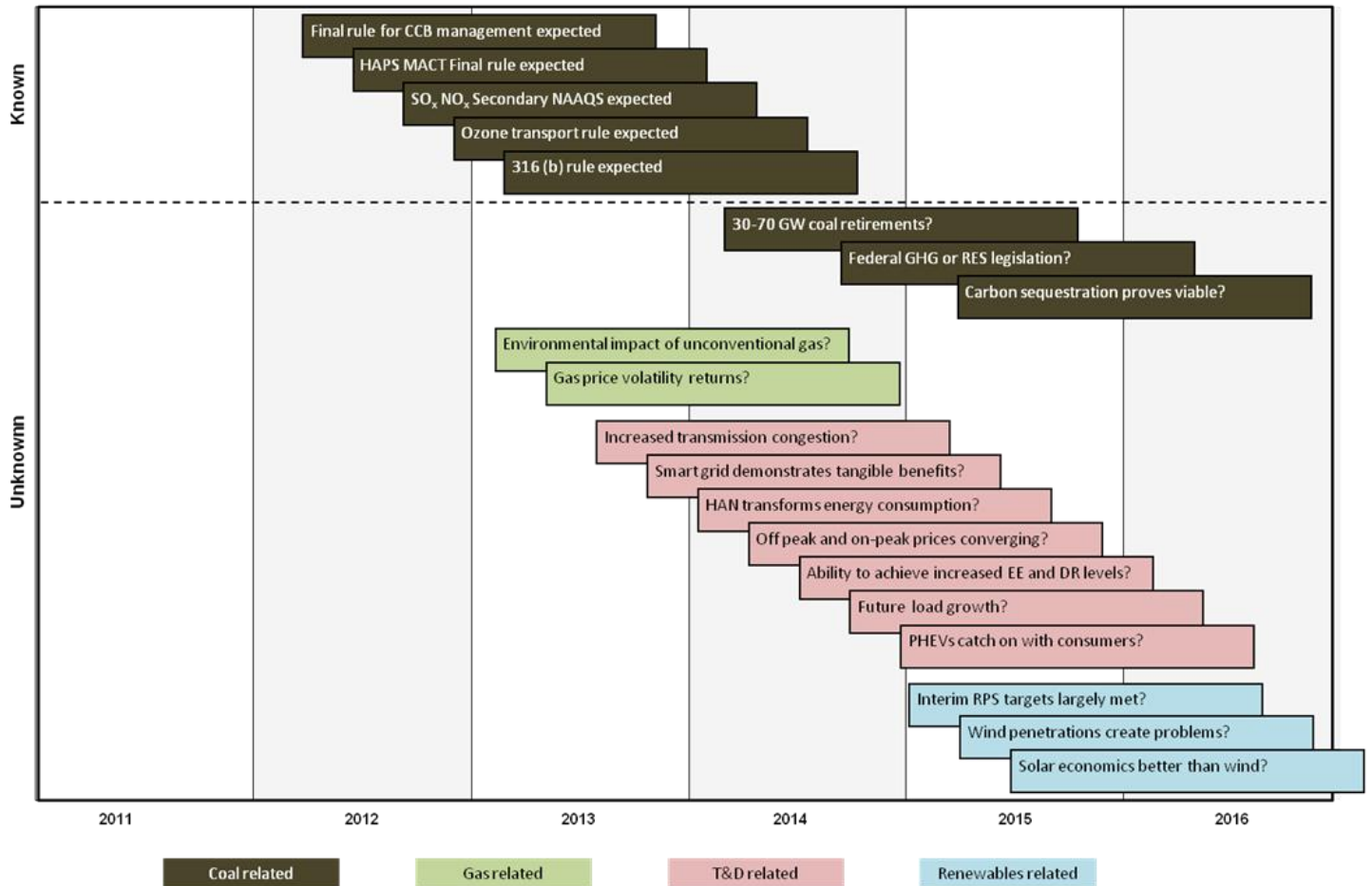
North Dakota is one of the few states that have adopted an “Advanced Determination of Prudence” mechanism to ensure that the Commission retains its proper role to ensure only used and useful assets are added to rate base, while also creating a constructive environment for utilities to make needed capital investments by mitigating the risk to a utility of an unexpected prudence disallowance.

The “used and useful” standard was first used in a Massachusetts PUC ruling in 1914, which was used to ensure that only used and useful capital expenditures would go

into rate base. The used and useful standard was later expanded by U.S. Supreme Court Louis Brandeis in a 1923 dissenting opinion (Southwest Bell telephone Company 1923) “...the term is applied for the purpose of excluding what might be found to be dishonest or obviously wasteful or imprudent expenditures. Every investment may be assumed to have been made in the exercise of reasonable judgment unless the contrary is shown.” Brandeis’ concept of prudence gained acceptance was further defined by the Supreme Court in FPC vs. Natural Gas Pipeline Company, (1942) and FPC vs. Hope Natural Gas Company, (1944) which essentially left regulation to the regulators, as long as the results were not confiscatory

This project will assess the prudence of the companies’ AQCS regarding the Big Stone Coal Facility. Decisions related to environmental compliance responses are extremely difficult in today’s environment, due to the significant uncertainty facing utility resource planners. In addition to the historical uncertainties related to load growth and cost of capital, today’s resource planners must consider the implications of renewable energy alternatives, potential carbon legislation, the potential for energy efficiency in a tomorrow that may feature a “smarter grid”, as well as near term regulations being proposed by the EPA that are specifically targeted at coal generation. Some of these uncertainties are “known” but many are dependent upon political decisions which are more “unknown” as illustrated in the exhibit at the top of the following page.

Uncertainties Affecting Generation Markets



B. End Products and Deliverables

ION Consulting is proposing to provide a detailed analysis and conclusion related to the necessity and economic prudence of installing the air quality control system on the existing Big Stone coal plant in comparison to other resource alternatives. The end products and deliverables that would be provided at the completion of this engagement would consist of the following:

1. Written and oral testimony describing our investigation and analysis to be presented to the Commission's technical hearing
2. Assistance in the preparation of pre- and post-hearing documents
3. A written report containing the results of our investigation and conclusions, written in PowerPoint, and addressing all pertinent issues related to the AQCS

decision. While some issues will be identified during the course of our investigation, at this time it is expected that the specific deliverables we will prepare will include but not be limited to:

- Summary of Companies' planning process
- Assessment of depth of analysis performed to support AQCS decision
- Assessment of how risk factors were quantified and modeled by companies
- Assessment of modeling inputs and sensitivity analysis
- Assessment of scope definition and estimate detail used to evaluate the AQCS alternative
- Summary of recent IRP industry trends
- Summary of past years' IRPs ' discussion of AQCS decision
- Assessment of any identified Commission-specific issues
- Summary of decision process including role of key management decisions at milestone points
- Identification of any inconsistent analysis or consideration of alternatives
- Summary of major risks considered by management and assessment of their mitigation techniques
- Assessment of analysis completed by management, or use of industry experts
- Identification of potential risks to rate-payers or other repercussions resulting from management actions
- Assessment of project management organization, and ability to control costs during life of project
- Assessment of project management organization, and ability to control costs during life of project

These deliverables are described in greater detail in the Methodology section of this proposal.

C. Project Schedule

The following milestones regarding the project schedule have been defined in the RFP.

