



***CASE 25-M-0043***

**PROPOSAL FOR AUDITING SERVICES:**

**FOCUSED OPERATIONS AUDIT  
OF MANAGEMENT INCENTIVE COMPENSATION PROGRAMS  
AT ELECTRIC, GAS, AND WATER UTILITIES**

**SUBMITTED TO:**

**NEW YORK STATE  
PUBLIC SERVICE COMMISSION**



**SUBMITTED BY:**

**OVERLAND CONSULTING**  
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**MARCH 28, 2025**

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March 28, 2025

Mr. Peter Lavery  
NYS Department of Public Service  
Three Empire State Plaza  
Albany, New York, 12223

Subject: Case 25-M-0043 – Proposal to Perform a Focused Operations Audit to Examine Management Incentive Compensation Programs at Electric, Gas, and Water Utilities

Dear Peter:

Overland Consulting is pleased to submit the attached proposal for the above referenced project. This submission is responsive to the scope of work and requirements set forth in the RFP. We believe our proposal brings the following unique strengths to this project:

- Our proposed project team includes members possessing diverse expertise and experience necessary to efficiently and effectively meet the objectives set forth in the RFP. We have proposed an audit team consisting of professionals from Overland Consulting, supplemented by experts who have been part of our team in other recent management audits.
- Overland has substantial experience in performing management, operational, affiliate transaction, utility merger, and financial audits of large utilities and utility holding companies on behalf of regulatory commissions. Our recent projects have included work for regulators in California, New York, Maine, and New Jersey. Specific subject areas covered in these engagements have included corporate governance, electric and gas operations, gas safety, customer service, and related performance metrics.
- Overland has reviewed compensation and benefits in numerous management audits, including incentive plans in New York in the context of historic Commission criteria.
- Overland has detailed knowledge and experience of compensation and benefits in many state ratemaking proceedings. *Our experience and extensive knowledge of a combination of ratemaking principles and management audit criteria associated with compensation and management incentive programs that we bring to this project is unique.*
- Our extensive work in New York, including a statewide metrics audit, provides us with an insight of the direct and indirect issues associated with this audit. Our understanding of indirect or more subtle elements of this engagement (such as performance

management and New York policy initiatives recognized in incentive programs, corporate governance driving financial and operational criteria, and our approach to understanding workforce motivation) will enable us to provide a level of insight not otherwise likely to be developed in the course of this project.

My signature below certifies that all information contained in the proposal is accurate. Overland is committed and able to perform all the work contained in this proposal. We are in compliance with all RFP requirements, and the proposal is a firm offer for 180 days from this date.

Thank you in advance for your consideration of our proposal. Please contact me at (913) 599-3323 or by email at [hlubow@overlandconsulting.com](mailto:hlubow@overlandconsulting.com) if you need any additional information concerning this document.

Sincerely,

**OVERLAND CONSULTING**

A handwritten signature in blue ink, appearing to read "Howard E. Lubow", is written over a light blue horizontal line.

Howard E. Lubow, President

Cc: Jeremy Routhier



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## 1. INTRODUCTION AND FIRM EXPERIENCE

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Overland Consulting (“Overland”) appreciates the opportunity to respond to the February 13, 2025, New York State Public Service Commission (“NYSPSC” or “Commission”) Request for Proposals (“RFP”) in Case 25-M-0043 for an independent consultant to perform a focused operations audit to examine incentive compensation programs at various electric, gas and water utilities in New York. We have developed our proposal to meet the specific requirements of the NYSPSC set forth in the RFP. This proposal section contains Overland’s understanding of the audit scope and objectives, our firm’s recent experience and our expertise relative to the audit and New York’s regulatory environment.

### Proposal Summary

State of New York Public Service Law provides for the NYSPSC to periodically conduct operations audits of the state’s major gas, electric and water corporations. The Commission has opened Case 25-M-0043 to evaluate non-executive variable pay programs at investor-owned utilities in New York. The examination will benchmark compensation programs among the utility group, identify best practices and provide recommendations to improve the alignment of compensation expense with benefits to ratepayers.

Deliverables will include a work plan following the orientation phase of the audit, regular status updates and status reporting, a briefing on tentative findings, assessments and potential conclusions at the halfway point, draft and final audit reports and benefit/cost analyses with the audit report. All audit findings and conclusions will be documented in a report focused on improvement opportunities and recommendations that address improvements in operating performance that can be realized in future periods.

### Regulatory Background

In the NYSPSC’s evaluation of utility rates, compensation, as a component of the utility cost of service, is reviewed for reasonableness and compliance with ratemaking criteria such as customer reliability and safety. These ratemaking objectives, as applied to incentive compensation, have been established in New York in the Commission’s Order in Orange and Rockland Utilities, Case 10-E-0362 dated June 16, 2011. Generally, the Commission established a two-prong test of reasonableness relative to peers as reflected in total compensation and a showing of quantifiable benefits as reflected in incentive compensation programs based on reliability, environmental impact, and customer service. The Commission stated an expectation of a “level of scrutiny required to meet that objective” as high, given management’s discretion “establishing the amount and make-up of this compensation”. As more fully discussed in Chapter 2 of this proposal, numerous rate proceedings have applied these criteria to incentive compensation proposed by utilities to be recovered through rates. Some compensation programs were deemed to be in compliance with Commission standards, while others were not.



## Utility Background

According to the RFP, the Commission intends to study the compensation practices at 13 investor-owned utilities in the state of New York, many of which are subsidiaries of nationally or internationally based utility holding companies. The table below provides summary information for each utility, including our understanding of whether it is currently allowed to recover variable compensation in rates.





Table 1-1 – Overland Consulting In-Scope Utility Company Profiles and Incentive Compensation Status Based on the Most Recent Rate Case Filings.

Overland Consulting In-Scope Utility Company Profiles and Incentive Compensation Status Based on the Most Recent Rate Case Filings									
Utility Name	U.S. Parent Company	Utility Category	HQ Location(s)	Annual Revenue (millions)	Customers	Employees	Incentive Compensation in Rates?	Market Study Conducted?	Consultant Used
New York State Electric & Gas (NYSEG)	Avangrid Networks, Inc.	Electricity, Gas	Binghamton, NY; Orange, CT	\$ 4,504	919,650 - Electric 271,976 - Gas	2,616	Yes	Yes	Aon
Rochester Gas & Electric (RG&E)		Electricity, Gas	Rochester, NY; Orange, CT	\$ 3,001	391,634 - Electric 324,793 - Gas	829	Yes	Yes	Aon
Consolidated Edison Company of New York (CECONY)	Consolidated Edison, Inc.	Electricity, Gas, Steam	New York, NY	\$ 14,129	3,700,000 - Electric 1,100,000 - Gas 1,520 - Steam	14,000	Yes	No (1)	N/A
Orange and Rockland (O&R)		Electricity, Gas	Pearl River, NY; New York, NY	\$ 1,125	300,000 - Electric 100,000 - Gas	1,200	Yes	No	N/A
Niagra Mohawk Power Company (NMPC)	National Grid USA (NGUSA)	Electricity	Syracuse, NY; Waltham, MA	\$ 4,148	2,300,000	3,900	Yes	Yes	Willis Towers Watson
Brooklyn Union Gas Company (KEDNY)		Gas	Brooklyn, NY; Waltham, MA	\$ 2,026	1,300,000	4,600 (Combined)	Yes	Yes	Willis Towers Watson
Key Span Gas East Corporation (KEDLI)		Gas	Hicksville, NY; Waltham, MA	\$ 1,314	600,000		Yes	Yes	Willis Towers Watson
Central Hudson Gas & Electric Company	CH Energy Group, Inc.	Electricity, Gas	Poughkeepsie, NY	\$ 1,001	315,000 - Electric 90,000 - Gas	1,130	No (2)	Yes	Mercer
National Fuel Gas Distribution Corporation	National Fuel Gas Company	Gas	Williamsville, NY	\$ 697	755,000	1,068	Yes	Yes	Willis Towers Watson
New York Water Company	Liberty Utilities	Water	Merrick, NY; Oakville, ONT	\$ 116	127,000	Not Available	No (3)	No	N/A
St. Lawrence Gas Corporation		Gas	Massena, NY; Oakville, ONT	\$ 34	17,000	Not Available	Yes	Yes	Mercer
Corning Natural Gas Corporation	ACP Crotona Corporation	Gas	Corning, NY	\$ 28	15,000	65	No	No	N/A
Veolia Water New York, Inc.	Veolia North America	Water	West Nyack, NY; Paramus, NJ	\$ 122	300,000	176	No	No	N/A
(1) CECONY commissioned a compensation study for officers using Aon. The 2/16/23 Joint Proposal obligates the utility to perform a study for non-executive management to support its next rate request.									
(2) The Commission denied incentive compensation due to the Company's underperformance against its KPIs, as discussed in Overland's 2023 management audit.									
(3) Incentive compensation for union employees was allowed. Management incentive compensation was denied pending a market compensation study.									



## Audit Objectives

This audit's primary objectives are:

- Develop a detailed understanding of each New York utility's non-executive variable compensation programs.
- Compare the utilities' programs to one another.
- Identify best practices and explore improvement opportunities with the utilities individually and as a group.

## Audit Scope

Audit objectives inform and guide the analysis set forth in the audit scope indicated in the RFP. The RFP identifies two primary focus areas.

- Management Compensation: The audit effort in this area is to assess whether the methods and tools each utility uses to establish management compensation levels are consistent with industry standards and best practices, whether these produce reasonable compensation levels relative to peers, and the impact on employee attraction and retention.
- Incentive Program Targets: The RFP states the audit should determine the extent to which incentive pay programs are designed to encourage performance that benefits utility customers in terms of safety, reliability, customer service, infrastructure and climate leadership goals. The audit should determine whether the programs set goals and rewards in a manner to encourage ongoing improvement.

## Project Approach

Overland proposes to provide the NYSPSC with a thorough and objective examination of variable pay programs at New York's electric, gas, and water utilities that will include an assessment of the adequacy and frequency of each utility's compensation studies and identify opportunities for improvement in the information provided to facilitate review of compensation levels in rate proceedings. Our findings and recommendations, along with the customer benefit analyses, will be included in an audit report that is clear and concise in describing improvements which the utilities can implement to improve the effectiveness of incentive programs and to better align incentive compensation with benefits to ratepayers.



## Firm and Project Team Experience

Overland has a project team that is highly qualified to perform this focused operations audit. Overland's Engagement Director and Project Manager has over 40 years of utility industry experience and has directed a number of successful utility management audits and has provided expert witness testimony in rate cases and other regulatory proceedings. He has addressed compensation and benefits in numerous rate cases and management audits. Our Technical Managers leading the individual scope areas each have 20 or more years of relevant utility industry and audit experience and have participated in utility management audits and rate case proceedings for various jurisdictions. Our team have all been involved in the development or review of compensation and incentive programs in past Overland engagements.

Overland, as a firm, has conducted major utility management, operations and financial audits and regulatory proceeding audits in various jurisdictions within the past decade. The most relevant are listed below, by jurisdiction, along with the years performed and completed.

For the NYDPS & NYSPSC:

- Comprehensive Management and Operations Audits of Central Hudson Gas & Electric Corporation (in 2022-2023 and in 2016-2017).
- Comprehensive Management and Operations Audit of NYSEG and RG&E (2017-2018).
- Operations Audit of New York State Utilities' Self-Reported Data (Electric Reliability, Gas Safety and Customer Service) (2014-2015).

For the New Jersey Board of Public Utilities:

- Management Audits of Public Service Gas & Electric Company and Audits of PSE&G's Relationships with Affiliates (2021-2022 and 2010-2011).
- Expert Testimony in PSE&G's Base Rate Case, Docket Nos. ER18010029 and GR18010030 (2018).
- Management Audit of South Jersey Gas Company and Audit of SJG's Affiliate Relationships (2012-2013).
- Management Audit of Atlantic City Electric and Audit of Affiliated Relationships with Pepco Holdings, inc. (2009-2010).

For the Maryland Public Service Commission:

- Review of the Merger Application of AltaGas, Ltd., WGL Holdings, inc. and Washington Gas Light Company (2017-2018).
- Review of the Merger Application of Exelon Corporation and Pepco Holdings, Inc. (2014-2015).
- Review of the Merger Application of Exelon Corporation and Constellation Energy Group, Inc. (2011-2012).
- Evaluation of the Application of First Energy Corp. to Acquire Allegheny Energy, Inc. (2010-2011).



For the Mississippi Public Service Commission:

- Review of Mississippi Power Company's Non-Executive Employee Compensation and of Mississippi Power Company's and Southern Company's Executive Compensation (2013-2014).

For the California Public Utilities Commission:

- Audit of Pacific Gas & Electric Company's Gas Distribution Operations (2012-2013).
- Analysis of PG&E Corporation's Financial Condition (2012-2013).
- Audit of Pacific Gas & Electric Company's Gas Transmission Pipeline Safety-Related Expenditures (2011-2012).

Each of the Technical Managers on Overland's proposed audit team have experience with the regulatory and utility operations environments in the State of New York. As noted in the list above, we performed management audits of Central Hudson and of NYSEG and RG&E, which included analysis of performance management issues that are central to this RFP. Additionally, we have performed an audit of the electric reliability, gas safety and customer service data reported to the NYSPSC by all of New York's nine large investor-owned utilities. We have also performed a transactions audit of National Grid's cost allocation processes and procedures, including various, sometimes incongruent allocation processes employed within three separate accounting systems used in both U.S. and U.K. organizations.

Our proposal estimates that the successful completion of the tasks and objectives for this project will require approximately 5,400 professional hours of effort. We have assembled a project team that can complete the audit within the timeframe outlined in the RFP. Overland would expect to begin work on this project in May 2025, as indicated in the RFP. Our field work and technical analysis will take place over the subsequent months, resulting in the submission of a draft audit report to the NYDPS on or before May 2026.

## Why Overland?

Overland Consulting is a regulatory and management consulting firm focused on the utility industry. We provide finance, regulatory, accounting and management services associated with electric, gas and water utilities throughout the country. Although we have provided services to a variety of clients, our predominant client base is state public service commissions such as the NYDPS. We believe that we have a reputation for successfully performing large, complex engagements similar in size and scope to the audit reviews required for this engagement. Overland is known for its thorough approach, which leads to a more substantive analysis in support of our findings and recommendations. Overland's proposed Engagement Director/Project Manager and Technical Managers all have extensive experience representing public service commissions and other government clients in utility management audits, rate proceedings, merger and acquisition proceedings, special operations and regulatory studies and property valuation analyses. They also have a working knowledge of New York's investor-owned utilities



through prior management and data audits. Of particular value to this engagement is Overland's depth of knowledge and experience in both the ratemaking and management audit processes, allowing insights into compensation and benefits as viewed in both of these regulatory oversight frameworks.

Our subcontractor, Engage Energy & Industrial Consulting, provides consulting services in the areas of Business Transformation, Asset Lifecycle Management, Reliability, Sustainability and Corporate Governance. Engage was founded and is headed by Donald Racey, a Certified Project Management Professional. Mr. Racey will serve as Technical Manager covering performance management. He served as Technical Manager for the Project and Work Management audit area in Overland's management audit of Avangrid's New York utilities, NYSEG and RG&E. Mr. Racey was previously a Managing Director at FTI Consulting and Senior Vice President, Operations for the Reliability Management Group.

## Organization of the Proposal

The remainder of our proposal addresses our project approach and management, our preliminary work plan, our experience, our estimated project schedule and audit costs. Below is a list of the sections to follow in our proposal as well as a summary of the information each section contains.

- Section 2 – Scope and Objectives: This section reiterates and expands upon the audit scope and objectives and describes our understanding of each audit element. We describe the audit work for each element and identify the tasks, activities, and basis for evaluation in each audit area. It is organized according to the outline in Section 3.1 of the RFP.
- Section 3 – Approach, Methods and Project Management: This section explains how the audit will be planned, supervised and conducted by the audit team, including the methodology we will employ. It includes a discussion of how the Project Manager will coordinate communication and direction with the project team, as well as coordination with the companies and the NYDPS. In this section we provide a discussion of how we will document our analyses, findings and conclusions in our audit report, and we explain how we will develop an employee survey in assessing the relationship of compensation programs and employee motivation and behavior.
- Section 4 – Benefit / Cost Analyses: In this section we describe our process for creating the customer benefit analyses as set forth in Section 3.3 of the RFP.
- Section 5 – Project Team and Responsibilities: This section shows the organizational structure of our audit team, including the Engagement Director, Project Manager, Technical Managers and other project team members. It includes a table showing the allocation of hours by audit team member, among the individual task elements of the audit.
- Section 6 – Work Timeline: This section provides our estimated timeline for completion of each segment of the project.



- Section 7 – Individual Experience and Qualifications: This section contains abbreviated resumes of audit team members detailing recent and relevant experience. We identify the type of clients (regulatory agency, utility, etc.) on whose behalf the work was performed. Complete (long form) resumes for each member of the audit team are included in Appendix A to the proposal.
- Section 8 – Writing Samples: This section contains a link to relevant writing samples.
- Section 9 – Conflict(s) of Interest Disclosure: This section lists any potential conflicts of interest in accordance with Section 1.6 of the RFP.
- Section 10 – References: In accordance with the RFP, this section contains five project references for Overland for clients other than the NYDPS.
- Section 11 – Insurance Attestation: This section attests to Overland’s understanding of the State of New York’s mandatory Workers’ Compensation and Disability insurance requirements.
- Section 12 – Cost Proposal: Not-to-exceed cost proposal for the management audit, including hours and rates for each consulting team member and potential travel expenses.



## 2. SCOPE AND OBJECTIVES

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This section of our proposal summarizes audit scope and objectives and outlines the work required for each audit element (audit task area) listed in RFP Section 3.2. For each audit element we include a narrative describing our understanding of the area and the work to be performed, list or describe important evaluative criteria and provide a preliminary workplan task listing.

### Audit Objectives

This audit's primary objectives are:

- Develop a detailed understanding of each New York utility's non-executive variable compensation programs.
- Compare the utilities' programs to one another.
- Identify best practices and explore improvement opportunities with the utilities.

### Audit Scope

Audit objectives inform and guide the analysis set forth in the audit scope indicated in the RFP. The RFP identifies two primary focus areas.

- Management Compensation: The audit effort in this area is to assess whether the methods and tools each utility uses to establish management compensation levels are consistent with industry standards and best practices, whether these produce reasonable compensation levels relative to peers, and the impact on employee attraction and retention.
- Incentive Program Targets: The RFP states the audit should determine the extent to which incentive pay programs are designed to encourage performance that benefits utility customers in terms of safety, reliability, customer service, infrastructure and climate leadership goals. The audit should determine whether the programs set goals and rewards in a manner to encourage ongoing improvements.

Overland's proposed audit effort is consistent with these scope areas. The audit will include an assessment of the adequacy and frequency of each utility's compensation studies and identify opportunities for improvement in the information provided to facilitate review of compensation levels in rate proceedings.

### Background

The Commission has indicated an interest in addressing compensation, specifically variable pay programs, across a representative group of regulated utilities operating within the State. At a minimum, the audit is to provide a historical review of non-executive programs, how these programs may compare



and contrast among the identified utilities within the State, and to identify best practices within this group (or otherwise). This study should result in a more detailed and systematic understanding of incentive compensation from the perspective and context of regulatory oversight. In New York, the primary processes for such regulatory review are through management audits and/or in setting customer rates.

Compensation and benefits represent a major component of the utility revenue requirement. The deployment of human resources has major consequences for safety and reliability as well as financial outcomes. This audit opens a unique opportunity to assess historic assumptions about compensation, the effect of compensation programs on stakeholder objectives, and how these effects are now measured. When regulators look at compensation programs, there must be some consideration of public interest and market conditions that contribute to efficient operations; safe, adequate and reliable service; and reasonable rates while providing some recognition that an equitable balance of stakeholder interests is to be maintained. When we look at compensation and benefits, can we assume that stakeholder interests are being equally and simultaneously addressed? Do incentive compensation programs really incentivize behavior that produces measurable benefits to customers? The short answer is it depends on how the framework is defined and how such quantifications are developed.

New York regulators have addressed these issues by looking at compensation practices in management audits where efforts are focused on utility best practices, improvements in operating efficiency and programs that foster continuous improvement. In a related, but different context, regulators set utility prices to support public interest objectives. Compensation, as a component of the utility cost of service, is reviewed for reasonableness and compliance with ratemaking criteria such as customer reliability and safety. These ratemaking principles, as applied to incentive compensation, have been established in New York in the Commission's Order in Orange and Rockland Utilities, Case 10-E-0362 dated June 16, 2011. Generally, the Commission established a two-prong test of reasonableness relative to peers as reflected in total compensation and a showing of quantifiable benefits as reflected in incentive compensation programs based on reliability, environmental impact or customer service. The Commission stated an expectation of a "level of scrutiny required to meet that objective" as high, given management's discretion "establishing the amount and make-up of this compensation". Since the issuance of this Order in 2011, numerous rate proceedings have contained substantial evidentiary materials applying these criteria, purporting in compliance with Commission guidelines. These filings have met with mixed results, but determinations have been consistently framed on the principles established in the 2011 O&R rate case. We will not restate the results of these various proceedings here except to provide the following observations:

- Several utilities have only recently incorporated incentive compensation for non-executive employees, even though incentive compensation has been recognized as industry standard practice for some time. Most companies make the representation that incentive compensation is necessary to attract and retain employees.



- Total compensation, as well as incentive compensation, was generally found to be at or below peers in compensation studies.
- Most, but not all, utilities retained compensation consultants to perform compensation analyses. These studies generally reviewed cash compensation, while only a few took benefits into consideration. Some, but not all, studies considered geography and other modifiers in their comparisons to peers.
- Incentive compensation as a percentage of total cash compensation generally ranged from 8% to 13%.<sup>1</sup>
- While there is no specific restriction on requesting the financial component of incentive compensation in rates, utilities seemed to take this position in their filings.
- The larger utilities in the State tended to have more sophisticated processes for stratifying employee incentive compensation based on employee bands and performance metrics that considered corporate, departmental and individuals results.
- In compliance with the criteria established by the Commission in the 2011 O&R rate decision, utilities provide a demonstration of quantifiable customer benefits based on KPIs or other target metrics. However, the specific factors considered tended to vary from company to company. These ranged from general customer reliability and service metrics to more specific objectives based on Commission policy initiatives including CLCPA and DER programs.

There is no question that Commission policy has influenced the manner in which its regulated utilities have designed their incentive compensation programs over time. Those that have not closely followed the relevant guidelines and criteria for rate recovery have been unsuccessful in recovering these costs in rates.

In a number of management audits conducted over the last decade, compensation has been a subject of review. These audits tended to consider incentive compensation more in relation to expectations of workforce productivity and continuous improvement than criteria associated with cost recovery in the ratemaking process. This audit creates a unique opportunity to accomplish a number of objectives not otherwise possible in individual rate cases or management audits. Some of these goals are explicit expectations identified in the RFP and include:

- An analysis of each utility's variable compensation programs such that comparisons can be made across the companies subject to this review.

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<sup>1</sup> This is a general observation, not based on specific analysis.



- Based upon the audit analysis, findings and recommendations will be developed to improve the variable pay programs and to maximize the potential of these programs to direct utility processes to increased benefits to ratepayers.

Overland believes that the above objectives can be further supplemented by a consideration of the following in this review:

- Where possible, develop a quantitative analysis of the effectiveness of the factors and criteria driving these programs. As an example, employee retention is often identified as a basis for LTIP programs. Enhanced performance is identified and measured in STIP programs based on various operating metrics. With data available over historic periods of five years or more for a number of utilities in the study group, it is possible to perform empirical analysis to test the correlation of compensation programs with outcomes implied in the metrics relied upon.
- In cases where regulators are creating mechanisms to incentivize policy objectives such as CLCPA, it may be possible to create some measurement of workforce response to variable pay mechanisms.
- Compensation consultants have contributed to a process and framework for compensation that has been accepted as a basis to attract and maintain a qualified and effective workforce. As we perform this audit, Overland believes that it is important to consider the extent to which variable pay programs are identifying State and regulatory policy objectives and how these programs are considered in employee behavior and desired outcomes.

In part, these supplemental considerations are possible through quantitative analysis of data that can be extracted from company records. We further propose the use of surveys to establish employee knowledge and behavior regarding the criteria for and measurement of variable pay across various levels of the workforce. The use of an employee survey will also provide insight not otherwise possible into employee attraction and retention outcomes.

## Preliminary Workplan

This section outlines our expected efforts and evaluative criteria for each area and task identified in the RFP. Each identified task will be applied separately to each of the utilities covered in the audit. In the case of utilities that belong to the same holding company (utilities within Consolidated Edison, Inc, National Grid and Avangrid), certain audit steps may be performed once and cover more than one utility.

### 1. Review of Management Compensation

1. **Determine whether each utility's approach to setting management compensation levels is consistent with industry standards and best practices.** In general, it is standard practice for

most companies to establish a compensation philosophy or objective as a basis for establishing both the components and levels of compensation. The philosophy or objective is often to maintain a compensation program designed to attract and retain the talent necessary for the company to meet its financial, operational and other goals. To determine whether this objective is being met, utilities often use compensation surveys conducted by independent consultants to benchmark compensation levels against peers in the utility industry, as well as peers in general industry that have attributes similar to the utility, such as having relatively high capital intensity, being of similar financial size, having similar numbers and types of employees, and/or being within the same geographic labor market. As one of the key objectives of the benchmarking process, it is standard practice to design overall compensation levels to be within a “market competitive” range. This is often defined as having compensation levels within 10 percent of the median or average values measured for peers. With respect to this task area, Overland will perform the following analysis for each New York utility:

- a. We will document each utility’s compensation objectives with respect to overall compensation and its components and the approach to meeting these objectives. We will document each utility’s approach to meeting the goal of designing a compensation program to be “competitive” and “attract and retain competent employees.” This may include a stated or de facto policy of leading, matching or following peer companies with respect to setting total compensation, individual components of compensation or specific job categories or positions. For example, the utility may choose to lead the market (pay more than peers) for electrical engineers or for IT project managers. It may choose to lag the market slightly with respect to base salary and lead the market with respect to variable pay.

We will also consider the approach to meeting regulatory objectives, including those set forth in the Commission’s 2011 O&R rate order. For example, we will consider and document how each utility ensures that its overall employee compensation level is reasonable relative to peers and includes targets to support safe and reliable utility service. Documenting each utility’s overall compensation approach will inform a review of variable pay programs, and their relative share of total compensation.

- b. Assess whether compensation policies are consistent with industry standards. Overland will survey each utility’s compensation policies to determine whether they are consistent with industry standards. We will focus on documenting standards affecting management (as opposed to union) employee compensation. Important industry standards governing compensation include the following:
  - o Maintaining knowledge of the market for employee compensation, geographically, with respect to the utility industry and with respect to company size, for both total compensation and its individual components.

- Maintaining a systematic process for setting and adjusting compensation company-wide. This includes the processes of establishing pay grades, salary ranges and job classifications in a systematic manner, and ensuring that individual jobs, particularly in benchmark positions, align with the market.
  - Maintaining appropriate metrics with respect to hiring and attrition.
  - Communicating policies, in particular how compensation is determined, to employees.
  - Conducting regular performance reviews and aligning compensation with performance.
  - Maintaining variable pay programs that have an appropriate mix of individual / team and company performance goals and comprise a percentage of base pay in line with peers. Ideally, the variable pay program should align the utility's short and long term performance goals and be designed to meet New York regulatory policy requirements. Documentation should clearly communicate how the program works, how performance is to be measured, and how program payments are calculated.
2. **Determine whether each utility's process for setting management compensation produces reasonable compensation levels that are aligned with peers.** Overland will gather information about each utility's processes for setting compensation levels. We expect in most cases utilities will rely on compensation surveys and comparison with peers. Using the market data gathered from compensation studies and surveys we will assess the alignment of total compensation and each component of compensation with the market for total compensation and its base salary, employee benefit and variable pay components.
- To the extent the utilities gather market information about compensation using a study, we will determine how they use it. For example, we will consider whether the utility examines the appropriateness of compensation for each type of compensation, and for individual job categories, and how they use this information to keep compensation aligned with the market. For example, by conducting a job category analysis a utility might find that a number of positions in a given job category are compensated below those of its peers, even though its overall compensation is aligned with peers.
3. **Review and assess the effect of compensation programs and promotion opportunities on the ability to attract and retain competent management employees.** Total compensation and base salary, relative to peers, can be one of the most important factors affecting the ability to attract new employees. Many things affect job satisfaction and the ability to retain existing employees. These include not just compensation, but also promotion opportunities, the general corporate culture, the openness of employee-management communication both written and through direct managers, and the company's ability to set reasonable, achievable employee expectations. It is reasonable to state that adequate compensation is a necessary, but not

sufficient, condition for maintaining acceptable job satisfaction and employee retention metrics. Overland will review employee hiring and turnover metrics and assess their potential relationship with compensation and changes in compensation levels and policies. We will review employee surveys covering compensation, promotional and career opportunities, and job satisfaction. We will attempt to determine, for each utility, the extent to which total compensation and its individual components, particularly variable compensation, have affected or may affect employee attraction and retention. We expect to include a survey of the workforce as described in Task 2 of Incentive Program Targets addressed below. Our survey will include a review of factors driving job satisfaction and employee retention from direct queries of the workforce across the utilities reviewed in this audit.

4. **Review and assess compensation studies. Assess their frequency, adequacy and transparency.**

Compensation studies are a tool for assessing the competitiveness of compensation and its components compared with the market. They are a way of organizing market data around an individual company's unique set of employee positions, management structure and pay matrix. These studies serve a number of purposes, including ensuring that compensation is anchored to the market, not just overall, but among a company's various job categories and positions. Overland would expect to find all of the larger New York utilities using professional consultants (Aon, Mercer, Willis Towers Watson, etc.) to perform and regularly update compensation studies that cover the individual components of total compensation. We would also expect to find separate studies for management, union and in some cases executive employees. The smaller utilities (Corning, Liberty Water, etc.) may rely on less formal salary surveys to manage their much simpler position and pay matrices.

To ensure wide participation, firms collecting compensation data must usually guarantee confidentiality. The amount of transparency often discloses the peer companies providing the data but does not include the compensation data for the individual companies to which the utility is compared. Overland would expect a well-designed compensation study for a large New York utility to include the following:

- A geographically diverse utility peer group that includes a sufficient number of similarly sized utilities providing similar services (electric distribution, gas distribution, both, water, etc.).
- For larger utilities, a metropolitan area or other geographically defined peer group that includes companies from general industry with at least some characteristics similar to the utility (numbers / types of employees, capital intensity, etc.).
- Separate coverage of management and union employees, and separate coverage for or exclusion of higher-level executives and corporate officers whose compensation is weighted toward stock.

- Comparison with peers by job category and division of jobs into categories based on similar responsibility and skill sets.
- Regular review of the structural aspects of the study, with adjustments to maintain consistency with changes in the compensation marketplace.
- Regular review of the compensation levels being compared. For example, a study performed five years or more prior to the time it is being used for comparison is probably out of date.

Overland will review and analyze each utility's compensation surveys and studies. We will assess them based on the following:

- Whether the study includes an appropriate number of peers and whether the peers have characteristics similar to the utility.
- Whether the structure of job categories aligns with those in the utility's organization.
- The basis for defining benchmark jobs for comparison between the utility and its peers; specifically, whether there is a systematic process for determining which peer positions are aligned with the utility's positions, and whether a sufficient percentage (a majority) of the utility's positions are benchmarked with peers for the purpose of determining the "market competitiveness" of its overall compensation.
- The study's categorization of compensation by type (base salary, short-term incentive [variable] pay, benefits, etc.) and whether these are appropriately aligned with the utility's compensation categories.
- The reasonableness of analysis comparing the relative value of the utility's benefits package with those of peers.
- Whether assumptions or adjustments made to peer compensation levels or positions to align with those of the subject utility are consistent with standard industry practice and are backed by appropriate data.
- Whether the studies are updated at appropriate intervals and consider changes in the utility's organization and the structure of the industry.

5. **Determine whether there is additional utility employee compensation information that should be provided during rate proceedings.** To the extent our audit identifies information that would inform the Commission's decision making concerning the reasonableness of utility compensation levels, we will document it and, as appropriate, recommend the utilities collect and report it.

- Utilities each have the opportunity to file evidence in support of their rate applications. Absent some sort of uniform filing requirements, applicants have discretion over the nature and extent of analysis believed sufficient to result in cost recognition.

- Numerous rate applications have been filed since the 2011 O&R decision. Over time, applications should respond to this history of caselaw that creates the basis for Commission Orders regarding ratemaking treatment of compensation in general and incentive compensation in particular.
- To the extent that relevant information is inconsistent or inadequate from one case to another, Overland will work with Staff to develop a more uniform approach to evidence needed to satisfy and support Staff's analysis and recommendations to the Commission.

## **2. Incentive Program Targets**

Utility incentive programs have evolved significantly over the last few decades. When initially implemented, incentives were largely directed to a corporate goal of maximizing shareholder value. This translated into incentive program criteria framed around financial performance. Over time, incentive programs began to broaden award criteria to consider safety and reliability objectives as well. With a definition of corporate, departmental and individual goals that considers customer interests, these programs have largely continued to be based on (or triggered by) financial performance at most utilities throughout the country. In reviewing the trends for incentive programs for New York, Overland believes that the structure and expectations for incentive compensation is somewhat unique when compared to utility peers in other jurisdictions.

Over the last two decades, utility executives and boards of directors have come to recognize that “maximizing shareholder value” must recognize achievement of customer reliability and service as well as programs driven by social objectives such as carbon emissions, DEI, etc. These strategic commitments tend to be more evident in explicit plans addressed by European utility holding companies such as National Grid and Iberdrola. However, energy policy and social objectives are a focus in utility and corporate planning as demonstrated by utility equity analyst and rating agency reports that address corporate practices and commitments to these broader objectives relative to industry peers.

In order to address the audit objectives and specific tasks identified in the RFP, as well as to develop a broader insight into the effectiveness and motivation of the utility workforce to encourage improvement in program target objectives, Overland proposes to perform the following specific tasks.

1. **Determine if each utility's incentive pay program is designed to drive performance that benefits ratepayers in New York.** Consider the following:
  - Positions that are eligible for variable pay programs.
  - The promotion of safety, reliability, customer service, infrastructure modernization, and CLCPA goals.
  - Performance based on the execution of specific project(s) or program deliverables such as scope, schedule, and cost attainment.
  - Whether targets are focused on the New York operating company's performance.

Utilities in the study group generally offer variable pay to non-executive employees. There are certain exclusions for specific reasons such as time of employment or sales incentives for certain groups in lieu of broader programs otherwise offered. For each utility, Overland will:

- a. Identify and classify those employees by employee band and indicate eligibility status within each group, including the reason(s) for those who are not.
- b. Provide a detailed description of the factors considered in STIP and LTIP programs.
  - Financial goals.
  - Safety, reliability and customer service objectives.
  - DER, infrastructure modernization, major capex projects.
  - CLCPA and other public policy goals.
- c. Determine the weighting of identified factors across employee bands.
- d. Identify how objectives are weighted by corporate, departmental and individual goals within workforce categories.
- e. Establish the extent to which the incentive programs are focused on New York utility performance versus aggregate or line of business metrics that may represent multijurisdictional constructs.
- f. For each performance category, establish the KPI's, metrics or other factors employed to measure performance.
- g. Based upon the individual utility data, prepare a comparative summary of results.

The above analysis will be uniformly structured over time and elements of review such that comparisons across the utilities can be readily made. Changes in incentive compensation payouts will be correlated with changes in customer benefits as measured in metrics that can be associated within each company as well as in relation to peer results.

**2. Assess whether each utility's incentive pay program sets goals and associated payouts in a manner to encourage continuous improvement and behavioral change.**

In order to fully consider the degree of response to incentive pay it is necessary to review the results of performance metrics over time as well as to establish trends in expectations and outcomes. Evaluating behavioral change within the workforce cannot necessarily be attributed to the operation of incentive pay programs without making major assumptions about the degree of correlation between workforce behavior and the metrics employed to measure performance. Overland proposes to study this question more directly through the application of





employee surveys. This should allow us to assess the degree of response to program incentives versus other motivational factors or external conditions that might be driving the metrics. For each utility, Overland will:

- a. Perform an historical analysis of incentive plan goals and related results, assessing how the processes relied upon encourage and facilitate continuous improvement.
- b. Develop a survey to be applied to a stratified random sample of employees on an individual utility basis. Address questions regarding factors driving performance necessary to establish whether behavior is rooted in performance measures within the incentive pay programs or if other factors are contributing to workforce behavior.
- c. Review the process relied upon by the company to establish goals and payouts to determine if objectives are sufficiently rigorous to promote continuous improvement and if discretionary pay is at risk and is contingent upon performance.
- d. Review the Change Management efforts employed to communicate the rationale for the incentive plans and goals for their implementation.