- State issues Notice of Intent to Award a Contract (approx): August 5, 2011
- State issues contract (approx): August 12, 2011
- State enters into contract August 17, 2011 (effective)
- Investigation complete (report and written testimony) November 4, 2011
- Technical hearing December 13, 2011

We intend to meet these milestone dates by adherence to our own milestone dates as listed below. We are also prepared to rearrange any other existing client commitments for our two consultants and will submit a detailed schedule of specific days which will be scheduled for this project as part of the detailed work-plan:

ION Consulting Milestone schedule

- | | |
|--|--------------------|
| • Project kick-off | August 17,2011 |
| • Preliminary Planning Complete
<i>(initial interviews with Staff and designated company officials, submittal of document requests, completion of detailed work-plan)</i> | August 31, 2011 |
| • First Monthly Progress Report to Staff | September 1, 2011 |
| • Phase 1 Review Complete | September 30, 2011 |
| • Second Monthly Progress Report to Staff | October 1, 2011 |
| • Phase 2 Review Complete | October 15, 2011 |
| • Initial Draft of Testimony and Report Complete | October 28, 2011 |
| • Third Monthly Progress Report to Staff | November 1, 2011 |
| • Final Testimony and Report Complete | November 4, 2011 |

D. Quality Assurance

In the context of this engagement, Quality is defined as ensuring that the final report and testimony is well documented and supported, fair and reasonable in its conclusions, and stands up to any potential challenge from any intervener in the process and is accepted completely in the technical hearing. To achieve this level of Quality, our methodology entails the following QA provisions:

- Our two team members are very experienced in similar Commission and prudence related work, and will approach the project from Day One with a recognition for the need to maintain complete work-papers, to follow the work-plan, and to rigorously support and findings with the appropriate justification and analysis
- A preliminary work-plan will be completed within the first two weeks of the engagement. This plan will explicitly define all work-steps, evaluative criteria, and applicable standards to be used in our assessment. This will ensure there are “no surprises” that any of the parties can complain are inappropriate, and that our methodology is accepted as fair and reasonable.
- Our monthly progress reports will clearly measure our progress against defined objectives and milestone schedule dates. This will ensure that if any problems do arise, they will be immediately resolved in a timely manner

- We have allowed time in our schedule to submit a draft report to ensure the Staff has the opportunity to comment and the report addresses all identified issues in time to complete the final report and testimony.

E. Contract Terms and Conditions

We have received and read over the Commission's Purchase of Service Agreement and Risk Management Appendix included with the RFP. We accept all Commission terms and do not need to submit any special terms and conditions on our part.

F. Potential Issues or Problems Related to the Project

We see no pertinent issues or potential problems related to this project as described in the RFP.

METHODOLOGY

OVERALL APPROACH

Our proposed methodology is based upon several previous similar engagements including prudence related investigations for Commissions and utility clients, as well as eight separate projects working for State Commissions as clients.

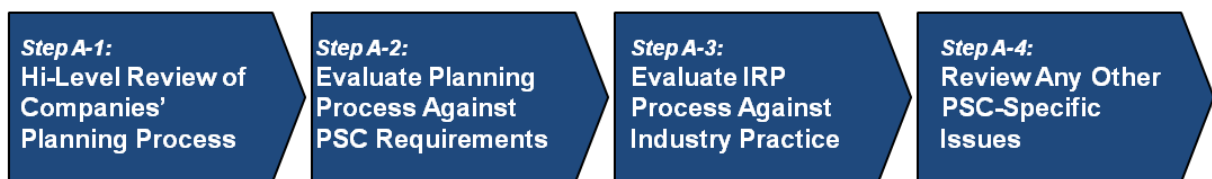
We will divide the approach into two separate phases. The first phase of our review will examine the overall planning process in place at the two companies. This will help us determine if flaws in that process, or in how that process is executed could result in imprudent decisions. The second phase of our approach will focus in on reviewing the specific Air Quality Control System (AQCS) decision selected by the companies. This will enable us to assess if there are flaws in the analysis itself, or if the underlying assumptions, tools or consideration of alternatives could result in a potentially imprudent decision.

When evaluating the prudence of a specific management decision or program, it is imperative to begin the engagement with clearly defined plan to identify key issues and to provide a reasonable standard of comparison. This has been validated in dozens of prudence audits, and subsequent litigation and appeals.

We have outlined our initial work-plan of steps we would follow to ensure a fair, rigorous, and supportable basis for our final assessment. For each of the two phases, we have defined a preliminary list of objectives, potential issues, approach and deliverable. One of the first steps upon beginning this engagement would be to meet with designated Staff to further define our detailed work-plan. This detailed work-plan would describe each step to be performed in greater detail, including expectation standards and evaluative criteria. These two phases are described in greater detail, along with a preliminary work-plan for each, in the paragraphs below.

Phase 1 Review the Overall Planning Process at the Two Companies

During phase 1, we will develop an understanding of the process used by the companies to determine that the proposed AQCS implementation is in the best interest of rate-payers. We will evaluate how this and similar projects are proposed, evaluated and analyzed in order to determine if there are systemic flaws or problems in the Planning process which would result in sub-optimal decision-making. We will also assess this process against comparable industry practices in order to define the evaluative criteria we will apply to our evaluation. Our purpose of this phase is to ensure the project has been fully vetted and analyzed by the companies and that it is indeed, least cost.



	Step A-1: Hi-Level Review of Companies' Planning Process	Step A-2: Evaluate Planning Process Against PSC Requirements	Step A-3: Evaluate IRP Process Against Industry Practice	Step A-4: Review Any Other PSC-Specific Issues
Objective:	<ul style="list-style-type: none"> To verify that management uses the appropriate tools, systems, and other techniques to adequately identify and evaluate resource planning decisions 	<ul style="list-style-type: none"> To assess the degree to which the planning process evaluates and considers specific requirements and analysis 	<ul style="list-style-type: none"> To verify that the IRP process includes appropriate degree of analysis to evaluate uncertainties and appropriate level of management review 	<ul style="list-style-type: none"> To identify any other PSC requirements that might impact the analysis or selection of the AQCS decision
Potential Issues:	<ul style="list-style-type: none"> Inadequate scrutiny of alternatives (chosen or not chosen) Inadequate, or out-of-date software tools to support analysis Failure to reconsider an investment decision if circumstances change 	<ul style="list-style-type: none"> Inadequate definition of decision criteria or analytic rigor (e.g. modeling inputs and sensitivity analysis) Inappropriate concentration of risk in a specific strategy 	<ul style="list-style-type: none"> Failure to maintain up-to-date models to evaluate changing wholesale market Inconsistent approaches, analysis, or conclusion between successive IRPs Inappropriate treatment of supply and demand side alternatives 	<ul style="list-style-type: none"> To be determined after detailed review of documents and discussion with Staff
Approach:	<ul style="list-style-type: none"> Review relevant Corporate Strategy documents Review Board discussion of AQCS decision and alternatives considered (or not considered) 	<ul style="list-style-type: none"> Review modeling inputs and sensitivity analysis considered by companies Review the scope definition and estimate detail used to evaluate the AQCS alternative 	<ul style="list-style-type: none"> Summarize recent industry trends in IRP analysis Review testimony or rate-case discussion of AQCS-related topics Review past years' IRPs 	<ul style="list-style-type: none"> Meet with designated Staff to discuss PSC-specific issues and concerns Meet with designated Company management as appropriate to review issues
Deliverables :	<ul style="list-style-type: none"> Summary of Companies' planning process Assessment of depth of analysis performed to support AQCS decision Assessment of how risk factors were quantified and modeled by companies 	<ul style="list-style-type: none"> Assessment of modeling inputs and sensitivity analysis Assessment of scope definition and estimate detail used to evaluate the AQCS alternative 	<ul style="list-style-type: none"> Summary of recent IRP industry trends Summary of past years' IRPs' discussion of AQCS decision 	<ul style="list-style-type: none"> Assessment of any identified issues

Phase 2: Review the Specific AQCS Decision

During phase 2, we will carefully evaluate the specific details of the AQCS decision. We will review how the decision was analyzed, whether management utilized an appropriate degree of sophistication and what software was used to shape their conclusions. We will test how alternatives were proposed and compared, and how comprehensively they considered all the repercussions of such a significant investment. Finally, we will assess the degree that the Companies have fully defined the project scope, estimate, and contingencies to ensure that the actual project execution is prudently managed so the project is completed within cost and schedule requirements.