3. **Determine the extent to which each utility's incentive pay program rewards financial performance relative to ratepayer-focused performance.**

The utilities generally identify some combination of financial and operating objectives in the determinations of STIP payouts and LTIP awards. Arguably, the New York Commission policies regarding compensation and incentive pay programs have influenced the degree of weight placed on financial objectives versus customer interests and public policy initiatives. For each utility, Overland will:

- a. Develop a historical analysis of the weighting for financial and operating objectives.
- b. Provide an explanation for changes in the weighting of financial objectives over the historical period.
- c. Develop a comparative analysis of the New York utilities.
- d. Provide an analysis of the reasonableness of financial objectives in the context of ratemaking criteria.

The financial health of a regulated utility has positive benefits for customers in that it can raise capital to support capex programs necessary to provide safe and reliable service at reasonable costs. While not necessarily requested in rate filings or allowed in rates, Overland will address the utilization of financial targets in incentive pay programs and how such objectives have driven stakeholder benefits and workforce behavior.

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### 3. APPROACH, METHODS AND PROJECT MANAGEMENT

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This section describes our approach to the audit, which includes a phased approach to the work and project deliverables. This section also discusses our project management methods and procedures, including collaboration and communication with the NYDPS Staff and among the members of the audit team, quality control procedures, data management, a preliminary plan for travel and on-site work and contract administration.

#### Audit Approach

Overland Consulting is well known for planning and performing management audits of large and complex utilities and their holding companies in a manner that is thorough and provides meaningful findings and recommendations. We will rely on this approach in this management audit. We anticipate working and communicating closely with the NYSDPS Staff in each phase of the management audit. The Engagement Director at Overland will communicate regularly and frequently with NYSDPS Staff throughout each phase of the management audit to ensure that the audit objectives are being met, all recommendations are substantive and actionable and our final report (including the customer benefit analyses) is clearly understood and supported from our detailed analysis.

Overland proposes a timeline of not less than 10 months and not more than 13 months between the audit contract award date and the submission of a final report. The coordination of discovery and interviews among the subject utilities across the state is a significant undertaking in itself and is a process over which we have minimal control. Therefore, we view this 90-day period as a reasonable contingency to accommodate differences in the level of support and response times we may encounter from the companies subject to this review. We expect to be able to refine the timeline once the project is underway within the first 60-90 days. For now, we believe this is a reasonable timeframe for project completion, and we have reflected these schedule parameters in the Work Timeline section of our proposal.

Our management approach incorporates the following key elements:

- An organized, phased approach.
- Ongoing communication with NYDPS Staff and the State Project Manager.
- Protocols to govern the processing of audit data and analysis of audit evidence.
- Comprehensive, systematic information gathering.
- Use of a data management system.
- Use of proven project administrative systems.
- Assignment of project tasks to experienced personnel.
- Use of well-defined and thorough quality review and control processes.
- Thorough documentation of report analyses, findings and conclusions.



- Review of relevant deliverables with NYDPS Staff and the NYSPSC.

The consulting personnel assigned to this project are qualified auditors with significant experience in the subject matter of the audit. The following discussion is organized by the three phases of the audit: Orientation and Preliminary Review, Technical Analysis and the provision of Project Deliverables.

### *Orientation and Preliminary Review*

Shortly after the auditor selection, Overland will meet with the NYDPS Project Manager and Staff involved with or interested in the project. This meeting will focus on the audit approach, key areas of interest or concern to the DPS Staff, DPS Staff participation in the audit and administrative procedures, such as discovery and interview procedures. Based on past experience, this initial meeting with DPS Directors has been helpful in addressing issues of particular interest, aside from the narratives in the RFP itself. At this stage, we would expect to have a detailed discussion about key assumptions in our workplan, including how we would propose to conduct an employee survey and what benefits we would expect to get from this process.

The primary objective during the initial phase of an audit is to determine the information that is relevant to the audit, where it can be obtained and who can provide it and to develop a more detailed audit workplan than shown in the proposal. We expect to gain a more detailed understanding of the subject utilities, their organizations and operating environments and submit an initial request for audit data. It will be important to reach a consensus with the NYDPS Staff regarding the proper approach to the audit at a more detailed level than is possible in the RFP or this proposal. Key tasks during the orientation and preliminary review phase will include:

- Review current operating reports available from the New York utilities or through the NYDPS Staff.
- Review historic management audit reports, rate case testimony, exhibits and orders to establish a baseline understanding of compensation and incentive programs addressed by the utilities and the Commission.
- Provide utility management with an opportunity for a kick-off meeting presentation to address their view of matters to be addressed in the audit.
- Establish agreed-upon guidelines for the processing of discovery requests, treatment of confidential materials and the transmittal of electronic files.
- Send initial data requests, review company responses and develop follow-up requests, as appropriate.
- Identify management and, if necessary, Board of Directors personnel to be interviewed at each utility and schedule initial telephone, virtual or on-site interviews with appropriate management employees.
- Prepare a detailed audit workplan for DPS Staff review and approval.



### ***Technical Analysis***

The Technical Analysis phase includes identifying and acquiring documents, data and other information needed to complete the tasks listed in the work plan. Document and data review will be supplemented by interviews of managers, directors and others relevant to the audit. Scheduling of interviews will be coordinated with DPS Staff so that they are able to attend interviews of interest. Key objectives during this phase of work include:

- Fully developing all significant elements of the project objectives as detailed in the audit work plan.
- Conducting management and analytical reviews to put relevant evidence into a meaningful conceptual framework, consistent with project objectives.
- Obtaining an understanding of facts sufficient to permit conclusions, recommendations and action plans.
- Thoroughly documenting all findings and developing conclusions regarding each identified audit issue and communicating the preliminary audit results to NYDPS Staff.

Overland’s emphasis during this phase of work will be the development of practical recommendations that will benefit the New York utilities and their customers. We expect to provide a comparative analysis of compensation and incentive programs that will lead to implementation of best practices and continuous improvement within the subject utilities and will result in customer benefits. As described in additional detail below, for each recommendation, Overland will develop a customer benefit to cost analysis in accordance with the methodology we have employed in recent cases (and subject to a discussion with Staff regarding any desired modifications).

### ***Benefit-Cost Analysis***

As further discussed in Section 4, all audit recommendations will be accompanied by a Benefit-Cost Analysis (“BCA”) based on a methodology and using a template that has been reviewed and approved by the NYSDPS for our previous management audits. All BCAs will set forth the qualitative benefits of the recommendation, the risks of non-adoption and the expected timelines for implementation and realization of improvements. When the recommendation includes quantifiable incremental costs or benefits in terms of cost savings, we will include estimates of the costs and savings expected over a five-year period. We anticipate beginning to make preliminary recommendations available for discussion with DPS staff as they are developed, beginning when the audit is approximately three-fourths complete. To the extent available, we will include this material in a midpoint status conference with Commission Staff.



## Project Management

Overland will conduct an objective and focused management audit in accordance with the standards adopted by National Association of Regulatory Utility Commissioners (“NARUC”) Consultant Standards and Ethics for the Performance of Management Analysis including:

- Staffing the engagement with qualified auditors and properly supervising the work of the auditors assigned to the project.
- Gathering sufficient, competent evidence to support all findings, conclusions and recommendations necessary and relevant to accomplishing the project objectives.
- Documenting the basis for those findings, conclusions and recommendations in an organized set of working papers and communicating the results of the audit in a meaningful audit report.

We will assess the policies and procedures of each New York utility in each of the areas identified and addressed in the RFP. Our goal will be to perform the audit in a cooperative environment with management, recognizing the requirements of the audit, but also minimizing any undue burden on company personnel caused by discovery, interviews and other technical elements of the audit process. Our proposed audit includes the following principal elements:

- Conducting a comprehensive audit and technical analysis of the processes necessary to assess the effectiveness of management incentive compensation programs and to evaluate the controls relating to compensation practices.
- Coordinating written discovery and interview requirements with the utilities and NYDPS personnel to assure compliance with the project timeline.
- Communicating fully with the NYDPS Staff concerning project status and the development of audit findings during the course of the technical analysis.
- Development of new or modified business practices or procedures required to address audit findings and recommendations where modifications to current policies or procedures may be warranted.
- Development of a BCA for each audit recommendation where applicable.

### ***Auditor Communication and Collaboration with NYDPS Staff***

As Project Manager, Howard Lubow will be the primary administrative point of contact with the NYDPS Staff’s Project Manager. In addition to written monthly status reports discussed above, Mr. Lubow, together with Technical Managers responsible for specific audit areas, will provide the Staff with informal status reports on a weekly or ad-hoc basis. Overland will provide advance written notice of intended interviews and site visits, subject to the approval of and coordination with the Staff Project Manager. In addition, the audit team’s Technical Managers will communicate with appropriate members of the NYDPS Staff, as required, throughout the audit. This may take the form of email or phone



communication. The goal of these interactions will be to ensure that Staff is kept informed of audit progress, including preliminary findings and conclusions, and is provided an opportunity to provide input to the audit as it progresses. When the audit's technical analysis is approximately half complete, Overland will provide a mid-point progress report at a time to be designated by Staff. The mid-point report will include a description of progress to date, including the status of discovery as well as preliminary audit findings and conclusions. We will hold a status conference with interested Staff to discuss our report.

### ***Collaboration Among the Audit Team***

Our Project Director/Project Manager, Howard Lubow, will be the primary person responsible for directing work among the audit team. Technical Managers and Leads will be primarily responsible for fulfilling the objectives of the audit in each area. The Project Manager will conduct regular (usually weekly) virtual meetings with Technical Managers and Leads to discuss progress and to provide opportunities to discuss audit issues which may affect more than one technical area, to facilitate collaboration on the approach to the issues. Given the requirements of a statewide study of subject utilities, this coordination within the team is critical in terms of work progress and in sharing relevant findings. In addition to meetings involving the Project Manager and Technical Managers and Leads, when different audit areas have intersecting issues or areas of concern, we anticipate that Technical Managers and Leads from different areas will work together directly.

### ***Quality Control Over the Audit Process***

Overland applies quality control measures at all stages of the audit process. At a minimum, any factual or mathematical errors will be detected and corrected through our audit control procedures. The Project Manager will review all work as it progresses. A second level consists of two separate, but related reviews. A detailed, technical review of all work papers and analyses is conducted. This includes an independent check of the accuracy of all analyses, as well as verification to all source documents. It also includes verification of referencing of all materials in support of the audit report. The Project Manager will also determine whether the proposed findings and recommendations are properly and completely developed and are consistent with the overall development of the audit. An independent professional editor will review the draft report to assure a uniformity in terms, formats and rhetoric prior to release for Staff review. Finally, we anticipate a final level of review will be conducted by the Staff to determine whether proposed findings and recommendations are properly supported and fully address all audit matters identified in the proposed scope of work and related work plans. The Senior Consultants and Technical Managers will also review and comment on the technical and overall quality of their applicable sections of the final report, provide testimony (if necessary) or provide other project deliverables.



## ***Data Management***

Overland uses a network-based computer system to centralize electronic project data, ensure daily backup and for communication within the project team. We use a customized database application (Microsoft Access) to manage data requests and responses. An Overland employee will be assigned the responsibility of overseeing and maintaining the database application and maintaining the organization of project data.

## ***Potential On-Site Work and Travel***

Overland recognizes that the post-coronavirus environment has altered the audit process to rely more heavily on virtual communications. Nevertheless, we believe a limited number of site visits will help to conduct the audit efficiently and gain a proper understanding of the utilities and their operations. Site visits may be required for operational reasons. Another common factor is the necessity to review highly sensitive documents onsite. Overland will coordinate with NYDPS Staff in determining on-site travel requirements and obtain approval in advance as necessary.

## ***Contract Administration***

Major elements of contract administration include:

- Monthly status reports will contain a section on project activities and comparison to workplan, schedule and project budget. Time will be tracked to workplan tasks to allow direct comparisons of actual versus planned work. Major variations in actual versus planned work tasks will be identified and addressed, as needed, in the status reports.
- Invoices will be submitted monthly and contain a detail of work by workplan task area, by person.
- Should any areas of analysis be deemed out-of-scope, or if Overland believes that any factors outside of its control may significantly impact the project cost or schedule (i.e., material delays in production of required discovery responses), we will estimate the potential impact of such factors on schedule and cost and we will immediately bring them to the attention of the NYDPS for discussion.
- Aside from monthly written status reports, Overland will keep the NYDPS Project Manager informed with verbal communications on a weekly basis during the technical phase and as appropriate during the report development phase of effort.
- Status meetings between the audit team and DPS Staff will be coordinated and will address project status, developments associated with the technical analysis, preliminary findings and conclusions, and address any issues that may require resolution.



## 4. BENEFIT/COST ANALYSIS

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As noted in Section 3, Overland will develop a BCA for each audit recommendation, where possible. These analyses should contain a thorough evaluation of anticipated costs and expected benefits including: one-time and ongoing costs, potential benefits and risks, and potential savings and efficiencies. Our BCAs will help the Commission and Staff to develop implementation plans that are feasible and provide the most benefit to the ratepayers of the New York electric, gas and water utilities.

Audit recommendations will generally fit one of the following categories:

- Recommendations that can be implemented without incremental costs and / or recommendations that produce qualitative benefits: Some recommendations can be implemented without incurring additional cost and some may provide qualitative benefits rather than quantifiable cost savings. Recommendations to adopt standard or best industry practices, to improve accounting procedures or internal controls, to enhance customer satisfaction or to correct non-compliance with policies, procedures, Commission orders or state administrative rules can often be accomplished without incremental spending, particularly when they can be implemented using existing resources. In addition, the benefits realized from adopting such recommendations are often qualitative and do not always result in quantifiable savings. Overland will prepare a BCA for each such recommendation setting forth the qualitative benefits, the risks of non-adoption and the expected timelines for implementation and realization of improvements.
- Recommendations requiring incurrence of added costs: Recommendations to add staffing, acquire data from external sources, conduct audits, add employee training, add software or make changes to system programming are likely to involve incremental cost. If added capital is involved there is likely to be a financing cost. As part of our BCA, we will quantify the incremental costs attributable to any recommendations for which cost can be identified. We will describe the basis for the costs, such as the additional resources required to implement the recommendation, note whether the cost is non-recurring or recurring and develop annual estimates for a five-year period based on the estimated time required for implementation.
- Recommendations that result in quantifiable benefits: Recommendations that enhance productivity – resulting in reduced staffing through attrition or a reduced level of contractor services – are likely to produce quantifiable cost savings. Recommendations that result in improved service reliability or safety can result in quantifiable repair or maintenance savings, net of the initial costs of obtaining the improvements. When recommendations are likely to produce quantifiable savings, our BCA will quantify the savings. We will identify the sources of

the savings, which may include reduced need for internal or external resources, and we will develop annual estimates of savings over a five-year time horizon.

Our current BCA template, which we have used in recent prior New York management audits, is shown below.

Table 4-1 – Benefits-Cost Analysis Description

<b>Benefits-Cost Analysis Description</b>	
<b>Recommendation Description:</b>	Text describing the recommendation.
<b>Priority:</b>	Low, Medium or High.
<b>Background:</b>	Information describing the context of the recommendation and factors that compel the recommended changes.
<b>Benefits:</b>	Text describing the benefits to be realized if the recommendation is implemented.
<b>Potential Risks:</b>	Text describing the consequences of not implementing the recommendation
<b>Expected Implementation Timeline:</b>	Estimate of the time it is likely to take to implement the recommendation.
<b>Expected Timeline for Improvement:</b>	Estimated time after implementation before benefits are realized.
<b>Cost Analysis:</b>	An estimate of the incremental costs of implementing the recommendation and the basis for the estimate. In the case of recommendations which do not involve substantial ongoing employee efforts or the hiring of outside service providers, incremental costs may not exist or be too low to accurately measure.
<b>Benefits Analysis:</b>	An estimate of quantifiable benefits in terms of additional revenue or expected cost savings and the basis for the estimate. In the case of recommendations involving compliance, customer satisfaction, and similar
<b>Other Costs / Benefits:</b>	Other relevant information tangential to the primary benefits or costs.

Table 4-2 – Benefits-Cost Analysis Five-Year Quantification

Benefits-Cost Analysis Five-Year Quantification						
Recommendation #						
Savings	Year 1	Year 2	Year 3	Year 4	Year 5	Five-Year Total
Labor						
Outside Services						
Financing						
Total Savings						
Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Five-Year Total
Labor						
Outside Services						
Financing						
Net Benefit						

For some non-quantifiable impacts, determining whether these are “costs” or “benefits” may not always be clear. For example, a change in “corporate culture” (defined broadly as the way the utility does business) may have characteristics of both. To the extent we identify any such non-quantifiable impacts, we shall highlight them and explain why they may have both costs and benefits.

Key issues associated with identifying and, where possible, estimating costs and benefits will include the timing of costs and benefits in the future and the appropriate discount rate to use to estimate the present value of costs and benefits. For purposes of this analysis, we recommend the use of the utilities’ respective weighted average costs of capital, based on their most recent approved returns on equity, capital structure and cost of debt.

Overland expects to work with the subject utilities to the savings and cost components of the BCAs and, to the extent possible, develop a consensus on the inputs relied upon.

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## 5. PROJECT TEAM AND RESPONSIBILITIES

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This proposal section identifies the personnel assigned to the project and describes the project organizational structure.

### Project Personnel

Howard Lubow will serve as the Engagement Director and Project Manager for Overland’s project team. The personnel assigned to the engagement are as follows.

Table 5-1 – Project Personnel and Responsibilities

Overland Personnel	Project Responsibility
Howard Lubow	Project Manager, Technical Manager – Incentive Programs
Robert Welchlin	Technical Manager – Management Compensation Programs
Gregory Oetting	Lead Consultant – Dedicated Utilities
Donald Racey	Technical Manager – Performance Management
Nick Nocita, CPA	Lead Consultant – Dedicated Utilities
Megan Viviano	Data Manager

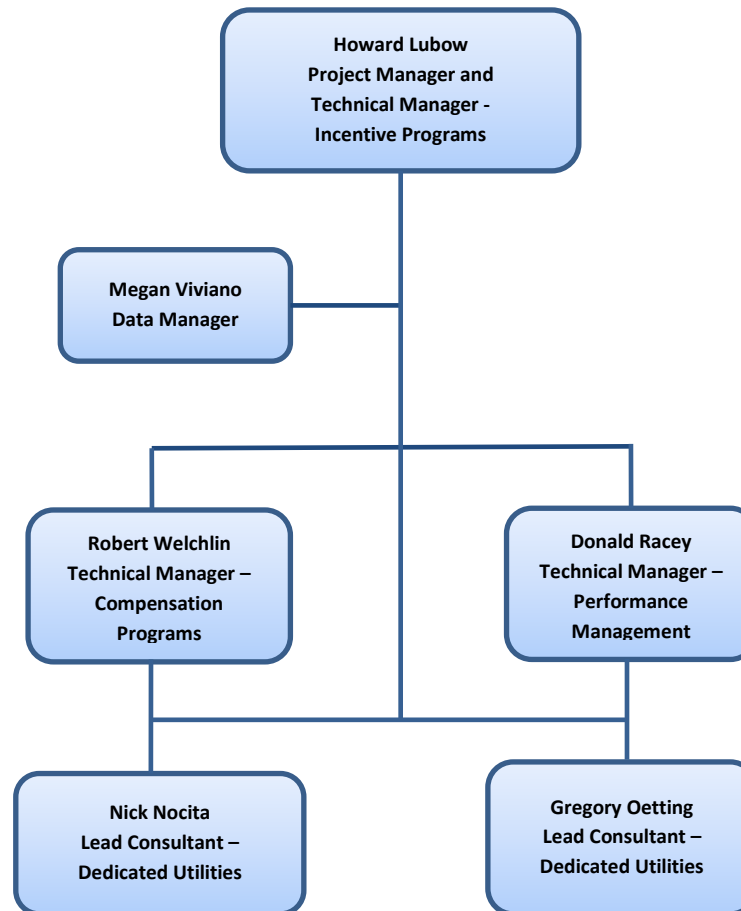
The experience and qualifications of the project team are found in Section 7 – Individual Experience and Qualifications. Each Technical Manager has significant expertise and experience relevant to the various elements of the proposed scope of work. The recognition of a more detailed, deeper understanding of the scope areas has driven the expansion and choice of the individuals proposed for this project.