	Step B-1: Appropriateness of Key Decision Drivers & Consistency With Planning Process	Step B-1: Recognition and Treatment of Known Risks and Uncertainties	Step B-1: Analytic Rigor and Documentation of Decision	Step B-1: Evaluation of Potential Impacts of AQCS Investment Decision	Step B-1: Management Plan and Approach to Implement Project
Objective:	<ul style="list-style-type: none"> Determine if management's decision process is sufficiently well coordinated to ensure the benefit of ratepayers 	<ul style="list-style-type: none"> Determine if management adequately recognizes and mitigates risks 	<ul style="list-style-type: none"> Assess if the management's decision-making process prudently evaluates alternatives 	<ul style="list-style-type: none"> Determine if management demonstrates a reasonable insight to evolving market scenarios 	<ul style="list-style-type: none"> Assess if management's project management approach adequately protects rate-payer's interests
Potential Issues:	<ul style="list-style-type: none"> Uncoordinated and unstructured decision process results in flawed decisions and strategies Inconsistent analysis creates sub-optimal strategic choices and a stop-and-start strategy 	<ul style="list-style-type: none"> Management does not mitigate risks to a reasonable and prudent degree Management fails to anticipate a market evolution which should have been reasonably recognized 	<ul style="list-style-type: none"> Inadequate supervision of analysis results in sub-optimal or inadequate identification of alternatives 	<ul style="list-style-type: none"> Market evolution or repercussion of management actions cost rate-payers more than they should have paid 	<ul style="list-style-type: none"> Poor project management increase the costs to ratepayers by making the AQCS decision more costly than expected
Approach:	<ul style="list-style-type: none"> Review decision process, consistency of analysis, and the evolution of management's resource planning conclusions 	<ul style="list-style-type: none"> Review risk analysis and treatment of risks and alternate scenarios Review management actions to mitigate risk 	<ul style="list-style-type: none"> Review analysis performed and documentation prepared by company of the decision and alternatives considered 	<ul style="list-style-type: none"> Review the modeling inputs, outputs and interpretation by company Define potential market scenarios that the companies should consider in their analysis 	<ul style="list-style-type: none"> Review project plan for prudent oversight of a large capital project Review estimates, escalation and contingency assumptions, as well as other cost factors to define the potential for cost overruns
Deliverables:	<ul style="list-style-type: none"> Summary of decision process including role of key management decisions at milestone points Identification of any inconsistent analysis or consideration of alternatives 	<ul style="list-style-type: none"> Summary of major risks considered by management and assessment of their mitigation techniques 	<ul style="list-style-type: none"> Assessment of analysis completed by management, or use of industry experts 	<ul style="list-style-type: none"> Identification of potential risks to rate-payers or other repercussions resulting from management actions 	<ul style="list-style-type: none"> Assessment of project management organization, and ability to control costs during life of project

Experience and Qualifications

This section of our proposal summarizes our firm and project team's experience and qualifications. We have also included three attachments at the end of this letter proposal that provide additional detail on our firm qualifications, as well as the resume and experience of our project team members. These attachments are:

- Attachment 1 - A description of ION's experience, clients, and practice areas
- Attachment 2 - A detailed resume for Brian Walshe
- Attachment 3 - A detailed resume for Charles Walker

We appreciate this opportunity to submit this proposal to the North Dakota PSC. We feel we are extremely qualified to perform this scope of work in the time specified in this proposal letter. We have summarized our qualifications for your considerations in the following list:

- **Direct, Relevant Experience** – We have assisted numerous utility and IPP clients to evaluate the financial and technical viability of scores of individual power projects as well as the impact of various plant modifications to plant valuation. We have the technical and modeling expertise to evaluate and quantify the costs and benefits from any such project.
- **Technical and Regulatory Insight and Capabilities** – Our team members have an extensive background working integrated resource planning projects and understand the nuances of how assumptions can pre-determine an outcome, and the wide range of alternative compliance strategies employed by utilities across the country
- **Experienced Project Team** – The members of our proposed team have the technical, financial, and experience base to perform this engagement in the schedule available, and to prepare and present the results in a clear, understandable format in the final report, because they have completed many similar engagements in their personal careers.
- **Defined Approach and Methodology**- Our proposed project approach and methodology has been used on many other utility engagements assisting utilities' Resource Planning Group to address similar complex issues with the necessary degree of analytical rigor using modern generation portfolio analysis techniques
- **Commitment to Schedule** - We have reviewed the project schedule and are able to dedicate the resources to complete the designated scope of work in the defined schedule.

Our firm has a deep background in serving regulatory clients as well as deep expertise in the field of electric utility prudence reviews. We differentiate ourselves from other firms in our ability to bring utility operations experience together with regulatory insight, in order to properly evaluate the detailed issues that affect utility operations today.

We have assisted many utility and IPP clients to evaluate their options under pending environmental regulations which is directly comparable to the Big Stone decision. We have examined these decision alternatives from the perspective of the technically optimal choice for the plant, as well as helping clients think more strategically about the wide array of alternative options they might have, and to best make these types of “decisions under uncertainty”.

For example, for a recent utility client we were supporting on development of their IRP, we examined in great detail the cost and risk trade-offs between a natural gas CC facility and a coal fired IGCC. In addition to the straight-forward cost and modeling treatment of the options, we examined in detail how these risks manifested themselves in today’s uncertain resource planning environment. It is well known within the resource planning community that the degree of “robustness” in utility resource plans is a continuing source of concern and potential weakness for a variety of reasons. Chief among these reasons is a uniformity of assumptions made by planners. Many planners are concerned that with explicit Renewable Portfolio Standards for utilities, a common assumed “carbon penalty”, general assumptions that nuclear or large hydro will not be built in their state, that the review of supply-side alternatives is limited. What this treatment of alternatives means is that most production cost models are left with concluding a fixed amount of new renewable, gas generation as the only non-renewable alternative, and as much energy efficiency as the utility can programmatically manage. In these situations, most production cost models turn out a fairly homogenous solution and so the utility industry as a whole becomes increasingly exposed to “herd risk” and may be overlooking alternative or out-of-the-box solutions.

Our firm has an excellent track record of timely and successful completion of projects. We demonstrate this confidence by submitting this bid as a firm, not-to-exceed budget. We will only invoice you for the hours we actually work, but we will not exceed the budgeted amount under any circumstance. This has been our practice with all of the PSC and utility client work we have done in the past. We have listed below, some representative client references who can attest to our successful track record.