### Project Organizational Structure

As illustrated on the next page, the project team is organized by subject area. Each subject area is led by a Technical Manager with at least 20 years of experience in the relevant audit area. Mr. Lubow, Mr. Welchlin and Mr. Racey will be responsible for their defined areas of analysis across all subject utilities. Mr. Oetting and Mr. Nocita will be responsible in coordinating the review of the technical managers as it relates to specific companies assigned to each person. Mr. Oetting will coordinate the technical analysis for Consolidated Edison, Orange & Rockland, Niagara Mohawk, KEDNY, KEDNY, NYSEG and RG&E, while Mr. Nocita will have responsibility for Central Hudson, National Fuel Gas, Liberty Water, St. Lawrence, Corning, and Veolia.

Chart 5-1 – Project Organizational Structure

## Project Organizational Structure





## Project Team Assignments

The following chart summarizes the allocation of project team member hours for each task area of the audit, and in total for the engagement.

Table 5-2 – Project Labor Summary

	Howard Lubow	Robert Welchlin	Greg Oetting	Nick Nocita	Donald Racey	Megan Viviano	Total Project Hours
<b>Management Compensation</b>							
Determine whether each utility’s approach to setting management compensation levels is consistent with industry standards and best practices with respect to: <ul style="list-style-type: none"> <li>The tools and studies used to set compensation levels</li> <li>How each utility determines what constitutes a reasonable peer group</li> <li>The use of modifiers such as geographic adjustments</li> <li>Measurement of cash and non-cash compensation, inclusive of all benefits</li> <li>The process for matching management labor positions in the benchmarking analysis</li> </ul>		224	120	96		27	467
Determine whether each utility’s approach to setting management compensation levels produces reasonable compensation levels that are aligned with peers.		224	120	96		29	469
Review the effect of management compensation programs and promotional opportunities on employee retention and attraction outcomes.		372	180	122	102	33	809
Assess the adequacy, transparency, necessity, and frequency of compensation studies.		224	120	72		40	456
Determine whether any additional or alternative information should be provided during rate proceedings to ensure that there can be an adequate review of compensation levels.		224	120	68		40	452
<b>Subtotal</b>		<b>1,268</b>	<b>660</b>	<b>454</b>	<b>102</b>	<b>169</b>	<b>2,653</b>
<b>Incentive Program Targets</b>							
Determine if each utility’s incentive pay program is designed to drive performance that benefits ratepayers in New York with respect to: <ul style="list-style-type: none"> <li>Positions that are eligible for variable pay programs</li> <li>The promotion of safety, reliability, customer service, infrastructure modernization, and Climate Leadership &amp; Community Protection Act goals</li> <li>Whether targets are focused on the New York operating company's performance</li> </ul>	314		180	120	232	40	886
Assess whether each utility’s incentive pay program sets goals and associated payouts in a manner to encourage continuous improvement and behavioral change.	392		240	186	334	40	1,192
Determine the extent to which each utility’s incentive pay program rewards financial performance relative to ratepayer-focused performance.	314		180	120		40	654
<b>Subtotal</b>	<b>1,020</b>	<b>0</b>	<b>600</b>	<b>426</b>	<b>566</b>	<b>120</b>	<b>2,732</b>
<b>Total</b>	<b>1,020</b>	<b>1,268</b>	<b>1,260</b>	<b>880</b>	<b>668</b>	<b>289</b>	<b>5,385</b>

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## 6. WORK TIMELINE

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Overland has reviewed the requirements of the audit as described in the RFP. Based on the proposed scope of work and deliverables required, we believe the anticipated schedule presented in the RFP can be achieved, assuming reasonable cooperation from the New York utilities with respect to the availability of personnel and provision of responses to data requests. Audit methods and tools to ensure that project milestones are met are described in the Approach, Methods and Project Management section of this proposal. Below is the anticipated schedule based on milestones identified in the RFP. Exhibit 6-1 is a graphical representation of this schedule.

- |   |                              |
|---|------------------------------|
| • Orientation/Project Mobilization          | May – June 2025              |
| • Develop Work Plan and finalize with Staff | May – June 2025              |
| • Draft Work Plan due to Staff              | June 2025                    |
| • Conduct Interviews and Site Visits        | July – November 2025         |
| • Preliminary Review and Technical Analysis | December 2025 – January 2026 |
| • Midpoint Status Conference with Staff     | January 2026                 |
| • Drafting of Audit Report                  | February – March 2026        |
| • Draft Report due to Staff                 | April 2026                   |
| • Final Report due to Staff                 | May 2026                     |

As mentioned in an earlier discussion, we believe that it is possible that the work can be performed on a somewhat more accelerated period. We expect to provide a more precise timeline in the Orientation and Preliminary Review phase of our work.

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## **EXHIBIT 6-1 – WORK TIMELINE**

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OVERLAND CONSULTING  
FOCUSED OPERATIONS AUDIT  
OF MANAGEMENT INCENTIVE COMPENSATION PROGRAMS  
CASE 25-M-0043  
PROJECT TIMELINE

PROJECT PHASE	2025								2026				
Description	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Orientation/Project Mobilization													
Develop Work Plan and Finalize with Staff													
Draft Workplan Provided to Staff													
Conduct Interviews and Site Visits													
Perform Technical Analysis / Identify Emerging Findings													
Midpoint Status Conference with Staff													
Drafting of Audit Report													
Provide Draft Report to Staff													
Address Staff and Utility Comments													
Final Report Due to Staff													

## 7. INDIVIDUAL EXPERIENCE AND QUALIFICATIONS

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This section includes abbreviated resumes of all proposed team members which demonstrate the credentials we bring to this project as well as recent and relevant experience. Additionally, we have included full resumes for all team members in Attachment A to the proposal.

### *Howard Lubow*

Mr. Lubow is the founder and President of Overland Consulting. He has an extensive background as a public utility auditor and consultant, focused primarily on the electric and gas industries, and primarily on behalf of state utility regulators. Mr. Lubow has directed and managed numerous utility management and operational audits. He has testified in numerous rate proceedings, specifically addressing compensation and benefits, including executive and employee incentive programs. He served as Project Director on Overland's recent management audits of Public Service Electric & Gas, Central Hudson and of Versant Power in Maine. Mr. Lubow has an extensive background in utility ratemaking, finance and governance. Mr. Lubow recently testified in a PSE&G rate proceeding on compensation, incentive programs and benefits on behalf of the New Jersey BPU.

### Representative Experience

- Project Director, in a comprehensive management and operations audit of Versant Power, a subsidiary of ENMAX Corporation. Mr. Lubow reviewed governance issues and well as compliance with merger conditions that had been approved by the MPUC in recent years. The Overland report was released in March 2025.
- Project Director and Technical Manager in an affiliate transactions and management audit of PSE&G's electric and gas utility operations in New Jersey. PSE&G is the largest regulated utility in New Jersey. Mr. Lubow's primary areas of responsibility in the audit included: corporate governance, gas supply, ERM and the company's legal function. Our report was released in December 2022.
- Project Director, Project Manager and Technical Manager in a comprehensive management and operations audit of New York Gas & Electric and Rochester Gas & Electric, both subsidiaries of utility holding company Avangrid. In addition to project management, Mr. Lubow served as Technical Manager in charge of corporate governance, executive management and budgeting and finance. The audit also covered the utilities' implementation of REV, the electric and gas planning processes, outage management, change management, project and work management, performance management and customer operations. (Client: New York Public Service Commission. Dates: March 2017 to November 2018.)
- Project Director, Project Manager for a comprehensive management and operations audit of Central Hudson Gas & Electric Corp. In addition to project management, Mr. Lubow served as Technical Manager in charge of corporate governance and executive management, strategic planning, risk management and budgeting and finance. The management audit included consideration of the impact of the Fortis merger transaction. It included electric planning and



REV preparations, gas planning and supply, affiliate transactions and cost allocations, work and performance management, and customer operations. (Client: New York Public Service Commission. Dates: July 2016 to June 2017.)

- Project Director in a focused audit of all major electric and gas utilities in the State of New York. The audit addressed the reliability and comparability of operating metrics reported to the Commission concerning electric reliability, gas safety and customer service. (Client: New York Public Service Commission. Dates: January 2014 to April 2015.)
- Project Director and expert witness in a financial audit of Pacific Gas & Electric Company's gas distribution operations and, separately, Project Director in an audit of PG&E's transmission pipeline safety-related expenditures. Both audits were conducted in connection with the San Bruno pipeline explosion that occurred in 2010, on behalf of the California PUC's Consumer Protection and Safety Division. The financial audit resulted in significant Commission-ordered fines and mandated increases in gas safety-related expenditures. (Client: California Public Utilities Commission. Dates: February 2011 to February 2014.)
- Project Manager in a management audit of South Jersey Gas Company and its parent, South Jersey Industries. The audit addressed compliance with affiliate transaction rules, as well as all primary functional areas of utility and corporate operations. Specifically addressed corporate governance, finance, gas operations, gas safety and gas procurement functions within the audit. Reviewed implications of diversification on utility risk. (Client: New Jersey Board of Public Utilities. Dates: June 2012 to September 2013.)
- Project Director in an investigation and audit of National Grid service company and parent company costs charged to its New York utilities (Niagara Mohawk and the Keyspan utilities, KEDLI and KEDNY). The audit included a review of internal control procedures and an investigation into the reasons for large increases in service company charges to the utilities. It also included an in-depth review of approximately 1,400 sampled transactions and an evaluation of the impact of using three different enterprise accounting platforms on potential cost allocations to the utilities. (Client: New York Public Service Commission. Dates: March 2011 through October 2012.)
- Project Director and Technical Manager in a management and affiliate relationships audit of Public Service Gas & Electric Company. This audit covered the relationships and transactions between PSE&G and its major affiliates, including the PSEG Service Company, Power and Energy Holdings. It also included a comprehensive management audit of the utility, including corporate governance, strategic planning and executive management, for which Mr. Lubow served as Technical Manager, as well as organizational structure, electric, gas and customer operations and corporate support functions. (Client: New Jersey Board of Public Utilities. Dates: January 2009 to December 2011.)

### Education

- **University of Missouri – Kansas City, Kansas City, MO**  
Bachelor of Business Administration – Accounting, Economics Minor



- **University of Missouri – Kansas City**, Kansas City, MO  
Graduate studies in quantitative and systems analysis
- **University of Missouri – Kansas City**, Kansas City, MO  
Master's Degree in English literature

### ***Robert Welchlin***

With over 30 years of experience as a utility industry consultant, auditor and utility revenue requirements expert witness, Mr. Welchlin has managed and directed audits and consulting projects in the electric and gas, telecommunications, water, and cable TV industries for more than 30 years. He has managed and served as a Project Manager and Technical Manager on numerous large utility management and operational audit engagements, including audits of NYSEG and RG&E, Central Hudson and the self-reported performance metrics of New York's investor-owned utilities. Mr. Welchlin led a comprehensive compensation study of Mississippi Power Company compensation and benefits on behalf of the Mississippi PSC. He has reviewed compensation programs compensation studies in a number of management audits. He was retained by a gas transmission pipeline company to design an executive management incentive compensation program.

### **Representative Experience**

- Technical Manager in a review of Central Hudson's customer service operations. Addressed the organization and management of the functions, impact of the new SAP CIS implementation on customers, contact center operations, customer complaints and resolution, energy usage measurement and on metrics reported to the NYSDPS. Among the recommendations developed were implementation of performance benchmarking, implementation of monthly (instead of bi-monthly) meter reading, analysis to identify the root causes of customer complaints and improvement of internal controls over metrics reported to the NYSDPS. (Client: New York Public Service Commission. Dates: September 2022 to January 2023.)
- Technical Manager for an audit of the customer service operations of Versant. Versant is an electric utility in Maine, owned by ENMAX, Inc. at the time of our review. The audit was performed for the Maine Public Utilities Commission and included customer service management, contact center operations, credit and collections and metering (Client: Maine Public Service Commission. July 2024 – January 2025.)
- Technical Manager in an audit of Avangrid's three Connecticut utilities (United Illuminating, Connecticut Natural Gas and Southern Connecticut Gas) performed on behalf of the Connecticut Public Utilities Regulatory Authority. Responsible for review of affiliate transactions and service company cost allocations from the company's Spanish parent, Iberdrola, through the U.S. operations structure to the Connecticut utilities. Also responsible for reviews of customer operations (organization and integration among utilities, contact center operations, metering, billing and low income programs) and human resources (employee compensation and benefits and labor relations) (Client: Connecticut Public Utilities Regulatory Authority, 2022-2023.)

- Technical Manager in charge of reviews of affiliate transactions and customer service and meter operations in comprehensive management and operations audits of NYSEG and RG&E. The affiliate transactions review covered cost allocations to the utilities from Avangrid and its parent, Iberdrola S.A., intercompany transactions between NYSEG and RG&E, utility compliance with New York Affiliate Standards, and the impact of Avangrid's acquisition of Connecticut utility holding company UIL's impact on New York utility shared services costs. The audit of customer operations included management of customer service and meter operations, including outsourced functions, performance benchmarking and best practices, employee training, customer satisfaction and an analysis of customer complaints. Separately, the audit included an analysis of compliance with New York customer service rules under the HEFPA Act. (Client: New York Public Service Commission. Dates: March 2017 to November 2018.)
- Technical Manager for affiliate transactions and customer service and meter operations in comprehensive management and operations audit of Central Hudson Gas & Electric Corporation. The customer operations portion of the audit covered many of the areas discussed above for the management audit of NYSEG & RG&E (Client: New York Public Service Commission. Dates: July 2016 to June 2017.)
- Project Manager in an audit of the accuracy of self-reported electric reliability, gas safety and customer service data of all nine major investor-owned New York utilities. This audit reviewed and made recommendations to improve the accuracy, completeness and comparability of metrics submitted by the utilities to the NYSPSC. The audit required the coordination of visits to all nine utilities to conduct subject matter interviews and the submission of discovery for each utility in each subject area. In addition to overall project management, Mr. Welchlin was also the Technical Manager in charge of the review of customer service data. (Client: New York Public Service Commission. Dates: January 2014 to April 2015.)
- Technical Manager in a regulatory and management audit of the affiliate transactions, management and operations of South Jersey Gas Company. Mr. Welchlin was responsible for reviews of accounting procedures and the costs charged to the regulated gas company from the parent and service companies and transactions with affiliate South Jersey Energy Solutions and its subsidiaries. He was also responsible for reviews of operational support services (supply chain, fleet management, facilities management), customer service operations, construction contractor management and excavation damage prevention. (Client: New Jersey Board of Public Utilities. Dates: June 2012 to September 2013.)
- Project and Technical Manager in an investigation and audit of National Grid service company and parent company costs charged to its New York utilities (Niagara Mohawk and the Keyspan utilities, KEDLI and KEDNY). The audit included a review of procedures and controls governing shared services and related cost allocations, the impact of multiple enterprise accounting platforms on allocations to the New York utilities, an investigation into the reasons for large increases in service company charges to the utilities, the functional and service-level relationships among NGUSA's various service companies and an in-depth review of the accounting accuracy of approximately 1,400 sampled transactions. (Client: New York Public Service Commission. Dates: March 2011 through October 2012.)





- Project Director and Technical Manager in a management and affiliate relationships audit of Public Service Gas & Electric Company. This audit covered the relationships and transactions between PSE&G and its major affiliates, including the PSEG Service Company, Power and Energy Holdings. It also included a comprehensive management audit of the utility, including corporate governance, strategic planning and executive management, for which Mr. Lubow served as Technical Manager, as well as organizational structure, electric, gas and customer operations and corporate and corporate support functions. (Client: New Jersey Board of Public Utilities. Dates: January 2009 to December 2011.)

#### Education and Professional Certification

- **Eastern Illinois University**, Charleston, IL  
Bachelor of Science – Accounting and Business Administration
- **St. Edwards University**, Austin, TX  
Master of Business Administration
- **Certified Public Accountant Certificates / Licenses** (currently inactive), Illinois 1981, Texas 1985, and Kansas 1996

#### **Don Racey, PMP**

Mr. Racey is the Chief Executive Officer of Engage Global Advisors. Mr. Racey has over 25 years of experience consulting in regulated industries. He has served as a Project and Technical Manager in management audits and process improvement engagements for numerous utilities. He has designed and implemented performance management initiatives in numerous industries, including the formal assessment of employee performance, establishment of objective metrics, behavioral competencies, and feedback mechanisms (often involving 360-degree feedback). He helped design incentive compensation plans, both Short-Term Incentives, tied to achievement of short-term performance goals (e.g., annual targets, project completion, sales quotas) as well as Long-Term Incentives rewards for sustained performance and retention (e.g., stock options, restricted stock units) that are often linked to multi-year financial or strategic goals. His management and regulatory audit experience also includes reviewing Electric and Gas Operations, Project and Program Management, Environmental, Social, and Governance programs, and ensuring compliance with internal controls and regulatory requirements.

#### Representative Experience

- Technical Manager for Project and Work Management portion for the management audit of Central Hudson Gas & Electric Company (Client: New York Public Service Commission. Dates: March to December 2022.)
- Technical Manager for Project and Work Management portion for the management audit of NYSEG & RG&E (Client: New York Public Service Commission. Dates: July 2016 to June 2017.)
- Led the design and implementation of AEP Transmission's Project Lifecycle Management Process that governs the execution of AEP's \$2 billion annual CAPEX budget.