Company Name	Contact Information
1. Puget Sound Energy	Mr. Eric Markell CFO, Puget Sound Energy 10855 NE 4 th Street P.O. Box 97034 Bellevue, WA 98009 425- 462-3595
2. Quanta Services	Mr. Ben Bosco SVP Business Development, Quanta Services, Inc. 1360 Post Oak Boulevard, Suite 2100 Houston, TX 77056 713-985-6403
3. Western Area Power Administration (WAPA)	Mr. Randy Manion Renewable Resource Program Manager. Western Area Power Administration P.O. Box 281213 Lakewood, CO 80228-8213 720-962-7271
4. Inveravante	Sr. Eduardo Llorente Director of Energy Inveravante GENERA AVANTE S.L. Avda. Linares Rivas 1 15005 A Coruña – España 346-795-0865

Our project team is deliberately kept small and consists of two individuals whose resumes are included at the end of this letter. Mr. Brian Walshe will be Engagement Manager and responsible for client satisfaction and will serve as the author of the filed testimony and the testifying witness. He will be supported by Mr. Chuck Walker who will focus on the technical review of the emissions technology review. We have briefly summarized our team backgrounds below.

Brian Walshe - Engagement Manager - Brian is Managing Partner of ION Consulting, and has over 25 years experience across a wide range of areas within the energy industry. He has primarily focused on electric generation, including resource planning and acquisition, and has served almost 200 fossil units and 30 nuclear units in various capacities. He has also provided expert witness testimony in utility prudence and bankruptcy proceedings. Prior to forming ION Consulting, Brian was a utilizes specialist with McKinsey & Co., a Managing Director in Navigant Consultants' transaction practice, and a construction engineer with Stone & Webster Inc. He has provided consulting services to over 75 utility and regulatory clients. He has an MBA from the University of Michigan, and a B.S. degree in Civil Engineering from Northeastern University.

Chuck Walker – Technology and Environmental Planning - Chuck has extensive experience in planning, developing, managing and scheduling large energy projects of all generation technologies. He has worked together on projects with ION Consulting for the past five years as a subcontractor. He has extensive experience in coal combustion, coal-to-liquids, and coal gasification projects. He has successfully originated, led, and negotiated power plant transactions for numerous clients in multiple regions of the country, with commitments totaling \$3.5 billion, as well as the sale or acquisition of numerous generation facilities. He previously held senior positions with Alliant Energy, Delmarva, Kinder Morgan, and Shell Trading Company. He has an MBA from Loyola College in Maryland, a B. S. Degree in Electrical Engineering from Northern Illinois University, and an AAS Electrical Power Technology degree from The Williamson School.

In the table below, we have briefly summarized some of the specific background items requested in the RFP.

Name	Title	Description of Work to Perform	Budgeted Hours	Resume
Brian Walshe	Partner	Engagement manager, responsible for overall prudence review and assessment, reviewing past IRPs and Planning process, evaluating models, input and analysis, preparing final testimony	450	Attachment 2
Charles Walker	Sub-contractor	Review of technology selected, technical evaluation of alternatives, review of project cost estimates, and impact on existing generation capability	150	Attachment 3

PROJECT COSTS

We will perform the scope of services described in this letter proposal for \$120,000 in professional fees, plus out-of-pocket travel expense, which will be passed through to you with zero mark-up. Based upon similar experience, we estimate that these expenses can be managed to less than 10% of professional fees. There are no additional overhead or other cost adders so we can thus commit to complete all tasks in the proposed scope of work for a firm, not-to-exceed amount of \$132,000.

We have listed the details of our cost proposal in the format described in Attachment 4 of the RFP. We note that this rate reflects a 25% discount to our normal billing rate which we regularly apply to Commission or Government engagements.

Labor Cost

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Total Fees</u>
Brian Walshe	450	\$200/hr	\$90,000
Charles Walker	150	\$200/hr	\$30,000
GRAND TOTAL	600	-	\$120,000

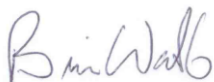
Other Costs

Supplies	0
Overhead	0
Travel	\$12,000

Total Budget **\$132,000**

We look forward to discussing this proposal with you at your earliest convenience, and to getting underway in assisting the PSC with review of this important issue. Please do not hesitate to let us know if there is any additional information you require, and thank you again for the opportunity to support you on this engagement.

Sincerely,



Brian Walshe
President
ION Consulting

Attachment 1 – Overview of ION Consulting

ION Consulting Overview

ION Consulting is a specialized consulting firm that provides services to clients in the energy and utilities vertical market sector. Prior to founding ION, the partners of ION previously held senior level positions with leading consulting firms in the areas of Strategic Planning and Transactions and Advisory Services. The combined experience base of the founding partners covers 200 utilities in over 20 countries. This experience represents projects actually led and performed by the partners of ION, not archived firm experience performed by staff that are no longer with the company. We performed the work, managed the implementation, and produced the end deliverables. This is the team we bring to clients to provide experience and judgment on our engagements. We distinguish ourselves from other consulting firms in three ways:

1. We maintain an exclusive focus on the utility industry
2. We have hands-on experience drawn from leading strategy consulting firms and utilities
3. We bring a deep understanding of Federal and State regulatory issues

We focus exclusively on electric, natural gas, telecommunications, and water utility industries

Worked with more than 160 domestic and international utilities industry clients

Served all industry segments including IOU, PPA, IPP, municipal, and cooperative

Understanding and hands-on experience in all functional areas of utility operations

We have extensive consulting experience and training from leading strategy and engineering firms

- Use proven collaborative and consulting methods
- Expertise in:
 - Strategic planning
 - Business planning
 - M&A support (buy-side & sell-side)
 - Asset management
 - Resource planning
 - New product development



We have relevant experience and perspectives on Federal and State regulatory issues

- Experience as former PUC Commissioner
- Provided expert testimony in various regulatory proceedings
- Frequently consulted and cited for insights to emerging policy trends (FERC, PUC, SEC, and others)

Attachment 1 – Overview of ION Consulting

Clients

Domestic Utilities

Alaska Energy Authority
 Allegheny Power
 Alliant Energy
 American Electric Power
 Arkansas Power & Light
 Atlanta Gas Light
 Atlantic Electric Company (Conectiv)
 Austin Energy
 Baltimore Gas & Electric
 Bonneville Power Administration
 Boston Edison (Nstar)
 Company
 Carolina Power & Light
 CaroNet
 Centerior Energy
 Charter Oaks (Northeast Utilities)
 Chattanooga Gas
 Association
 Chugach Electric
 Administration
 Cinergy
 Citizens Gas Light
 City of Covington
 Commonwealth Edison
 Commonwealth Electric
 Commonwealth Energy Services
 Connecticut Light & Power
 Connecticut Natural Gas
 Constellation Energy
 CPS Energy
 Duke Energy
 DukeNet
 Duquesne Light
 EnergyUnited
 Entergy
 Florida Power & Light
 Gila Resources
 GPU Energy
 Gulf States Utilities
 Horner Electric Association
 Indeck Energy
 Indianapolis Power & Light
 Kansas City Power & Light
 Los Angeles Department of
 Water & Power
 Louisiana Power & Light
 Louisville Gas & Electric
 Marietta Board of Lights & Water
 Marietta FiberNet
 Mississippi Power & Light
 Niagara Mohawk Power
 Northwest Natural Gas
 Old Dominion Electric Cooperative
 Pacific Gas & Electric
 Pennsylvania Power & Light
 Philadelphia Electric Company
 Pinnacle West
 Plains G&T Cooperative
 Public Service Electric & Gas