- Led the implementation of National Grid’s End to End Project and Portfolio Management Process that standardized key processes across the Electric and Gas businesses and three regulatory jurisdictions.
- Led process design and technology system selection for the implementation of a comprehensive Compliance and Maintenance Management program for Chesapeake Utilities’ three operation companies.
- Specialized in the design and implementation of Asset Management and Maintenance and Reliability programs.
- Responsible for ERP Implementations, Process Improvements, and Merger Integration.

#### Education and Professional Certification

- **Ohio Dominican University**, Columbus, OH  
Bachelor of Arts – Economics  
Bachelor of Arts – Business Administration
- **Project Management Professional (PMP)**, Project Management Institute
- Six Sigma Black Belt, ASQ

#### **Gregory Oetting, CPA**

Mr. Oetting has more than 25 years of regulated industries consulting experience. He has served as a Project Manager and a Technical Manager in numerous engagements, including management audits, financial and regulatory reviews, review of proposed utility mergers, and utility property valuations. He was responsible for the review of performance management and incentive compensation in the 2017-2018 management audit of New State Electric and Gas Corporation and Rochester Gas and Electric Corporation on behalf of the New York State PSC as well as executive compensation in several audits of northeast U.S. utilities in the past decade. His management and regulatory audit experience also include the review of accounting and cost allocation methodologies, compliance with competitive service standards and internal controls.

#### Representative Experience

- Technical manager in the management audit of Atlantic City Electric Company on behalf of the New Jersey BPU. Audit areas included executive management and corporate governance, accounting, cash management, finance and support services.
- Technical manager in the management audit of PSE&G on behalf of the New Jersey BPU. In charge of analyzing matters associated with finance, cash management, accounting, transportation, facilities and land management, remediation costs, and certain cost deferrals.
- Technical manager in a prior management audit of PSE&G in charge of reviewing the company’s customer service, cash management and accounting functions as well as assisting in the audit of executive management and corporate governance.



- Technical manager in the management audit of South Jersey Gas Company on behalf of the New Jersey BPU. Audit areas included executive management and corporate governance, accounting, cash management, finance and support services.
- Technical manager in the management audits of Central Hudson Gas & Electric, New York State Electric and Gas Corporation, and Rochester Gas and Electric Corporation on behalf of the New York State PSC. Responsibilities included review of performance management activities, project and work management, budgeting and procurement.
- Lead consultant in the review of PSE&G's base rate case filing with particular focus on incentive compensation as well as other revenue requirement issues.
- Technical manager in the review of Public Service Enterprise Group's proposed merger with Exelon Corporation, including particular focus on the requested money pool arrangement.
- Technical manager in the regulatory audit of South Jersey Gas Company. A primary focus of this audit was the allocation of costs between the utility and its affiliates
- Controller of Kansas Pipeline Operating Company, an interstate natural gas pipeline. Responsible for the adequacy of financial systems for both regulated and non-regulated entities.

#### Education and Professional Certification

- **University of Kansas**, Lawrence, KS  
Bachelor of Science – Accounting and Business Administration
- **Certified Public Accountant Certificates** in Kansas and Missouri

#### **Nick Nocita, CPA**

Nick Nocita will serve as Senior Consultant. He will provide analytical and technical support in the areas of corporate governance, budgeting and finance, customer operations and performance management. Mr. Nocita is a Certified Public Accountant. Since joining Overland Consulting in 2018 he has provided technical support and report preparation assistance in the management audits of Central Hudson and of NYSEG and RG&E on behalf of the NYDPS and as a Consultant in a management audit of Newark-based Public Service Gas & Electric in the areas of affiliate transactions, human resources and customer operations. Mr. Nocita's audit experience includes more than 20 years of financial, performance and compliance audit experience at a U.S. Class I railroad. In addition, he has developed and implemented an enterprise risk management program for use by senior executives and the board of directors. Since joining Overland in 2018 he has also provided financial and technical analysis in connection with cost-of-service studies and plant valuations on behalf of utility regulators in Minnesota, Arizona and Virginia.

#### Representative Experience

- Senior consultant in the comprehensive management audit of Central Hudson Gas & Electric Company on behalf of the New York Public Service Commission.



- Senior consultant in the management audits of the Connecticut electric, gas and water utility subsidiaries of Eversource Energy, Inc. and Avangrid on behalf of the Connecticut Public Utilities Regulatory Authority.
- Senior consultant in the comprehensive management audit and review of affiliate transactions for Public Service Gas & Electric on behalf of the New Jersey Board of Public Utilities.
- Senior consultant in a management and rate review of Arizona Public Service on behalf of the Arizona Corporation Commission.
- Provided analysis and support in Overland’s review of Dominion Energy Utah’s rate design and cost of service studies on behalf of the Utah Division of Public Utilities.

#### Education and Professional Certification

- **University of Kansas**, Lawrence, KS  
Bachelor of Science – Accounting and Business Administration
- **University of Missouri – Kansas City**, Kansas City, MO  
Master of Business Administration
- **Certified Public Accountant Certificate** in Kansas

#### **Megan Viviano**

Since joining Overland Consulting in 2019, Ms. Viviano has provided data management in connection with management audits, affiliate transaction reviews and plant valuations in New Jersey, New York, Minnesota, Virginia and Maine. Ms. Viviano will be charged with coordinating and managing audit discovery and will coordinate the preparation and assembly of work products, including the audit report. Ms. Viviano will also assist the Project Manager, Howard Lubow, with project planning and logistics. Prior to joining Overland Consulting, Megan Viviano was Director of Field Sales and Marketing for Takeda Pharmaceuticals. She has a background in forecasting, analytics and project management working with senior leaders in commercial sales and marketing in the Health Care sector.

#### Representative Experience

- Coordinated discovery and supporting administrative management of a comprehensive management audit. (Client: Maine Public Service Commission. July 2024 – January 2025.)
- Coordinated discovery and supporting the administrative management of a comprehensive management audit of Central Hudson Gas & Electric Company. (Client: New York Public Service Commission. Dates: September 2022 to January 2023.)
- Coordinated discovery and supporting the administrative management of a comprehensive management audit and review of affiliate transactions for Public Service Gas & Electric. (Client: New Jersey Board of Public Utilities. Dates: March 2021 to December 2022.)
- Coordinated data management in connection with cost-of-service studies and plant valuations on behalf of utility regulators in Minnesota and Virginia.



- Served as commercial sales organization project lead for development of performance objectives, key performance indicators and performance management system that linked to corporate vision, mission and goals.
- Served as co-lead project manager in development of business planning processes and business analytic dashboard for the commercial sales organization.

**Education and Professional Certification**

- **University of Kansas, Lawrence, KS**  
Bachelor of Science Degree in Journalism

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## 8. WRITING SAMPLES

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Overland has performed comprehensive management and operations audits of numerous regulated utilities in New York and other jurisdictions over the past 30 years. Below we have provided excerpted chapters from recent engagements authored by Project and Technical Managers on the proposed Overland team that reflect the depth of analysis in our examinations of subject areas to be addressed in this engagement.

From Overland's *Comprehensive Management and Operations Audit of Central Hudson Gas & Electric Corporation*:

[Chapter 2 - Governance and Management](#)

From Overland's *Comprehensive Management and Operations Audit of Public Service Electric and Gas Company*:

[Chapter 20 – Human Resources](#)

From Overland's *Comprehensive Management and Operations Audit of New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation*:

[Chapter 30 – Performance Management](#)

[Chapter 31 – Incentive Compensation](#)

From Overland's Direct Panel Testimony in PSE&G Base Rate Case on behalf of New Jersey BPU Staff (compensation, fringe benefits and related topics are addressed on pages 26-40 and incentive compensation is addressed on pages 44-50):

[PSEG Rate Case Direct Panel Testimony](#)

From Overland's *Review of Mississippi Power Company's and Southern Company's Executive Employee Compensation and Review of Mississippi Power Company's Non-Executive Employee Compensation*:

[Chapter 3 - Non-Executive Employee Compensation](#)

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## 9. CONFLICTS OF INTEREST

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Neither Overland nor its subcontractors have a direct financial interest in the utilities to be audited or their affiliates. However, Overland has been hired by state regulatory commissions to perform audit or other consulting services related to New York utilities and/or their affiliates and have performed a consulting engagement for one New York utility company.

In April 2022, Overland was contracted by the New York State Public Service Commission to perform a comprehensive management and operations audit of Central Hudson Gas & Electric Corporation.

Overland Consulting was a subcontractor on FTI's management audit of Avangrid Network's Connecticut utilities (United Illuminating, Connecticut Natural Gas and Southern Connecticut Gas) on behalf of the Connecticut Public Utilities Regulatory Authority, which was completed in 2024.

Overland Consulting was also a subcontractor on FTI's management audit of National Grid – Massachusetts on behalf of the Massachusetts DPU, which was completed in March 2021.

Other than the services described above, neither Overland nor any of its personnel or subcontractors are currently providing, nor have they provided in the last five years, any professional services (including auditing services) to the NYSPSC nor any electric or gas utilities in New York State.

Overland, its personnel and its subcontractors will adhere to the highest business, professional and ethical standards during the course of the engagement. We also agree that we will not perform any work for the utility or its affiliates during the course of this audit.

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## 10. REFERENCES

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Overland has a solid track record of developing a strong, fully documented foundation supporting our findings and recommendations which have been helpful in improving utility operations and regulatory oversight. Our recommendations have generally been adopted by regulators and the utility subject to regulatory review. We encourage the discussion of our firm with these industry contacts.

**Mr. Anthony Myers**

Executive Director  
Maryland Public Service Commission  
6 St. Paul Street, 16<sup>th</sup> Floor  
Baltimore, MD 21202  
(410) 767-8010

**Ms. Alice Bator**

Director, Division of Audits  
New Jersey Board of Public Utilities  
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**Sally Zeh**

Director of Electric and Natural Gas Div.  
Maine Public Utilities Commission  
18 State House Station  
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(207) 287-1370

**Mr. Scott Armstrong**

Deputy Director, Division Utility Acct & Finance  
Virginia State Corporation Commission  
1300 East Main Street, Fourth Floor B  
Richmond, VA 23219  
(804) 371-9535

**Mr. Doug Wheelwright**

Utility Analyst  
State of Utah, Division of Public Utilities  
160 East 300 South, 4<sup>th</sup> Floor  
Salt Lake City, UT 84111  
(801) 530-6417

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## 11. INSURANCE ATTESTATION

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Overland Consulting confirms that we understand the mandatory insurance requirements related to Workers' Compensation and Disability Benefits and will, upon selection, provide the required documentation to the Department.

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## 12. COST PROPOSAL

This document contains and describes our not-to-exceed project cost proposal.

### Not-to-Exceed Project Cost Proposal

Overland Consulting's total not-to-exceed cost to perform a Focused Operations Audit of management incentive compensation programs at New York electric, gas, and water utilities, as described in the Request for Proposals in Case 25-M-0043, is \$1,830,225, plus \$82,945 for estimated travel costs. Overland proposes a not-to-exceed total project costs of \$1,913,170.

### Professional Labor at Hourly Billing Rates

Professional labor includes the costs of project participants with defined roles in the project and is the sum of each participant's assigned time, in hours, multiplied by their hourly billing rate. Our cost proposal is based on a 5,385-hour professional labor effort level as summarized on the following table:

<b>OVERLAND CONSULTING</b> <b>OPERATIONS AUDIT TO EXAMINE MANAGEMENT INCENTIVE COMPENSATION PROGRAMS</b> <b>AT NEW YORK ELECTRIC, GAS AND WATER UTILITIES</b> <b>CASE NO. 25-M-0043</b> <b>PROJECT COSTS BY PERSON</b>				
<i>Consultant</i>	<i>Primary Project Role</i>	<i>Hourly Rate</i>	<i>Hours</i>	<i>Labor Cost</i>
<i>Lubow</i>	<i>Project Manager and Technical Manager</i>	<i>\$425</i>	<i>1,020</i>	<i>\$ 433,500</i>
<i>Welchlin</i>	<i>Technical Manager</i>	<i>\$350</i>	<i>1,268</i>	<i>443,800</i>
<i>Racey</i>	<i>Technical Manager</i>	<i>\$350</i>	<i>668</i>	<i>233,800</i>
<i>Oetting</i>	<i>Lead Consultant</i>	<i>\$350</i>	<i>1,260</i>	<i>441,000</i>
<i>Nocita</i>	<i>Lead Consultant</i>	<i>\$275</i>	<i>880</i>	<i>242,000</i>
<i>Viviano</i>	<i>Data Administration</i>	<i>\$125</i>	<i>289</i>	<i>36,125</i>
<b>Fully Loaded Labor Cost</b>			<b>5,385</b>	<b>\$ 1,830,225</b>

A detailed labor matrix showing the budgeted hours for each project team member by audit scope area is included as Exhibit 12-1. There are no incremental hours explicitly identified for Mr. Lubow's time in coordinating the various major tasks identified in the labor matrix. This time is either embedded in Mr. Lubow's time estimate or is assumed to be provided without additional cost to the project.



## Travel Expenses

The following schedule provides Overland’s not-to-exceed budget for travel expenses. Overland expects reimbursable travel expenses would include transportation, lodging, per diems based on New York State reimbursement rates and related incidental expenses.

<b>FOCUSED OPERATIONS AUDIT OF INCENTIVE COMPENSATION PLANS AT NEW YORK ELECTRIC, GAS, AND WATER UTILITIES CASE 25-M-0043 ESTIMATED TRAVEL EXPENSES</b>				
<b>Expense</b>	<b>Unit</b>	<b>Qty</b>	<b>Price</b>	<b>Project Total</b>
Airfare	Trips	47	\$500	\$23,500
Hotel	Nights	118	\$350	\$41,300
Per Diem	Days	118	\$90	\$10,620
Car Rental / Ground Transportation	Days	43	\$175	\$7,525
<b>Total Travel Costs</b>				<b>\$82,945</b>

While this reflects the costs necessary for the optimal performance of the on-site audit procedures, it is our understanding that travel and associated expenses will be reimbursed based on coordination with and approval by the NYDPS Staff.

We have assumed that most of the interviews and discovery coordination will occur on a virtual basis. However, the above travel budget allows for trips that may be necessary to review documents onsite or to conduct on-premises meetings or interviews. The above rates for air fares and hotels reflect an average of expected costs for travel to the corporate offices of the New York utilities.



## **EXHIBIT 12-1 – CONSULTANT LABOR COSTS**

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**OVERLAND CONSULTING**  
**OPERATIONS AUDIT TO EXAMINE MANAGEMENT INCENTIVE COMPENSATION PROGRAMS**  
**AT ELECTRIC, GAS AND WATER UTILITIES**  
**PROJECT LABOR MATRIX**

	<i>Howard Lubow</i>	<i>Robert Welchlin</i>	<i>Greg Oetting</i>	<i>Nick Nocita</i>	<i>Donald Racey</i>	<i>Megan Viviano</i>	<i>Total Project Hours</i>
<b>Management Compensation</b>							
Determine whether each utility's approach to setting management compensation levels is consistent with industry standards and best practices with respect to: <ul style="list-style-type: none"> <li>• The tools and studies used to set compensation levels</li> <li>• How each utility determines what constitutes a reasonable peer group</li> <li>• The use of modifiers such as geographic adjustments</li> <li>• Measurement of cash and non-cash compensation, inclusive of all benefits</li> <li>• The process for matching management labor positions in the benchmarking analysis</li> </ul>		224	120	96		27	467
Determine whether each utility's approach to setting management compensation levels produces reasonable compensation levels that are aligned with peers.		224	120	96		29	469
Review the effect of management compensation programs and promotional opportunities on employee retention and attraction outcomes.		372	180	122	102	33	809
Assess the adequacy, transparency, necessity, and frequency of compensation studies.		224	120	72		40	456
Determine whether any additional or alternative information should be provided during rate proceedings to ensure that there can be an adequate review of compensation levels.		224	120	68		40	452
<b>Subtotal</b>		<b>1,268</b>	<b>660</b>	<b>454</b>	<b>102</b>	<b>169</b>	<b>2,653</b>
<b>Incentive Program Targets</b>							
Determine if each utility's incentive pay program is designed to drive performance that benefits ratepayers in New York with respect to: <ul style="list-style-type: none"> <li>• Positions that are eligible for variable pay programs</li> <li>• The promotion of safety, reliability, customer service, infrastructure modernization, and Climate Leadership &amp; Community Protection Act goals</li> <li>• Whether targets are focused on the New York operating company's performance</li> </ul>	314		180	120	232	40	886
Assess whether each utility's incentive pay program sets goals and associated payouts in a manner to encourage continuous improvement and behavioral change.	392		240	186	334	40	1,192
Determine the extent to which each utility's incentive pay program rewards financial performance relative to ratepayer-focused performance.	314		180	120		40	654
<b>Subtotal</b>	<b>1,020</b>	<b>0</b>	<b>600</b>	<b>426</b>	<b>566</b>	<b>120</b>	<b>2,732</b>
<b>Total</b>	<b>1,020</b>	<b>1,268</b>	<b>1,260</b>	<b>880</b>	<b>668</b>	<b>289</b>	<b>5,385</b>

## ATTACHMENT A – PROJECT TEAM RESUMES

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**Overland Consulting**  
Regulated Industries Consultants



## **Howard E. Lubow, President**

Overland Consulting | 5407 West 124<sup>th</sup> Court St | Overland Park, KS 66209 | 913-599-3323  
hlubow@overlandconsulting.com

### **GENERAL**

Mr. Lubow is President of Overland Consulting. He has more than 30 years of experience as a public utility consultant. His consulting engagements have encompassed a broad spectrum of management, finance, and regulatory issues for electric, gas, water, pipeline, and telephone utilities. Recent project experience includes focused management audits, analysis of utility diversification and acquisition plans, prudence studies, accounting systems design, cost-of-service determination and allocation, utility property valuation, rate of return determinations, and rate design issues. Mr. Lubow has testified in more than 100 regulatory and civil litigation proceedings and has testified in approximately 20 jurisdictions throughout the country.

### **PROFESSIONAL WORK HISTORY**

#### ***Overland Consulting***

*1991 – Present*

##### *President*

Responsible for administration and review of management auditing, regulatory consulting, and litigation support services. Provide expert witness services in projects involving decision analysis, damages assessment, ratemaking, valuation, and accounting.

#### ***Kansas Pipeline Company***

*1997 – 1999*

##### *Executive Vice President, Chief Operating and Financial Officer*

Responsible for the day-to-day operations of this natural gas pipeline, as well as direct responsibilities associated with the financial, accounting, and regulatory functions of the Company. Implemented a reengineering and downsizing program that resulted in a major reduction in operating expenses. Negotiated new gas supply and transportation contracts. Renegotiated credit lines on more favorable terms. Responsible for the negotiation and acquisition of a natural gas marketing company. Developed and implemented a management incentive program for senior executives. Developed due diligence and presentation materials relied upon by potential buyers of Kansas Pipeline assets.

#### ***Amerifax, Inc. (Americonnect)***

*1990 – 1991*

##### *Chief Executive Officer*

Directed the IPO for this telecommunications switchless rebiller. The company implemented a national marketing program, focusing primarily in the Midwest. After five years, the company was acquired for approximately three times its IPO valuation.

#### ***LMSL, Inc.***

*1983 – 1990*

##### *President*

Responsible for administration and review of regulatory services projects and research studies. Expert witness in regulatory proceedings. Director of special projects including management audits, financing feasibility studies, property acquisition and merger feasibility studies, and development of innovative solutions to current regulatory issues.

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***Drees Dunn Lubow & Company***  
*Managing Partner*

1976 – 1982

Responsible for projects for utility clients. Responsibility included financial and managerial analysis of public utility companies and the presentation of expert testimony before regulatory commissions.

***Troupe, Kehoe, Whiteaker & Kent***  
*Senior Regulatory Consultant*

1972 – 1976

Responsible for special services work for utility clients, including accounting systems design, cost-of-service determination and allocation, budgeting, and rate designs. Performed fair value determinations, developed cost analysis studies, curtailment requirements analysis, and forecasts of utility operations.

***Kansas City Power & Light Company***  
*Senior Accountant*

1968 – 1972

Analyzed accounting and reporting procedures, taxes, and costs of operations. Assisted in the preparation of Federal and State income tax returns and the Annual Report to stockholders. Assisted with rate filings in Kansas and Missouri. Developed tax basis property accounting system.

## **PROFESSIONAL EXPERIENCE**

### ***ELECTRIC AND GAS***

- Project Director in a management audit of Central Hudson Gas and Electric Company on behalf of the New York State Public Service Commission. The audit provided a current assessment of corporate governance, customer service and billing procedures, electric and gas operations, information technology, accounting and finance. We specifically reviewed compliance with major state environmental initiatives and the implementation on a new SAP platform employed for customer service and billing functions, as well as other modules then in a state of transition.
- Project Director in a comprehensive management audit and affiliate transactions audit of Public Service Electric and Gas and its principal affiliates. The audit included a review of electric and gas operations, finance, human relations, customer service, corporate governance and external relations. We also reviewed strategic planning, including expected commitments to offshore wind and other major environmental compliance projects.
- Directed a comprehensive revenue requirements analysis of Public Service Electric and Gas on behalf of the BPU Staff addressing credit ratings, operations and maintenance expenses, affiliate company charges, income tax provisions, balancing account compliance, major capex program ratemaking treatment and other material elements driving major impacts on electric and gas revenue requirements.
- Technical Lead in the evaluation of HR workforce practices for National Grid regulated business units in the US, including Massachusetts utilities. The analysis included various aspects of workforce practices including: overtime practices, use of third-party contractors, succession planning, and training.
- Project Manager in review of gas transmission capacity requirements associated with Dominion Utah operations. This study included an analysis of supply and operations planning in meeting peak period requirements, including options for meeting customer demand.
- Engagement Director/Project Manager in the review of a proposed merger between AltaGas Ltd., WGL Holdings, Inc., and Washington Gas Light Company on behalf of the Maryland PSC. Appeared as a key witness, addressing holding company conditions, finance and corporate governance

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matters, ring fencing policies, the merger impact on utility rates, adequacy of merger commitments, deal terms, and impacts of capital expenditures on credit ratings, and financial integrity of the utility post-acquisition.

- Project Director in a management and operations audit of New York New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation, both subsidiaries of Avangrid Networks, the ultimate parent being Iberdrola, S.A. headquartered in Madrid, Spain. The scope of the review included corporate governance, finance, electric and gas planning, project and work management, and customer service functions.
- Engagement Director in a comprehensive management and operations audit of Central Hudson, on behalf of the New York State PSC. The audit includes a comprehensive assessment of the utility's construction program planning processes and an evaluation of the efficiency of the utility's operations with a focus on opportunities to improve performance.
- Project Director in a focused review of the general rate application of Southwest Gas Corporation, on behalf of the Arizona Corporation Commission. The review addresses procurement activities, depreciation studies, rate design and revenue decoupling, and a class cost of service study.
- Project Director in the review of the proposed merger between Exelon Corporation and Pepco Holdings, Inc., on behalf of the Maryland PSC. Appeared as the lead policy witness, addressing financial, governance, and rate issues implicit in the merger review.
- Project Director in the review of the proposed merger between Exelon Corporation and Pepco Holdings, Inc., on behalf of the Delaware PSC. Prepared written testimony, addressing financial, governance, and rate issues implicit in the merger review.
- Project Director in a focused audit of all major electric and gas utilities in the State of New York. The audit addressed the reliability and comparability of operating metrics reported to the Commission concerning electric reliability, gas safety, and customer service.
- Project Manager in a management audit of South Jersey Gas Company and its parent, South Jersey Industries. The audit addressed compliance with affiliate transaction rules, as well as all primary functional areas of utility and corporate operations. Specifically addressed corporate governance, finance, gas operations, gas safety, and gas procurement functions within the audit. Reviewed implications of diversification on utility risk.
- Project Director in a focused review of PG&E practices associated with their gas transmission system. This project arose from the San Bruno incident, which led to intense investigations at the state and federal level. Overland was retained by the California PUC to audit the management operations and financial commitments of PG&E necessary to assess the adequacy of resources supporting gas safety policies and procedures. In this context, capital expenditures and operating budgets were reviewed in relation to regulatory commitments reflected in customer rates over time. Provided testimony on the financial capacity of PG&E to support capital investments needed to upgrade gas safety and reliability across the transmission system, as well as to consider the implications of potential fines under review by the CPUC.
- Project Director in a focused review of PG&E gas distribution gas safety and reliability financial commitments and operations procedures. Considered the adequacy of financial commitments and management practices, as well as consequences of resource restrictions on safety and reliability metrics. Results were provided in a report filed with the CPUC on behalf of the Public Safety Division.

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- Project Director in a focused audit of National Grid service and parent company charges to New York jurisdictional utilities. The audit included a review of internal control procedures, as well as an in-depth review of transactions over a 20-month period, ultimately associated with jurisdictional cost-of-service implications. The scope of charges considered in the audit exceeded \$5.0 billion. Overland sampled the total population of costs through direct and statistical analysis.
  - Project Director in the review of the proposed merger between Exelon Constellation Energy on behalf of the Maryland PSC. Appeared as the lead policy witness, addressing financial, governance, and rate issues implicit in the merger review. Considered the implications of market power and cost-benefit analyses in making recommendations concerning proposed settlement options.
  - Project Manager in a management audit of Connecticut Natural Gas and its parent, Iberdrola USA. The audit scope included all significant functions of the company including a review of corporate governance and executive management, accounting and finance, conservation activities, and operations. A number of special topics were also addressed including: customer demand metering, billing determinates, and billing procedures.
  - Project Director in the review of the proposed merger of FirstEnergy and Allegheny on behalf of the Maryland PSC. Appeared as the lead policy witness, addressing financial, governance, and rate issues implicit in the merger review. Proposed conditions necessary to comply with statutory criteria. Provided a set of ring-fencing conditions appropriate to maintain financial and governance policies necessary to protect Potomac Edison, the Maryland regulated utility under review.
  - Project Director in the review of the proposed transaction between Constellation Energy and EDF involving, among other things, the sale of a 50% interest in Constellation's nuclear facilities. Lead witness on behalf of the Maryland Staff addressing various transaction issues including: impact on Baltimore Gas & Electric customers, corporate governance and financial implications, ring-fencing measures, and cost-benefit analysis.
  - Project Manager of the management audit of Atlantic City Electric and its parent PHI Holdings. The audit covered a detailed review of the corporate governance, strategic planning, executive management, and finance functions. Other key areas of review included affiliate transactions, generation and transmission planning, service quality, and system reliability.
  - Project Manager in the review of long-term financial projections prepared by Midland Cogeneration Venture Limited Partnership to be used in regulatory proceedings concerning proposed modifications to a power purchase agreement. The engagement included the sensitivity testing of major variables in the partnership's financial model.
  - Project Manager in the review of accounting and finance issues raised by Connecticut utilities in connection with proceedings on long-term capacity measures. Addressed the implications of new generation facilities and DSM projects on regulated electric utilities.
  - Project Director for a multi-disciplinary consulting team that reviewed the proposed Exelon/PSEG merger on behalf of the New Jersey Board of Public Utilities. Also the primary expert witness in areas of finance and regulatory policy; responsible for analysis of the merger's financial impacts, in particular the impact on PSE&G, the New Jersey utility. Responsible for recommendations to insure that if the merger is approved, the transaction price, terms, and conditions are fair and reasonable in light of applicable standards for review, and that the New Jersey utility remains financially secure.
  - Performed a financial and market feasibility study of a fiber optic network designed to provide SCADA requirements for a large multi-state electric utility interested in selling capacity to telecommunications carriers and high volume customers.



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- Sponsored the overall development of utility revenue requirements, jurisdictional, and class cost-of-service studies and rate design issues in numerous electric, gas, water, and telecommunication cases throughout the country.
  - Conducted an analysis of the adequacy of depreciation rates for a large independent telephone company located in Texas in order to assess the relationship of capital recovery in light of technological obsolescence.
  - Directed and developed a two-day training seminar for the Kentucky Public Service Commission addressing energy and telecommunications issues raised in rate filings, utility planning, and forecast models required in considering the use of projected test year data.
  - Supervised and directed a group of PSC Staff members in the review of a rate filing relying upon the use of a projected test year.
  - Directed a comprehensive financial and regulatory base period audit of a large gas transmission and distribution company in connection with implementation of an incentive regulation plan. Reviewed savings resulting from force reductions of 1,200 employees and implementation of aggressive cost reduction programs.
  - Performed a study of a LDC's gas supply and transportation procurement practices in a post-Order 636 operating environment, where the LDC's transportation and supply services continued to be provided by affiliated companies. The parent reorganized its pipeline transmission and gas supply services into a separate company, transferring jurisdiction from state regulators to the FERC. Developed a model to quantify an optimal supply and transportation mix for state ratemaking purposes.
  - Performed a review of intrastate pipeline issues including the use of a straight fixed-variable cost methodology, regulatory treatment of stranded costs, pipeline competition issues, and the merits of a corporate restructuring and related effects on cost-of-service and changes in corporate operations.
  - Developed a revenue requirement analysis of an intrastate gas transmission pipeline company addressing issues including: proper recognition of net operating loss carryforwards for ratemaking purposes, treatment of deferred start-up costs, application of criteria for consideration of acquisition premium in rates, and the recognition and relationship of financial criteria in the rate-setting process.
  - Directed a comprehensive review of the \$850 million PG&E gas transmission pipeline expansion project. This study included a review of regulatory considerations in recognizing construction and operating costs in light of competition in the California pipeline markets and, based upon the Commission intended allocation of risks among regulated customers, project shippers, and the pipeline owner.
  - Directed a review of gas procurement policies and procedures and addressed the impact of FERC Order 636 for three Wyoming LDC's. This study addressed the relationship of gas pipeline and LDC affiliate organizations associated with the gas supply and transportation functions and the impact of the affiliated organizational structures on gas prices measured against other utilities in the region.
  - Reviewed impacts of FERC Order 636 on gas utility distribution companies including staffing and other operating requirements, changes in gas procurement and storage policies, and effects on marketing plans. Also reviewed various pipeline compliance filings, analyzing impacts on firm and non-firm customers.

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- Reviewed electric and gas utility fuel procurement policies and procedures, organization, and internal controls in various engagements. Developed recommendations resulting in significant benefits to utilities under review.
  - Performed fuel audit investigations in several jurisdictions addressing such issues as economic dispatch procedures, fuel acquisition policies, affiliated mine or pipeline operations, captive mine development, and compliance with Commission rules and regulations. These studies included the review of prices and returns produced from affiliated operations versus third-party options and market prices available.
  - Reviewed gas supply issues including procurement policies, supply mix, affiliate transactions, and contract provisions in the context of both cost-of-service and management review proceedings. Provided policy analysis regarding considerations and benefits of increased gas supply and pipeline competition.
  - Participated in three FERC interstate pipeline rate proceedings addressing cost-of-service issues, including appropriate classification and allocation methodologies. Also addressed construction costs, overhead, and pipeline operations issues in a major oil pipeline docket.
  - Performed a detailed analysis and presented testimony regarding the relative economic benefits of the operation of a LNG plant versus meeting seasonal peak demands through pipeline contract commitments.
  - Developed gas transportation pricing criteria and implementation guidelines in the development of tariff service offerings for several gas LDC's.
  - Developed numerous gas cost service studies and related rate design recommendations for local distribution companies, as well as pipeline suppliers. Testimony regarding such studies was presented before various state commissions, as well as the FERC.
  - Responsible for gas distribution company revenue requirements in over 25 cases addressing accounting, cost allocation, operations, and rate design issues. These cases generally included an analysis of gas production, gathering, and transmission systems owned by the LDC parent.
  - Developed a damages model for a gas utility in civil litigation arising from acquisition of a defective distribution system caused by improper installation practices. Measured incremental construction and operating costs associated with pipe replacement program.
  - Developed a risk analysis model used to associate the relationship between cost recovery and changes in class consumption patterns for a gas distribution company.
  - Developed a quantitative model to estimate jurisdictional and class-peak consumption for distribution gas companies.
  - Performed an overview of regulatory considerations in the oversight of holding company formations and operations. This project was conducted on behalf of a PUC to analyze issues associated with holding company formations, utility diversification, and affiliated interest oversight and controls. The four largest electric utilities in the state were included in the study. The final report covered policy issues, as well as more detailed discussions of monitoring procedures and recommended filing requirements.
  - Developed diversification guidelines for utilities in several jurisdictions. Addressed regulatory concerns and limits that might be implemented to control contingent adverse consequences to utility ratepayers.

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- Performed an overview of regulatory considerations in the oversight of holding company formations and operations. This study addressed appropriate regulatory guidelines and oversight policies for utility and non-utility operations.
  - Directed reviews of two major utility subsidiary gas intrastate pipeline systems, addressing cost-of-service, operating issues, and appropriate accounting for overheads and affiliated transactions from regulated electric utility parent companies.
  - Developed a financing plan and reorganization of corporate structure for an electric utility having gas properties and a separate gas subsidiary. This project included preparation of SEC U-1 filings, filings with regulatory agencies, and testimony to address the impact of the proposed financing and reorganization on cost of capital and rates.
  - Responsible for the independent analysis of the feasibility and economics of consolidation of two major electric utilities. The project focused primarily on the quantification of merger benefits associated with consolidated operations. This in-depth 12-month study also included a detailed review of the scope of services and basis of pricing such services among affiliates. The study addressed a number of affiliate interest issues including: the basis of pricing and level of capacity and/or energy supplied by affiliate versus third parties, the services provided by an affiliate "service" company versus internal resources or purchases from third parties, and the consideration of management resources devoted to non-utility functions and the basis of compensation for such resource transfers.
  - Reviewed American Electric Power System Agreement to assess the reasonableness of fuel and purchased power costs incurred and allocated to its utility operating companies. The analysis also considered system dispatch and related fuel accounting issues associated with energy requirements of regulated customers versus wholesale transactions.
  - Responsible for the development and implementation of phase-in plans utilized to defer initial costs of new generation facilities. Developed assessment criteria and related models to assign capacity from new plant additions between jurisdictional and non-regulated service.
  - Developed and conducted a training program on the measurement of relative and absolute fuel productivity measures in ranking utility's effectiveness in fuel procurement and generation system operations.
  - Developed a framework for implementation of competitive pricing for an electric utility facing higher costs due to nuclear plant additions. The analysis also encompassed an incentive rate program designed to induce greater use of excess capacity, as well as to improve the utility load factor.
  - Analyzed and implemented economic dispatch models used to evaluate the effects of changes in generation capacity and fuel use.
  - Conducted several comprehensive nuclear management and prudence reviews addressing construction, management, planning, and economics issues.
  - Directed a two-year study of the impacts on and options available to an electric utility due to the abandonment of a nuclear plant near completion. Presented a workout plan to regulators. Study involved a five-year forecast of financial results including construction expenditures and operating costs.
  - Developed commercial operation date criteria and guidelines for nuclear power plants which were supported by a national industry survey.

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- Developed a financial analysis of a major municipal utility facing an extended outage of its nuclear power plant, with alternative pricing strategies, recognizing competitor pricing in adjacent service areas. Developed multi-year cost-of-service and revenue requirements models and presented results to the Utility Board.
  - Performed studies for municipalities to determine the feasibility of acquiring street lighting facilities or, in the alternative, pricing options other than PSC-regulated tariffs.
  - Conducted an industry survey of the effectiveness and relative benefits achieved from the use of uniform filing requirements in utility rate applications. The findings were published and distributed to the utility industry and regulatory commissions.
  - Developed class cost-of-service studies including identification of direct assignments and review of distribution facilities, methodologies, and criteria for the allocation of generation and bulk power facilities and risk differentials associated with various classes of service.
  - Project Director of a review of Kentucky current statutes, regulations, and policies governing integrated resource planning. The project addressed recommendations necessary to mitigate impediments to the development of appropriate demand-side management programs, energy efficiency, renewables, and new generation technology options available within the state.

## **WATER**

- Senior Auditor on two financial audits of a large Kansas City area water utility. Lead Consultant working with this client on an engagement to develop an improved model to forecast water consumption. Provided consulting services to the client in the development of inverted rate design structure.
- Project Director in revenue requirement, cost-of-service, and rate design studies for a Kansas area water utility. Responsible for the filing of two cases before the Kansas Corporation Commission. Also advised this client on the going concern valuation of the utility, relied upon in a transaction for the sale of the utility assets.
- Developed a class cost-of-service analysis involving a St. Louis area water utility and submitted the study in rate proceedings before the Missouri Public Service Commission.
- Addressed tax issues impacting the revenue requirements of a large Indiana water company before the Indiana Utility Regulatory Commission.
- Developed rate filings on behalf of several water companies within the state of Missouri. Responsible for revenue requirement, cost-of-service, and rate design evidence in two applications on behalf of this client.
- Project Manager of a regulatory audit of California American Water Company's general office activities and costs, including unregulated activities, cost allocations, and affiliate transactions.
- Project Manager in a rate design analysis of Cal Am Water Phase 2 Rate proceedings. Addressed appropriate rate design considerations in a market area highly constrained by available supply. Proposed use of inverted rates and other conservation mechanisms to address limited supply conditions. Reviewed price elasticity implications on usage, metering options for irrigation customers, cost-of-service analysis, and pricing of service charge component of customer tariffs.