Puget Sound Energy
 Rochester Gas & Electric
 Sacramento Municipal Utility District
 San Diego Gas & Electric
 SCANA
 South Kentucky Rural Electric
 Cooperative
 Tennessee Valley Authority
 Texas Utilities
 The Peoples Gas Light and Coke
 Company
 Toledo Edison (First Energy)
 Tucson Electric Power
 TXU Energy
 UGI Utilities
 Virginia Electric & Power
 Wabash Valley Power
 Western Area Power
 Wisconsin Power & Light
 Wisconsin Public Service
 Xcel Energy

International Utilities

Abu Dhabi Transmission and Despatch
 Co. (UAE)
 China Light & Power (Hong Kong)
 Commonwealth Utilities (N. Mariana
 Islands)
 East Midlands Electricity (England)
 Electricity de France (France)
 Electricity Supply Board (Ireland)
 Energex (Australia)
 Eskom (South Africa)
 Federal Grid Company (Russia)
 Great Lakes Power (Canada)
 Hyder (Wales)
 Korea Electric Power Company (Korea)
 Luz Del Sol (Peru)
 Midlands Electricity Board (England)
 Ontario Hydro (Hydro One, Canada)
 Shanghai Power Construction Bureau
 (China)
 Thames Water (England)
 Trans-Canada (Canada)
 Wales & West Utilities (Wales)
 Wel Networks (New Zealand)
 Yunnan Electric Bureau (China)

End Use Consumers

Boston Market
 Castle & Cooke
 Castle Rock Development Company
 Catellus Development Corporation
 Cedars-Sinai Medical Center
 East West Partners
 Federal Realty Investment Trust
 Golden State Development
 Greendek Capital Management

Grubb and Ellis
 Highland Fairview Properties
 JMI Development
 Julien J. Studley, Inc.
 Keller CMS (Urban Partners)
 Kennecott LandLennar Communities
 Lewis Operating Company
 Maguire Partners
 McClellan Park, LLC
 Newhall Land & Farming Company
 Parker Properties
 Playa Capital, LLC
 Rancho Las Flores Development
 Talega (Standard Pacific)
 Teikyo Laretto Heights University
 Terra Brook
 The South Group, LLC
 Thomas Properties Group
 University of California Los Angeles
 University of California Riverside
 US Steel and Carnegie Pension Fund
 Venetian Hotel & Casino
 Williams and Darné, LLC

Government and Regulatory

Agencies

Connecticut Dept of Public Utility Control
 GeoPowering the West
 Illinois Commerce Commission
 Illinois State Attorney
 Los Angeles City Council
 National Renewable Energy Laboratory
 New Jersey Board of Public Utilities
 New York Public Service Commission
 Pennsylvania Public Utility Commission
 United States Corps of Engineers
 United States Department of Agriculture
 United States Department of Energy
 United States Department of the Interior
 WindPowering America

Utility Industry Service Providers

EZConnect, Inc.
 Northern California Power Administration
 Northwest Public Power Association
 Quanta Services
 Rochem
 Shell Services International
 Southern California Power Administration
 Waste Energy Technologies Northeast
 Utilities
 WorleyParsons Engineering Company
 Wyoming Coal Association
 Cincinnati Bell Information Systems
 Kline Hawkes & Co
 Mid-Atlantic Broadband Cooperative
 NORTEL
 Plant Equipment, Inc.
 Sprint

Attachment 1 – Overview of ION Consulting

Integrated Resource Planning Experience

The members of our proposed project team individually and collectively have an extraordinary breadth and depth of experience in the area of integrated resource planning. This experience spans the past decade of industry restructuring and encompasses recent evolution of resource planning considerations. Specific project experiences and their relevance include:

- *Support of Puget Sound Energy's Resource Planning Department* - Over the past six years, we supported a variety of client's needs for three successive publications of their least Cost Plan (LCP); Specific areas of support included:
 - Development of a PC-based Portfolio Screening Model used to develop portfolio expansion plans, evaluate cost and risk trade-offs of various planning standards and planning scenarios
 - Coordination, editing and direct writing support for three successive iterations of the company's least cost Plan (LCP)
 - Program management of RFP solicitation process for over 70 PPA and 60 Asset proposals submitted as part of client's resource acquisition process.
- *Old Dominion Electric Cooperative* – Performed supply-side evaluation of technologies and resource alternatives in client's IRP.
- *Indianapolis Power & Light Company* -Performed supply-side evaluation of technologies and resource alternatives in client's IRP.

Power Plant Valuation and Analysis Experience

In addition to the above listed integrated resource planning experience, our team members have also completed the following relevant projects involving resource strategy, valuation in wholesale markets or:

- *Cleveland City Council* – Completed a 3rd party risk assessment of the impact of the city of Cleveland signing a long term PPA for 80 MW output of the AMP Ohio coal-fired plant then under development. A specific item of review was technical and commercial risk associated with emissions solutions in light of the potential EPA pending requirements.
- *American Public Power Association* – Prepared a "Guidebook to Increase the Role of renewables in a Power supply Portfolio" for the APPA. This 80 page Guidebook prescribed a methodology for Municipal electric companies to analyze renewables as part of their resource planning mix.
- *US Biogas Corporation* – Provided expert witness testimony as part of the bankruptcy proceedings of this large multi-state LFG generator. Tasks involved modeling and valuing over 23 separate landfill gas projects across the country and evaluating the potential impact of known and future environmental requirements.
- *Inveravante* – Engaged by a \$3 billion Spanish hedge fund to identify, value, and prioritize wind developer companies. Tasks involved modeling wholesale electric and REC prices across the country and identifying highest value target portfolios.
- *Marubeni* – Performed a comprehensive review of the market to provide services to existing generating electric plants as well as the expected evolution under expected EPA and state regulatory environments. Tasks involved analyzing all cost elements of the

- **Attachment 1 – Overview of ION Consulting**

- O&M for electric power facilities and prioritizing growth prospects for 75 individual services such as scrubber additions and other environmental compliance requirements.
- *Confidential Merchant Utility Company* – Developed analytic models to value existing portfolio and impact of adding specific coal, gas, or wind resources in other regions. Analysis involved modeling all existing and potential new supply resources in PJM, NY-ISO, NE-ISO, ECAR, MAIN and ERCOT
- *Confidential Private Equity Client* – Performed independent valuation analysis of assets for a potential acquisition of an electric and gas utility. Performed due diligence of existing and planned generation assets, portfolio of long-term supply and off-take contracts, and the value of the regulated franchise.
- *Confidential Integrated Utility Client* – Supported a mid-sized utility to prioritize and value generation asset opportunities to support its growth through acquisition strategy.