## **VALUATION**

- Conducted a feasibility study regarding the sale of a utility power plant used to provide steam heat and process steam to commercial customers through a downtown area distribution system. The

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feasibility study addressed energy alternatives and pricing options, cogeneration, and a financial and operating forecast assuming alternative case scenarios based upon various potential ownership structures.

- Performed a valuation analysis on behalf of an investor group for the construction and operation of a high-capacity fiber network between Seattle and Vancouver, designed to serve large commercial companies and telecommunications providers. Provided due diligence analysis of market demand and pricing assumptions, competition, and anticipated construction and operation costs.
- Performed a valuation analysis of an electric utility in the southwest on behalf of a private investor group interested in making a tender offer for the shareholder interests of this public company. Also participated in presentations to investment bankers and commercial banks who were to fund the acquisition.
- Performed a valuation study regarding two natural gas distribution affiliates in the Midwest, whose electric utility parent was seeking offers for a sale of the assets and related securities. Developed analysis of the impact of regulation on property values.
- Performed a valuation analysis of a gas transmission company used to evaluate offers for the company. Developed due diligence and information materials provided to interested parties. Participated in presentations to interested parties with investment bankers.
- Developed a valuation analysis used in litigation proceedings to support the reasonableness of the acquisition price for a rural electric company acquired by an investor-owned electric utility company.
- Developed and applied a model for the determination of the value of helium extracted from natural gas relied upon in litigation cases in federal courts in Oklahoma and Kansas. Analysis required the determination of extraction costs at plants involving four major pipeline systems in the Midwest. Developed studies of construction and operating costs associated with helium extraction plants, as well as the analysis of incremental costs and revenues related in by-product liquid extractions.
- Performed an analysis of the value of long-term gas transportation contracts relied upon in civil litigation and by regulators. The studies included the development of construction cost and operations estimates, as well as discount rates to be employed.
- Performed a reproduction cost study for a cable television company located in the west. As part of the project, developed a continuing property records system. The company used the results in the negotiation of the sale of its assets.
- Represented a member of a consortium formed to build a satellite network for cellular services with commercial applications throughout the United States. Developed a valuation analysis and business plan used in a private placement for equity financing. Acted as a co-investment advisor with a large Wall Street firm in providing these services and making presentations to potential investors.
- Developed a valuation analysis of nuclear facilities which included a detailed study of assets, and their costs, required for environmental protection as defined by state statutes and federal regulations. The study was relied upon in determining the proper classification and valuation of nuclear assets for property tax purposes.
- On behalf of a state department of revenue, developed a review of property tax rules and definitions as applied to telephone, cellular, and cable companies. The study included a national survey of valuation practices relied upon by each state department of revenue.

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- Developed appraisals of telecommunications properties for property tax purposes using standard valuation methods. Presented studies in administrative and civil proceedings. Developed cost of capital analysis based upon applications of the DCF and CAPM models.
  - Developed appraisals relied upon in property tax cases involving telecommunications properties where subject sales were involved within two years of the date of property assessment.
  - Prepared appraisals for a natural gas transmission company in appeals of property tax assessments in administrative proceedings in Kansas and Oklahoma.
  - Prepared appraisals of two investor-owned utilities on behalf of the Iowa Department of Revenue. The appraisals included a subject sale analysis and a review of economic obsolescence.
  - Developed appraisals of two Class I railroad companies in contested property tax valuation in civil proceedings in New York. Valuation studies included the review of the cost method based on RCNLD.
  - Assisted an electric G&T coop in valuation and due diligence analysis of electric and gas properties offered for sale by a large independent telephone company.
  - Developed a manual for “Alternative Valuation Procedures” on behalf of the Virginia State Corporation Commission – Public Service Taxation Division in a state that otherwise relies on the cost method.
  - Developed a business plan and other financial advisory services to the National Homebuilders Association joint venture subsidiary, “Smarthouse,” in connection with securities offerings.
  - Developed a complete appraisal of a cogeneration facility on behalf of the Virginia State Corporation Commission – Public Service Taxation Division. The study included “Subject Sale” and “Comparable Company” analyses, as well as a review of capacity and energy forecast prices in the PJM market area.
  - Prepared a complete appraisal of CSX Railroad operating property on behalf of the Florida Department of Revenue.
  - Prepared a complete appraisal of Qwest Corporation on behalf of the Iowa Department of Revenue. The appraisals included “Subject Sale” and “Comparable Company” market analyses.
  - Developed a complete appraisal of the Dickerson Electric Generation Plant located in Dickerson, Maryland, on behalf of the Maryland State Department of Assessments and Taxation and Montgomery County, Maryland. The plant was comprised of three coal and three gas units with a total capacity of approximately 900 Mw. The ultimate owner of these facilities was Mirant Corporation, now known as GenOn Energy.
  - Retained by the Virginia Public Service Taxation Division to perform a valuation of the Portsmouth Genco and James River Genco, both coal-fired generation units. The units were owned and operated by Cogentrix Energy, whose ultimate owner was the Carlyle Group.
  - Developed a business and asset appraisal of a waste to energy facility located in Portsmouth Virginia; Wheelabrator being the intermediate parent company. The appraisal included an analysis of subject and comparable plant facilities.
  - Developed a complete appraisal of the water facilities of the Town of Waverly in Virginia on behalf of the Virginia Public Service Commission Staff. Aside from developing an opinion of the market value of the assets, Overland provided an assessment of the appraisals filed by other parties in the proceedings.

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## **TELECOMMUNICATIONS**

- Developed and directed a three-day nationally attended conference entitled, “Competitive Strategies in the Local Exchange Marketplace.”
- Directed audits of RBOCs regarding compliance with regulatory accounting requirements, procedures to allocate costs between regulated and non-regulated activities, policies and rules for pricing transactions among affiliates, and monitoring reports filed with regulators.
- Conducted a review of depreciation rates for local exchange telecommunications property of the central division of a national carrier.
- Directed a comprehensive review of the operation of a RBOC telecommunications incentive plan, based upon a revenue sharing mechanism, over a three-year period. The study reviewed quality of service measures, capital expansion programs, workforce reductions, and other major elements of operating expense for the review period. Provided policy options regarding modifications to the incentive plan for prospective consideration.
- Developed a business plan and other related materials for a telecommunications reseller in its initial public offering. Provided ongoing financial and regulatory services, including development of all SEC filings.
- Directed an analysis of switching and other LEC facilities required and costs of providing inter-exchange services to an alternative service provider in the Phoenix, AZ, area.

## **INCOME TAX**

- Expert witness in numerous regulatory proceedings addressing the proper recognition of investment tax credits and accelerated depreciation for accounting and ratemaking purposes. Provided guidance on intent of IRS regulations in use of tax benefits in the rate-setting process. Such testimony was provided in a number of jurisdictions including: Arizona, Oklahoma, Missouri, Indiana, Kansas, and Mississippi.
- Addressed the implications of utility net operating loss carryforwards for GAAP and ratemaking purposes before the Kansas Corporation Commission and the FERC.
- Provided expert analysis and testimony on the proper recognition of tax benefits arising from participation of subsidiary utilities in consolidated tax returns that include regulated and unregulated affiliates.
- Expert witness testimony and analysis of tax timing differences arising from utility operations as considered for income tax, accounting, and ratemaking purposes. Provided an assessment of proper application of normalization or flow-through of tax timing differences for accounting and ratemaking purposes. These issues were addressed in over 20 cases in various jurisdictions throughout the U.S.

## **EDUCATION AND PROFESSIONAL CERTIFICATION**

- **University of Missouri – Kansas City, Kansas City, MO**  
Bachelor of Business Administration – Accounting, Economics Minor, May 1968.
- **University of Missouri – Kansas City, Kansas City, MO**  
Graduate studies in quantitative and systems analysis, 1968 – 1970.
- **University of Missouri – Kansas City, Kansas City, MO**  
Master of Arts in English Literature, December 2022



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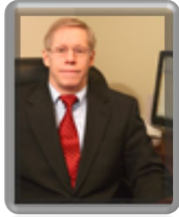
## PUBLICATIONS AND PRESENTATIONS

- *Utility Merger Review – Training Workshop for Regulators and Consumer Stakeholder Representatives.* An advanced course discussion of utility M&A technical and policy issues. Presented to Regulators and Staff in Dover, DE, and Trenton, NJ, May 2015.
- *Systematic Ring Fencing: A Quantitative Approach to Balancing the Interests of Utilities and Regulation.* Presented at the NARUC Accounting & Finance Spring Meeting, Jacksonville, FL, March 2014.
- *CPUC Knowledge Transfer Workshop – Executive Summary.* A presentation for senior staff and policy makers, February 2014.
- *California Public Utilities Commission Staff Workshop.* An overview of management, financial, and regulatory considerations associated with the PG&E San Bruno incident, November 2013.
- *How to Build a Fence (and When);* Ryan Pfaff and Leslie Romine, co-authors. *Public Utilities Fortnightly*, October 2013.
- *Constellation/EDF Nuclear Joint Venture: Regulatory Issues and Subsequent Resolutions.* Ryan Pfaff, co-author. Published in the *Electricity Journal*, March 2010. Also presented at the Western States Association of Tax Administrators Annual Meeting, February 2010.
- *Rating Agencies – Current Methods Employed and Recognition of Imputed Debt.* WSATA Unitary Appraisal School, Advanced Class, Logan, UT, January 2008.
- *Accounting Pronouncements Impacting Financial Reporting Associated with Utility Purchase Power Agreements.* WSATA Unitary Appraisal School, Advanced Class, Logan, UT, January 2008.
- *Accounting and Finance Issues Associated with Contracts for Differences – Generation/DSM Projects.* Gregory Oetting, co-presenter. Connecticut Department of Public Utility Control, September 2007.
- *Overview of FIN 46(R), SFAS No. 133, and SFAS No. 71.* Gregory Oetting, co-presenter. Connecticut Department of Public Utility Control, May 2007.
- *The Yield Capitalization Method – Application Issues.* WSATA Unitary Appraisal School, Advanced Class, Logan, UT, January 2007.
- *Blue Chip Method Overview.* 21<sup>st</sup> Conference of Unit Value States, Memphis, TN, October 2004.
- *Appraisers Find Help in Recent Accounting Rules.* Gregory Oetting, co-author. *Fair & Equitable*, August 2003.
- *Impact of Deregulation and Competition On Property Tax Valuation Within the Utility Industry.* Western States Association of Tax Administrators, Austin, TX, September 1995.
- *Considerations Associated with the Review of Rate Applications Based Upon Projected Test Periods.* A two-day training seminar conducted on behalf of the Kentucky Public Service Commission, December 1992.
- *Competitive Strategies in the Local Exchange Marketplace.* A three-day telecommunications conference sponsored by Overland Consulting and the University of Missouri – Kansas City, September 1991.
- *Framework for a Competitive Strategy.* Southeastern Regional Public Utilities Conference, Atlanta, GA, September 1988.



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- *Regulatory Considerations Inherent in Assessing Utility Culpability.* Richard Ganulin, co-author. *Public Utilities Fortnightly*, 1987.
  - *On the South Texas Project and Other Cases.* Published in *The Advisory*, March 1987.
  - *Regulatory Implications Associated with the Prudence Audit Process.* NARUC Biennial Regulatory Information Conference, September 1986.
  - *Review of The Proposed Amendment to FASB Statement No. 71.* Presentation to the Financial Accounting Standards Board, June 1986.
  - *Rate Moderation Plan Considerations.* Presented at the Public Utilities Accounting and Ratemaking Conference, sponsored by the Texas Society of CPAs, April 1985.
  - *Regulatory and Accounting Implications of Phase-in Plans.* Presented at the NARUC Biennial Regulatory Information Conference with Gary Harpster, co-presenter, September 1984.
  - *The Use of Uniform Filing Requirements by State Regulatory Commissions – An Industry Survey.* May 1980.

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**Overland Consulting**  
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## **Robert F. Welchlin**

Overland Consulting | 5407 W. 124<sup>th</sup> Ct. | Overland Park, KS 66209 | 913-599-3323  
rwelchlin@overlandconsulting.com

### **GENERAL**

Regulatory consultant to the telecommunications, cable, electric, and gas industries. Mr. Welchlin manages operational, financial and regulatory audits, reviews of rate filings and cost studies in the energy utility, telecommunications, and cable industries. He has 35 years of regulated industries experience.

### **PROFESSIONAL WORK HISTORY**

#### ***Overland Consulting***

*1996 – Present*

##### *Technical and Project Manager*

Plan, supervise, and perform telecommunications and energy industry consulting projects, including audits, on behalf of public utility commissions and other government agencies.

#### ***KPMG***

*1993 – 1996*

##### *Senior Manager*

Information, communications, and entertainment lines of business. Developed and managed cable TV and telecommunications and industry consulting engagements.

#### ***LMSL, Inc.***

*1987 – 1993*

##### *Manager*

Conducted audits of energy and telecommunications companies and sponsored testimony in regulatory proceedings. (LMSL is a predecessor firm of Overland Consulting.)

#### ***Public Utility Commission of Texas***

*1984 – 1986*

##### *Senior Staff Accountant*

Reviewed electric, telephone, and water utility rate and regulatory filings and sponsored cost-of-service testimony in rate hearings.

#### ***Illinois Power Company***

*1980 – 1983*

##### *Senior Internal Auditor*

Planned, directed, and performed operational and financial audits of the company's headquarters departments, power stations, and service offices. Prepared the annual department operating plan and drafted the report to the Audit Committee of the Board of Directors for approval by the Director of Internal Auditing. Coordinated work with external auditors.

### **PROFESSIONAL EXPERIENCE**

#### ***ELECTRIC AND GAS***

- Technical Manager for an audit of the customer service operations of Versant. Versant is an electric utility in Maine, owned by ENMAX, Inc. at the time of our review. The audit was performed for the

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Maine Public Utilities Commission and included customer service management, contact center operations, credit and collections and metering (2024).

- Technical Manager in an audit of Avangrid's three Connecticut utilities (United Illuminating, Connecticut Natural Gas and Southern Connecticut Gas) performed on behalf of the Connecticut Public Utilities Regulatory Authority. Responsible for review of affiliate transactions and service company cost allocations from the company's Spanish parent, Iberdrola, through the U.S. operations structure to the Connecticut utilities. Also responsible for reviews of customer operations (organization and integration among utilities, contact center operations, metering, billing and low income programs), and human resources (employee compensation and benefits and labor relations) (2022-2023).
- Technical Manager for a management audit of Central Hudson Gas & Electric's customer operations on behalf of the This included a focused review of the issues surrounding the utility's deployment of a new CIS system. It included a review of customer complaints, as well as contact center, billing and other operational metrics affected by the deployment of the new CIS (2021-2022).
- Technical Manager for a management audit of customer operations, human resources and affiliate transactions of PSEG, Inc. Review service company allocations to PSE&G, PSEG's New Jersey utility, cost allocations to the electric, gas and appliance divisions within the utility, and payments made by the service company on behalf of the utility and other subsidiaries (convenience payments). This audit was performed on behalf of the New Jersey Department of Public Utilities. Reviewed the customer operations organization structure, contact center operations, metering, billing and compliance with New Jersey rules and regulations. Reviewed employee compensation and benefit plans, labor relations, and procedures to monitor and ensure equal employment opportunity (2021 and 2022).
- Technical Manager in a management audit of affiliate transactions and cost allocations of Avangrid's Inc's New York utilities, New York State Electric and Gas (NYSEG) and Rochester Gas and Electric (RG&E). Analyzed compliance with New York's Affiliate Standards for both utilities. Reviewed corporate cost allocations from the utilities' global parent (Iberdrola) through Avangrid to the utilities and from Avangrid's service companies to the utilities, including the distribution of costs among Iberdrola's country-based companies (to Avangrid) and between Avangrid's regulated utility and unregulated (renewable energy) business segments. Also served as Technical Manager in a management review of NYSEG's and RG&E's customer service operations and a review of the utilities' compliance with New York state customer service rules (the Home Energy Fair Practices Act, or HEFPA) *2017 and 2018*
- Technical Manager in review of the impact of AltaGas Ltd's (Alberta, Canada) proposed acquisition of WGL Holdings, Inc. (WGL). Responsible for review of the potential impact of proposed acquisition accounting, income tax issues, merger transaction and transition costs and AltaGas-proposed allocations of its corporate costs to WGL's utility, Washington Gas Light (Wash. D.C.). Responsible for analysis of the potential for realizing synergy savings as asserted by the Applicants and the likely impact of accounting, corporate cost allocations, merger costs and savings on the Washington Gas customers. Submitted testimony and participated in the merger hearing before the Maryland Public Service Commission. The work was performed for the Staff of the Maryland PSC. *2017*

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- Technical Manager in a management audit of Central Hudson Gas & Electric performed on behalf of the New York Department of Public Service. Managed the audit component that included the Customer Service function and the Company's compliance with the Home Energy Fair Practices Act and related rules for commercial customers. *2016 - 2017.*
  - Project Manager for an analysis of the Wexpro I and II agreements and an audit of expenses charged to Questar Gas for 2005 to 2014. The audit included an in-depth review of costing procedures attributed to the Operator Service Fee and recognition of capital additions considered under the agreements. This engagement was performed for the Utah Division of Public Utilities. *2015 – 2017*
  - Lead Consultant in the evaluation of the acquisition of Pepco Holdings, Inc., by Exelon Corporation. Conducted a detailed review of Exelon's merger savings and merger costs to achieve on behalf of the Staffs of the Maryland and Delaware Public Service Commissions. Developed testimony on behalf of the Public Service Commission Staff in each state concerning the net savings attributable to Maryland and Delaware. *2014 – 2015.*
  - Project Manager in a focused audit of the data supporting operational metrics submitted to the New York Department of Public Service by all nine large investor-owned electric and gas utilities in the state of New York in the areas of gas safety, electric reliability and customer service. Technical Manager in charge of the audit of the audits of customer service metrics for nine utilities. Audit objectives included determination of the accuracy, completeness, and comparability of data submitted by the utilities to the NYSDPS. *2014 – 2015.*
  - Project Technical Manager in a regulatory and management audit of the affiliate transactions, management, and operations of South Jersey Gas Company. Responsible for accounting procedures and costs charged to the regulated gas company from the parent and service companies, transactions with affiliate South Jersey Energy Solutions and its subsidiaries, and operational and management reviews of various support services (supply chain, fleet management, facilities management), customer service operations, construction contractor management, and excavation damage prevention. *2012 – 2013.*
  - Project Manager in the investigation of National Grid affiliate cost allocations, policies, and procedures. The audit included a review of accounting procedures and internals governing service company transactions, an analysis of service company cost allocation procedures, and a regulatory audit of the costs charged by the service companies to National Grid's New York distribution utilities (Niagara Mohawk, KeySpan Energy Delivery New York, and KeySpan Energy Delivery Long Island, Massachusetts Electric, Boston Gas and others). It also included a detailed analysis of sampled and targeted transactions between the service companies and the New York utilities over a 20-month period. The work was performed for the New York Public Service Commission. *2011 – 2012.*
  - Project Lead in charge of the evaluation of the acquisition of Allegheny Energy Inc. by FirstEnergy Corp., including the merger synergies and likely impacts of the merger on Potomac Electric Maryland service company cost distributions. This work was done for the Staff of the Maryland Public Service Commission. Calculated discounted cash flow value of net regulated synergies attributable to Potomac Maryland customers. Recommended post-merger review of the impact of allocation procedures on regulated Maryland utility operations. *2010.*
  - Technical Manager in the diagnostic management audit of Connecticut Natural Gas Corporation for the Connecticut Department of Public Utility Control. Areas of responsibility included transactions with and services exchanged with Southern Connecticut Gas, Energy East, and other affiliates, human resources (staffing, compensation, labor relations, and performance appraisal processes), customer service and call center operations, dispatch, field operations and appliance services, meter

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operations, distribution sales and marketing, supply chain management, fleet operations, facilities management, security and external relations. 2009 – 2010.