Prudence Related Experience

We have supported the following prudence or litigation -related engagements:

Prudence Related. We have identified the nature of and the duration of each engagement after each bullet

- Construction of the Comanche Peak Steam Electric Generating Station Units 1 and 2 (prudence-related; litigation-related 24 months)
- Construction of the Limerick Generating Station Units 1 and 2 (prudence-related; 15 months)
- Construction of the Nine Mile Point Station Unit 2 (prudence-related; 3 months)
- Replacement power costs for extending outage at Calvert Cliffs Nuclear Power Station Units 1 and 2 (prudence-related; 18 months)
- Replacement power costs for extending outage at Davis Besse Nuclear Power Station Units 1 and 2 (prudence-related; 9 months)
- US Energy Biogas Chapter 11 bankruptcy proceedings (litigation-related 3 months)

Public Utility Commission/Regulatory Experience

We have supported the following engagements for Public Service Commission or City Council regulators of Electric Municipal Utilities

- Illinois Commerce Commission
- New York Public Service commission
- New Jersey Board of Public Utilities
- Connecticut Board of Public Utilities
- Pennsylvania Public Utility Commission
- City Council of Los Angeles California
- City Council of Cleveland Ohio

Attachment 2 – Resume of Brian Walshe

Brian Walshe

Summary and Background

Mr. Walshe is Managing Partner of ION Consulting, and has over 25 years experience across a wide range of areas within the energy and utility industries. Mr. Walshe has primarily focused on wholesale generation strategy, retail and generation market evaluations, acquisition target identification, and business integration planning.

Mr. Walshe has provided consulting services to over 70 utility and regulatory clients on four continents. He was previously employed with McKinsey & Company, Navigant/Metzler & Associates, and Stone & Webster Inc. In all these positions, he has focused exclusively on the energy and utility industries. Mr. Walshe holds an MBA from the University of Michigan and a BS in Civil Engineering from Northeastern University.

Recent Engagement Highlights

Over the past 24 months, Mr. Walshe has been involved with a number of projects related to three primary themes: the de-carbonization of the electric generation, the increasing flow of energy related capital investments across borders, and the continuing evolution of the U.S. wholesale generation sector. Recent engagements include:

- Assisted a confidential European energy hedge fund to develop a market entry strategy and acquisition plan to enter the U.S. renewable energy sector
- Assisted a Japanese Trading Conglomerate to assess and prioritize opportunities to provide plant services to existing U.S. thermal generation plants based upon strategic trends in carbon policies, and changes to the IPP sector. The primary focus of the engagement, was on the changing roles of 3rd party gas turbine service providers in the U.S.
- Assisted a Fortune 100 Internet Router Manufacturer to develop a strategy related to global Smart Grid trends and how these will affect internet volumes as operational and usage information is increased
- Assisted a regulated gas and electric utility to conduct a competitive power solicitation process for thermal and renewable power supply. Support included valuing and prioritizing RFP responses and reviewing major issues in support of Power Purchase Agreement (PPA) negotiations
- Assisted the Cleveland City Council to review the risks associated with signing an 80 MW PPA from the Miegs Coal Plant then under development. Support included public testimony in civil proceedings regarding the likelihood of the plant being completed on budget, and the potential financial risk exposure it created for the city of Cleveland from a long term contract
- Prepared a long term capital forecast for gas turbine and wind construction in the U.S. which was used by the utility to support its strategy for renewable acquisition before various state regulatory agencies
- Assisted DOW Chemical to develop an alliance strategy to work with US utilities in support of its new Building Integrated Photo-Voltaic (BIPV) solar roofing tiles.

Attachment 2 – Resume of Brian Walshe

- Assisted a regulated utility to design a solar rebate tariff to support residential PV in its territory
- Assisted numerous private equity groups to review specific business plans, to develop market forecasts, and to understand global energy trends in support of their investment activities
- Assisted one of the country's largest specialty electrical contractors to prioritize acquisition candidates resulting in a *billion dollar acquisition* now undergoing regulatory review and approval
- Assisted a confidential investor-owned utility to develop their *Renewable Portfolio Standard compliance strategy*
- Provided valuation and expert witness testimony support for a *renewable energy provider in chapter 11 proceedings*. Engagement resulted in successful renegotiation of a \$300 million liability and emergence from bankruptcy
- Assisted a regulated investor-owned utility to manage a *competitive power solicitation process* that valued and prioritized over 100 generation and PPA proposals. Engagement resulted in the selection of a number of acquisitions in wind, solar, CCCT technologies as well as PPA agreements
- Provided valuation services to support the acquisition by the majority partners of the remaining interest in waste Energy technology, a leading landfill gas operator and developer

Public Service Commission and Prudence Cases

Mr. Walshe has supported a large number of Public Service Commission clients working on prudence-related projects, or management audits. He generally focused on the areas of electric generation or reviewing a specific aspect of a utilities' environmental compliance plan. These engagements include:

- Commonwealth Utility Company - Commonwealth of N. Marianas Islands ; Project manager for comprehensive management audit, and Lead Consultant evaluating the area of Power Production.
- Atlantic Electric Company - Atlantic City NJ: Project manager for BPU's comprehensive management audit and Lead Consultant evaluating the areas of Engineering and Construction, and Power Production.
- Alaska Energy Authority - Anchorage, AK: Project Manager on a retrospective assessment of the construction program for the Bradley Lake Hydroelectric facility.
- Commonwealth Edison Company - Chicago IL: Lead Consultant responsible for the areas of Engineering and Construction and Power Production.
- Baltimore Gas and Electric Company - Baltimore, MD: Lead Consultant providing non-testifying expert witness support during rate proceedings associated with an extended dual unit nuclear outage. Prepared direct testimony, assisted in strategy development, issue identification, and mock cross. In addition, provided strategic analysis of ongoing prudence investigation and interrogatory requests from intervener audit firms.

Attachment 2 – Resume of Brian Walshe

- Pennsylvania Public Utility Commission - Harrisburg, PA: Lead consultant providing litigation support services to Pennsylvania Public Utility Commission Office of the Trial Staff. Provided direct and rebuttal testimony in Rate Case Docket R-891364 as expert witness in the areas of Construction Management and in Statistical Analysis of Power Plant Construction Costs. Reviewed opposing testimony for consistency and accuracy and wrote cross examination questions to pose to opposing witnesses. Developed Testimony Issue Tracking System to cross reference and track issues development and supporting documentation to be used in final brief of case.
- Los Angeles Department of Water & Power - Los Angeles, CA: Responsible for assessing the Area of Power Production, and for evaluating the operation and environmental compliance program of the fossil power generation facilities. Specifically, evaluated the Maintenance Management Program and the effectiveness of the planning and execution of plant outages. Additionally reviewed the Environmental Affairs function, focusing on the response plan to the recently enacted Rule 1135 of California's South Coast Air Quality Management District (SCAQMD), legislating a mandatory program requiring the Department to minimize NO_x emissions from its fossil stations over a ten-year period.
- Philadelphia Electric Company - Pottstown, PA: Lead consultant in the area of Field Construction Management and Industry Comparative Analysis in the retrospective audit of the Limerick Unit 2 Nuclear Generating Station. Additionally, supported the areas of Engineering Management, Quality Assurance and Licensing Management. Specific responsibilities included supervision of comparative regression analyses modeling the expected cost for new power plant construction, a retrospective examination of construction unit rates, incorporation of construction change orders, and adequacy of engineering support of construction activities. Results of analyses submitted as direct testimony in Philadelphia Electric Company Rate Case Docket R-891364.
- Niagara Mohawk Power Corporation - Syracuse, NY: November, 1988 - May, 1989 Lead consultant responsible for the evaluation of the Engineering and Construction Program support of power production facilities, the adequacy of project estimating and cost control processes, and existing project management procedures. Specifically evaluated the company's response to the environmental requirements of the Resource Conservation and Recovery Act (RCRA), The Superfund Amendments and Reauthorization Act (SARA), and the New York State Acid Deposition and Control Act (SADCA).
- Toledo Edison Company - Oak Harbor, OH: Lead consultant assisting the Davis-Besse Nuclear Power Plant outage management organization during a nine-month \$100 million refueling and refurbishment outage. Provided guidelines and support in the development of the final outage critique and assessment report which was used to request replacement power costs from the PSC

Attachment 2 – Resume – Resume of Brian Walshe

- The Peoples Gas Light & Coke Company - Chicago, IL: November,1987 - March,1988 Reviewed the Company's engineering function's gas main reliability program, as well as the company's oversight of facilities, land management, and transportation functions.
- Connecticut Light and Power Company- Hartford, CN: July,1987 - November,1987 Support consultant for a focused, phase II study of the gas business' capital budgeting and project controls and execution functions. Specifically examined the project justification process and expenditure levels for capital versus O&M requirements.
- Connecticut Natural Gas Corporation - Hartford, CN: July,1987 - October,1987 Provided support in this operational study of the company's Work Force Management practices, specifically evaluating the engineering and construction-related work groups.
- Texas Utilities Company - Glen Rose, TX: July,1986 - September,1987 Performed services related to the construction of a two-unit nuclear station. The subject matter of these services concerned minority owner litigation and a retrospective prudence investigation and is confidential.
- Rochester Gas and Electric Company - Rochester, NY :January,1987 - April,1987 Provided support in the area of Construction Program Planning, specifically reviewing the company's engineering and construction function, the adequacy of project estimating and cost control practices, and assessing existing project management procedures.

Power Plant Operations & Construction

Mr. Walshe has led or participated in operation or effectiveness reviews at over 200 fossil units and 30 nuclear units in the United States and around the world. These are summarized into four general categories below.

Operational Services and Support

- *Reengineering of Various Fossil Stations* – Led a client team of over 120 Entergy employees at 23 fossil stations in a company-wide reengineering of the Routine Maintenance Procedures for all fossil plants
- *Assessment of Coal Station Operations Risks*– Reviewed operational and strategic risks for ESKOM's coal generation fleet consisting of 6 separate, 6x600 MW-unit coal stations (“six-packs”) immediately following democratic elections in the Republic of South Africa
- *Assessment of Regional Generation Acquisition Targets*– Led a client-consulting team evaluating current and forecasted supply stacks for 5 NERC regions to identify and prioritize acquisition and divestiture opportunities for a confidential merchant utility company
- *Acquisition Team Due Diligence*– Managed financial and on-site due diligence inspection for numerous fossil-fired facilities in various stages of development and/or operations

Attachment 2 – Resume of Brian Walshe

- *Review Plant Operating Procedures and Protocols* – Reviewed operating protocols and procedural compliance for the Calvert Cliffs Nuclear Plant in support of BG&E proceedings before state commission after it had been placed on the NRC “watch list”
- *Review of Nuclear Plant Outage Management Procedures*– Reviewed outage management procedures associated with extended shut down of the Davis-Besse Nuclear Plant in support of Toledo Edison proceedings before state commission

Field Construction Management Services

- *Construction Management of Nuclear Station*– Provided expert witness support of construction management practices at the Limerick Generating Station before state commission
- *Construction Management of Nuclear Station*– Provided expert witness support of construction management practices at the Comanche Peak Nuclear Plant in support of TU’s proceedings before state commission
- *Construction Management of Nuclear Station*– Provided construction management services (as Stone & Webster engineer) to VEPCo in support of their N. Anna Unit 3 Nuclear construction project
- *Construction Management of Nuclear Station*– Provided construction management services (as Stone & Webster engineer) to Duquesne Light Co. in support of their Beaver Valley 3 Nuclear construction project
- *Construction Management of Clean Coal Station*– Provided construction management services (as Stone & Webster engineer) to DOE in support of their SRC-1 Clean-Coal Demonstration project

Organizational Effectiveness Reviews

- *Review of Generation Business Unit Operations*–Focused management audit of overall effectiveness of Generation Business Unit of all fossil and nuclear stations for Commonwealth Edison Co.
- *Revised Budgeting and Performance Monitoring System*– Assisted corporate task force implementing revised budgeting and performance-monitoring system for all of Cinergy’s generating stations
- *Review of Generation Business Unit Operations*–Focused management audit of overall effectiveness of Generation Business Unit all fossil, hydro and nuclear stations for Los Angeles DWP.
- *Review of Nuclear Station Plant Chemistry Department*– Reviewed operational effectiveness of Plant Chemistry Dept in PP&L’s Susquehanna Nuclear Plant
- *Review of Generation Business Unit Operations*–Focused management audit of overall effectiveness of Generation Business Unit of all fossil and nuclear stations for Niagara Mohawk Co.
- *Review of Generation Business Unit Operations*–Focused management audit of overall effectiveness of Generation Business Unit of all fossil and nuclear stations for Rochester Gas & Electric Co.
- *Review of Generation Business Unit Operations*–Focused management audit of overall effectiveness of Generation Business Unit of all fossil and nuclear stations for Atlantic Electric Co.

• Attachment 2 – Resume of Brian Walshe

- *Review of Generation Business Unit Operations*—Focused review of operations of the Escalante Power Station for Plains G&T Cooperative.
- *Review of Generation Business Unit Operations*—Review of 40 MW diesel generator fleet for Commonwealth of N. Mariana Islands

Renewable Energy Strategies

Mr. Walshe has supported a wide range of projects that assist clients to develop or quantify their renewable energy program or strategies. These clients have included regulated utility companies, renewable energy asset owners and operators, as well as industry associations and multi-client studies. Recent engagements include:

- *Assessment of Wind O&M Market Opportunities* – For a confidential international client, developed a forecast and market assessment of opportunities related to acquiring wind construction and O&M services companies in the U.S.
- *Assessment of Capital Cost Outlook for Wind Generation Facilities* – For a confidential Investor-Owned Utility, developed a capital cost outlook to help them determine their Renewable Portfolio Standard compliance strategy.
- *Development of Guidebook to Evaluate the Role of Renewable Energy in a Utility Power Portfolio* – Developed a guidebook used by the American Public Power Administration to provide analytical tools and process for small municipal utilities to evaluate renewable alternatives.
- *Development of Renewable Energy Strategies for Municipal Utilities* – Retained by GeoPowering the West and WindPowering America to speak at various workshops assisting municipal utilities evaluation of renewable alternatives. Spoke to over 100 municipal utilities in groups or individual settings.
- *Evaluation of Roof-Mounted Solar PV Installation* – Evaluated the cost and benefits of installing what would have been the world's largest solar mounted PV system for a Californian real estate developer and local utility.
- *Valuation of Biogas Services Company* – For a confidential biogas services company, developed a valuation and market outlook as part of a corporate acquisition.
- *Valuation of Biogas Owner Operator* – Presented expert witness testimony as part of bankruptcy proceedings for U.S. Biogas, a subsidiary of U.S. Energy.
- *Evaluation of Renewable Generation Proposals in Response to Regulated Utility RFPs* – Assisted or led evaluation of dozens of specific renewable energy proposals as part of a regulated utility's RFP solicitation program.

Valuation and Transaction Advisory Services

- Mr. Walshe has led or supported assessments that resulted in, or contemplated business or asset acquisitions. As part of these efforts, he assisted throughout the entire process including market evaluation, strategic opportunities review, target identification, synergy estimation, and potential value created from the transaction. Recent and representative engagements include:

• Attachment 2 – Resume of Brian Walshe

- Assisted *Puget Sound Energy* in development of valuation models for regional power production facilities for multiple engagements. These engagements have culminated in the acquisition of almost \$700 million of generation assets including gas, wind, and Purchase Power Agreements (PPAs)
- Supporting a *confidential electric IOU* in the assessment of potential corporate acquisition candidates as part of a limited partnership with private equity funding. Developed financial models to value the acquisition and potential break-up values of various potential targets.
- Assisting a *large east-coast merchant utility* as it refined and developed its generation growth strategy. Specific tasks included modeling the five regional power pools of client interest, and valuing and prioritizing each generation targets by fuel type under alternate potential scenarios.
- Assisted a *confidential combination gas and electric utility* to value and prioritize other regulated “wires” companies in deregulated states as potential merger and acquisition candidates.
- Assisted an *energy holding company* to develop a strategic plan for its regulated operations. Tasks included identifying and valuing various business sectors including commercial energy services, retail appliance operations, and commodity supply.

Load Forecasting and Resource Planning

Mr. Walshe has worked with several utilities to develop an optimal resource strategy and provide the programs, analysis, and management support to ensure that they make the best choices, and receive full recovery of prudent expenditures. Efforts to meet have addressed a host of issues such as technology choice, legislative uncertainty, Renewable Portfolio Standards requirements, expiring rate freezes, and potential rate shock. Recent and representative engagements include:

- Assisting *Puget Sound Energy* to develop its biennial Least Cost Plan. Tasks included coordinating over three dozen chapter authors, and reviewing the modeling methodology and treatment of all forecasting assumptions and inputs
- Assisting a *large east-coast merchant utility* as it refined and developed its generation growth strategy. Specific tasks included modeling the five regional power pools of client interest, and valuing and prioritizing each generation targets by fuel type under alternate potential scenarios.
- Assisting *Old Dominion Electric Cooperative* in its evaluation of supply-side alternatives as part of its Integrated Resource Plan
- Supporting *Indianapolis Power and Light Company* in its evaluation of supply-side alternatives as part of its Integrated Resource Plan
- Assisting a variety of private equity funds and other financial institution to value potential acquisition targets by forecasting the individual unit’s projected dispatch against our long term price outlook for that region.

Attachment 3 – Resume of Charles Walker

Charles Walker

Summary and Background

Mr. Walker is a Consultant for ION Consulting, and has over 23 years experience across a wide range of areas within the energy and utility industries. Mr. Walker has primarily focused on new power plant development, commercial contracts related to power plants, generation strategy, generation market evaluations, merger and acquisition assistance, and financing advisory to energy companies.

Mr. Walker has provided consulting services to over 25 independent power producers, utility and regulatory clients in North America and Europe. He was previously employed with Shell Oil Company, Kinder Morgan Company and Alliant Energy Corporation. In all these positions, Mr Walker lead new business development in power plant development and commercial contracting in his role as Vice President of New Business Development for each of these companies. Mr. Walker earned his MBA from Loyola University of Maryland and a BS in Electrical Engineering from N. Illinois University.

Recent Engagement Highlights

Over the past 24 months, Mr. Walker has been involved with projects related to three primary themes: development of natural gas fired power generation in North America, Carbon Strategy for renewable energy companies, financing assistance to wind power developers and operations and maintenance markets in the U.S. wholesale generation sector. Recent engagements include:

- Assisted an international renewable energy company with the development of a carbon management and trading strategy.
- Assisted wind developers with financing assistance developing a financial model and provided lending information through banker relationships.
- Lead the development of a natural gas fired power plant which was submitted to a United States Utility in response to a request for proposal for 300 MW of requirements.
- Assisted a confidential European energy hedge fund to develop a market entry strategy and acquisition plan to enter the U.S. renewable energy sector
- Assisted a Japanese Conglomerate to assess and prioritize opportunities to provide plant services to existing U.S. thermal generation plants based upon strategic trends in carbon policies, and changes to the IPP sector. The primary focus of the engagement, was on the changing roles of 3rd party gas turbine service providers in the U.S.
- Assisted a Private Wind Developer choosing a gearbox repair facility and contract operations and maintenance on multiple wind farms.
- Assisted the Cleveland City Council to review the risks associated with signing an 80 MW PPA from the Miegs Coal Plant then under development.

Attachment 3 – Resume of Charles Walker

Additional Experience

- Lead the development of a Natural gas power plant development Indiana including critical path scheduling, construction plan, development plan, pro forma development, power purchase agreement and finance plan – Indiana Combined Cycle, LLC
- Lead developer of solar power project pro forma model in California – Confidential
- Lead acquisitions of a natural gas power plant development acquisition in Pacific Northwest – PPL
- Lead an assessment of natural gas power plant acquisition to dismantle and relocate - Confidential
- Coal power plant lead development in mid-atlantic states - TXU
- Wind development acquisition – Confidential Client.
- Wind operations and maintenance acquisition – Confidential Client.
- Greenfield Wind development support Texas and Montana.
- Coal to liquids development consulting – CEO assistance Pro Forma Development
- Coal to liquids pro forma development and equity raise for FEED study.
- Coal-to-SNG equity raise assistance and pro forma development.
- Ethanol plant financing lead.
- Biodiesel financing package development and investor.
- Power plant asset valuation in a rate proceeding in NEPOOL for confidential client.
- Extensive power plant background including business plan development and implementation
- Board of Directors presentations of new power projects and acquisitions.
- Executive level strategy and business development planning and implementation
- Merger and acquisition oversight – Team leader underwriting through closing
- Project Finance – manage banking relationships, preparing financial closing checklists, negotiate credit agreements and manage P&L of assets, raising third party equity.
- Ethanol plant financing lead.
- Ethanol plant senior debt due diligence support.
- Consulting ethanol plant related to vertical integration.
- Assisted in the financing, development and commercial aspects of a nominal 500 MW dual-fuel combined cycle power facility in New York State, leading the development of small generator joint venture between GE and a confidential client, and project management and oversight of new electrical connection for utility customers.

Attachment 3 – Resume of Charles Walker

- Assessment of acquisition of operating ethanol plant, biodiesel plant, gas fired power plant and additional asset valuation for confidential client.
- Private equity firm debt assessment for energy related
- Successfully originated, lead, and negotiated the acquisition of a 309 MW power generation asset by Alliant Energy Generation. (\$100+ mm dollars)
- Assessed over \$500 million of potential acquisitions and maintain restraint on moving forward and potential over payment.
- Initial evaluation of the interconnection and construction of 300 MW Sheboygan Falls Facility in Wisconsin (currently under construction).
- Lead the valuation and bid on a Long Island peaking plant currently in operation.
- Led Kinder Morgan's effort to successfully rationalize their electrical power generation business. Led the negotiation and executed agreements with Power Marketing and Trading Companies totaling commitments of \$3.5 billion.
- Commercially lead and closed Royal Dutch/Shell's first IPP equity interest acquisition in the United States. (Approximately \$135 mm debt and equity)
- Executed a Joint Development Agreement with a Gas Turbine OEM and Developer to develop 2000 MW of Shell Tolved Project. (Subsequently renegotiated)
- Performed economic analysis and due diligence activities for transactions totaling over \$100 million of commitments.
- Monitored fund commitments of over \$145 million, maintained customer relationships and managed general interface with strategic fund investor.
- Prepared general transaction communication including preliminary marketing letters, term sheets and final proposal letters as well as Board Presentations.