- Lead Consultant in the review and preparation of testimony concerning the potential impact of the proposed Constellation Energy Group/Électricité de France Nuclear Power Joint Venture. 2009.
- Technical Manager in the management audit of Atlantic City Electric Company for the New Jersey Board of Public Utilities. Areas of responsibility included allocations of corporate and shared utility costs, transactions with affiliates, compliance with New Jersey's Electric Discount and Energy Competition Act (EDECA), and the management of various functions, including information technology, fleet, stores and supply chain, security, facilities, real estate, and records management. 2008 – 2009.
- Assisted the New Jersey Board of Public Utilities in review of the proposed merger of Exelon (Commonwealth Edison, Pennsylvania Energy) with PSEG (Public Service Electric & Gas). Responsible for the review of the impact of combining the two holding companies' service companies (the companies that provide managerial, technical, and administrative services to associated companies) on the New Jersey Genco and utility. 2005 – 2006.
- Project Manager for a review of the costs of Sempra Energy's holding company. The review, conducted on behalf of the Utility Consumer Action Network (UCAN), was a part of the review of Sempra Energy's rate application with the California Public Utilities Commission (A.02-12-027 and A.02-12-028). Performed a similar review in the subsequent rate applications of subsidiaries, San Diego Gas & Electric Company and Southern California Gas Company (A.06-12-009 and A.06-12-010). 2003 and 2007, respectively.
- Project Manager for audits of the affiliate relationships and cost allocations of Elizabethtown Gas, New Jersey Natural Gas, and South Jersey Gas conducted on behalf of the New Jersey Board of Public Utilities (BPU). The audits examined whether each Company maintained a strict separation of risks, functions, and assets between their regulated utilities and unregulated affiliates to comply with BPU Standards. The audits also documented each Company's cost allocation methodologies and results for a two-year period. 2002 – 2003.
- Directed the cost of service component of the initial FERC "Section 7" cost-of-service and base rate filing of Kansas Pipeline Company, which had been exempt from FERC rate regulation prior to 1997. Submitted and defended testimony on behalf of Kansas Pipeline before the FERC covering the overall cost of service filing, the historical basis for the calculation of acquisition premium, and company's test year operations and maintenance expenses. 1998 – 2000.
- Working on the Pacific Gas and Electric 1999 General Rate Case, reviewed projected test year administrative and general expense levels and allocation of costs between the utility and affiliates. Submitted and defended testimony on behalf of the California Public Utilities Commission. 1998.
- Managed an audit of Pacific Gas and Electric's compliance with regulatory requirements and internal control over relationships and transactions between the utility and its unregulated affiliates on behalf of the California Public Utilities Commission. 1998.
- Conducted a review of Southern California Gas Company's 1994 and 1995 base margin costs. Submitted testimony on behalf of the California Public Utilities Commission. Issue areas included operations and maintenance expenses, corporate allocations, employee and executive compensation, post-retirement benefits, and savings from restructuring and force reduction programs. 1996.

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- Submitted cost of service testimony on behalf of Mid-Kansas Partnership and Riverside Pipeline, L.P., in connection with Missouri Gas Energy's base rate filing. Issues included deferred gas safety costs, merger-related savings, and weather normalization. 1996.
  - Reviewed fuel receiving and inventory policies and coal contract terms in connection with a focused management audit of Big Rivers Electric Cooperative's fuel procurement for the Kentucky PSC. 1993.
  - Participated in the Western Resources/Kansas Power and Light Rate Case by conducting a rate case audit and submitting and defending cost-of-service testimony on jurisdictional cost allocations, operations and maintenance expenses, and pension expenses on behalf of the Kansas Corporation Commission. 1992.
  - Conducted focused management audits of the gas supply operations of Montana Dakota Utilities and Mountain Fuels for the Wyoming PSC. Assessed the management and organization of each company as it related to gas supply, the degree to which supply options were optimized, the potential impact of FERC Order 636, and the relationships between the LDCs and their pipeline and production affiliates. 1992.
  - Performed internal operational audits of nuclear and fossil fuel procurement, natural gas procurement and delivery, various corporate, power plant and service area operations, and nuclear plant construction contracts of the Illinois Power Company (Illinova). 1980 – 1983.

#### **TELECOMMUNICATIONS**

- Directed a California statutory regulatory audit of Citizens' California PUC financial reporting and shareable earnings, including transactions between Citizens, its Connecticut-based parent company, and its affiliates as part of the Frontier (Citizens) Telecommunications Regulatory Audit. 2004 – 2005.
- As a participant in the Roseville Telephone Regulatory Audit, directed and conducted a regulatory audit of the company's compliance with affiliate and non-regulated activity transaction rules and reviewed the company's calculation of earnings shareable with customers under the California PUC's New Regulatory Framework rules. Submitted and defended testimony on the audit on behalf of the CPUC. 1999 – 2000. Performed a follow-up audit of 2001 – 2003 regulated earnings. 2004.
- Directed a California statutory regulatory audit of Pacific Bell's California PUC financial reporting, including transactions between Pacific Bell, its parent company (SBC), and its affiliates and subsidiaries. 2001 – 2002.
- Directed a study of New York Telephone's subscriber loop network. Coordinated the effort of a multi-disciplined team that included regulatory, network operations, engineering, and data processing specialists. The major work products included an inventory of subscriber facilities, determination of facility utilization in different geographic regions, determination of the relative accuracy of the major databases containing network facility information, and verification of billing records with installed facilities. 1991.
- Conducted a review of the affiliate management and accounting relationships among the subsidiaries of AT&T. Documented significant transactions and allocations through the AT&T organization that affected AT&T Communications. Examined policies and procedures that affected the Communication subsidiary's decision to use internal sources of supply and the corporate entity's allocation of costs to subsidiaries. 1990.

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- Analyzed the GTE Corporation's Indiana local exchange rates and developed a computer model to distribute the carrier's revenue requirement over a matrix of local services and rate groups. 1989.
  - Bay Area Teleport – Conducted a review of the impact of local exchange carrier price flexibility on competitive access in California. 1988.

### ***WATER***

- Twice Technical Manager for the regulatory audit of California American Water Company's general office activities and costs, including "California Corporation" administrative and general activities, New Jersey service company activities and cost allocations, and related ratemaking issues. Submitted revenue requirements testimony covering CalAm's projected test years covering the O&M expenses of functions allocated from the national, regional, and state levels to the district operations for which CalAm was seeking an increase in rates. 2008 – 2013.
- Performed revenue requirements reviews and filed related testimony relating to rate filings by several water utilities in Texas while an employee of the Accounting Division of the Texas Public Utilities Commission 1984-1986

### ***CABLE***

- Analyzed costs imposed on cable systems by late-paying customers and prepared studies to quantify the additional costs of handling past due accounts. 1995 – 2001.
- Analyzed cable system costs and prepared cost-of-service rate studies for cable companies, including two of the nation's largest cable systems – TCI Chicago and DCLP. Developed cost-of-service methodologies to properly account for affiliate relationships and corporate and divisional cost allocations to the cable systems. Analyzed incremental cost of service under FCC Form 1235 rules for a group of systems calculating the revenue requirement impact of upgrading system capacity upgrades. 1994 – 1995.
- Developed a database application to calculate programming cost increases on a cable-system basis to comply with FCC requirements. 1994.

## **EDUCATION AND PROFESSIONAL CERTIFICATION**

- **Eastern Illinois University**, Charleston, IL  
Bachelor of Science – Accounting and Business Administration, August 1979.
- **St. Edwards University**, Austin, TX  
Master of Business Administration, May 1986
- American Institute of Certified Public Accountants





**Overland Consulting**  
Regulated Industries Consultants



## **Gregory S. Oetting, CPA, Director**

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goetting@overlandconsulting.com

### **GENERAL**

Regulatory consultant to the electric, gas, water, and telecommunications industries, Mr. Oetting has experience in financial and regulatory reviews, management audits, and valuations. His regulatory and management audit experience includes reviews of cost allocation methodologies, compliance with competitive service standards, and internal controls. Mr. Oetting has also been involved in the valuation of several utilities and railroads in which industry cost of capital was analyzed. Mr. Oetting has over 25 years of regulated industries consulting experience, three years of experience as an auditor in a national CPA firm, and three years of experience as a controller of an interstate natural gas pipeline.

### **PROFESSIONAL WORK HISTORY**

**Overland Consulting** 2000 – Present  
*Director*

Direct energy and telecommunications industry consulting projects on behalf of public utilities commissions, other government agencies, and industry participants.

**Midcoast Energy Resources, Inc., Kansas Pipeline Operating Company** 1997 – 2000  
*Controller*

Supervised the accounting and cash management functions of an interstate natural gas pipeline company.

**Overland Consulting** 1995 – 1997  
*Senior Consultant*

Participated in energy and telecommunications industry consulting projects on behalf of companies, public utilities commissions, and other government agencies.

**Various** 1990 – 1995

Served as special projects accountant and supervisor of accounting for various companies in private industry.

**Arthur Andersen & Company** 1987 – 1990  
*Senior Accountant*

Planned, supervised, administered, and reported on audits and other engagements in a variety of industries including utilities. Experienced in the evaluation of internal controls.

### **PROFESSIONAL EXPERIENCE**

#### **ELECTRIC, GAS, WATER, AND TELECOMMUNICATIONS**

- Technical Manager in the review of income tax matters in support of the California Public Utilities Commission litigation in Pacific Gas and Electric Company's case before the Federal Energy Regulatory Commission. 2024

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- Technical Manager in the management and regulatory audit of Connecticut Light & Power Company, Yankee Gas Services Company, and Aquarion Water Company of Connecticut for the Public Utilities Regulatory Authority in the State of Connecticut. Responsible for analyzing the accounting and treasury functions of these three Eversource Energy-owned utilities operating in the state. 2022-2023.
  - Technical Manager in the management and regulatory audit of The United Illuminating Company, Connecticut Natural Gas Corporation, and The Southern Connecticut Gas Company for the Public Utilities Regulatory Authority in the State of Connecticut. Responsible for analyzing the accounting and treasury functions of these three Avangrid-owned utilities operating in the state. 2022-2023.
  - Technical Manager in the comprehensive management audit of Central Hudson Gas & Electric Corporation on behalf of the New York State Public Service Commission. Responsible for analyzing changes to the company's budgeting processes, the cost effectiveness of security issuances, and spending on approved construction projects. 2022-2023.
  - Technical Manager in the management audit of Public Service Electric & Gas Company for the New Jersey Board of Public Utilities. Responsible for analyzing matters associated with finance, cash management, accounting, transportation, facilities and land management, remediation costs, and certain cost deferrals. 2021-2022.
  - Lead Consultant in a review of income tax matters associated with Southern California Edison's 2019 revised formula rate proposal on behalf of the California Public Utility Commission. 2019.
  - Lead Consultant in a rate review of Arizona Public Service Company on behalf of the Arizona Corporation Commission. Responsible for reviewing the company's various adjustor mechanisms and assessing their impact on customer rates. 2019.
  - Lead Consultant in a review of Public Service Electric & Gas Company's base rate case filing on behalf of the New Jersey Board of Public Utilities. Responsible for reviewing the company's incentive compensation proposal as well as other revenue requirement issues. 2018.
  - Lead Consultant in a comprehensive management audit of New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation, on behalf of the New York State PSC. Responsible for analyzing the utilities' performance management, budgeting, and procurement activities. Also reviewed the implications of the utilities' recent IT system conversion. 2017 – 2018.
  - Lead Consultant in a comprehensive management and operations audit of Central Hudson, on behalf of the New York State PSC. Responsible for analyzing the utility's performance management activities as well as those related to project and work management. 2016 – 2017.
  - Lead Consultant in a focused review of the general rate application of Southwest Gas Corporation, on behalf of the Arizona Corporation Commission. Responsible for a review of gas procurement. 2016 – 2017.
  - Lead Consultant in the evaluation of the acquisition of Pepco Holdings, Inc., by Exelon Corporation. This work was performed for the Staff of the Maryland Public Service Commission. Analyzed merger accounting and tax matters associated with the transaction. 2014 – 2015.
  - Technical Manager in a focused audit of all major electric and gas utilities in the state of New York. Responsible for analyzing the reliability and comparability of gas safety performance metrics reported to the New York Public Service Commission. 2014 – 2015.

- 
- Technical Manager in the focused audit of PG&E capital and operations expenditures related to the company's gas distribution system. This work was performed for the California Public Utilities Commission. 2012 – 2013.
  - Technical Manager in the management audit of South Jersey Gas Company for the New Jersey Board of Public Utilities. Responsible for analyzing executive management and corporate governance matters. 2012 – 2013.
  - Technical Manager in the investigation of National Grid affiliate cost allocations, policies, and procedures. This work was performed for the New York Public Service Commission. 2011 – 2012.
  - Technical Manager in the review of the proposed merger between Constellation Energy Group and Exelon Corporation. This work was performed for the Staff of the Maryland Public Service Commission. Provided testimony on several subject matters, including the treatment of transaction costs related to the merger, financial and operational profiles of the applicants, and taxes. 2011.
  - Lead Consultant in the evaluation of the acquisition of Allegheny Energy Inc. by FirstEnergy Corp. This work was done for the Staff of the Maryland Public Service Commission. Analyzed merger accounting and tax matters associated with the transaction as well as certain other areas relevant to the public interest criteria. 2010.
  - Technical Manager in the management audit of Public Service Electric & Gas Company for the New Jersey Board of Public Utilities. Responsible for analyzing executive management and corporate governance matters, customer service, accounting, cash management, and finance. 2009 – 2011.
  - Technical Manager in the diagnostic management audit of Connecticut Natural Gas Corporation for the Connecticut Department of Public Utility Control. Areas of responsibility included finance, accounting and internal controls, executive compensation, system design, planning, and construction. 2009 – 2010.
  - Lead Consultant in the review of the impact on Baltimore Gas and Electric Company of the proposed transaction of its parent, Constellation Energy Group, with EDF. This transaction involved the sale of a 50% interest in Constellation's nuclear facilities. This work was performed on behalf of the Staff of the Maryland Public Service Commission. Provided testimony on subject matters relevant to the public interest criteria, including costs associated with the transaction, credit ratings, cost of capital, and liquidity. 2009.
  - Technical Manager in the management audit of Atlantic City Electric Company for the New Jersey Board of Public Utilities. Analyzed various matters including accounting and property records, cash management, financing, customer service, and support services. 2008 – 2009.
  - Participated in the regulatory audit of California American Water Company's general office activities and costs, including unregulated activities, cost allocations, and affiliate transactions. 2008.
  - Participated in the review of long-term financial projections prepared by Midland Cogeneration Venture Limited Partnership to be used in regulatory proceedings concerning proposed modifications to a power purchase agreement. The engagement included the sensitivity testing of major variables in the partnership's financial model. 2008.
  - Participated in the review of Kentucky current statutes, regulations, and policies governing integrated resource planning. The project addressed recommendations necessary to mitigate impediments to the development of appropriate demand-side management programs, energy efficiency, renewables, and new generation technology options available within the state. 2008.

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- Technical Manager in the review of the General Rate Case Applications of San Diego Gas & Electric Company and Southern California Gas Company on behalf of the Utility Consumers' Action Network. Analyzed the shared utility services of both companies. *2007.*
  - Technical Manager in the review of accounting issues raised by Connecticut utilities in connection with proceedings on long-term capacity measures. *2007.*
  - Technical Manager in the regulatory audit of Verizon California. Analyzed the financial reporting of the Company in accordance with California Public Utilities Commission rules and requirements. *2006 – 2007.*
  - Technical Manager in the review of the Public Service Enterprise Group/Exelon Corporation merger petition on behalf of the New Jersey Board of Public Utilities. Analyzed the financial impacts of the merger, in particular the proposed money pool arrangement between affiliates. *2005 – 2006.*
  - Technical Manager in the regulatory audit of South Jersey Gas Company. Analyzed the allocation of costs between South Jersey Gas Company and affiliates and compliance with competitive service standards of the New Jersey Board of Public Utilities. *2002 – 2003.*
  - Technical Manager in the regulatory audit of Pacific Bell. Analyzed the allocation of costs from affiliates to Pacific Bell in accordance with California Public Utilities Commission rules and requirements. *2001 – 2002.*
  - Controller of a Midwest-based interstate pipeline. Responsible for all financial reporting ranging from monthly to annual financial statements and detailed regulatory reports filed with pipeline regulatory bodies. Position involved extensive analysis and evaluation of all financial transactions as well as supervision of accounting department staff. Assisted in the preparation of a rate case filing before the Federal Energy Regulatory Commission. Assisted in valuations related to the potential purchase or sale of utility assets. *1997 – 2000.*
  - Participated in the focused management audit of Harrison County Rural Electric Cooperative Corporation. *1997.*
  - Participated in Overland's audit of the Southern California Gas Company's performance based management (PBR) incentive rate plan application. *1995 – 1996.*
  - Participated in the determination of gas pipeline utility cost of service in Overland's rate case audit of the Kansas Pipeline Operating Company. *1995.*
  - Participated in the planning, administration, and financial reporting of the first-time-through audit related to United Cities Gas Company's acquisition of Union Gas Company. *1990.*
  - Participated in the audit of St. Joseph Light & Power Company for three years. Responsibilities included the planning, supervision, and reporting of numerous engagements (10Q and 10K). *1987 – 1990.*
  - Participated in the audit of Raytown Water Company for three years. Responsibilities included the planning, supervision, and financial reporting of the annual audit. *1987 – 1990.*

#### **VALUATION**

- Technical Manager in the development of rebuttal testimony of economic obsolescence claims by CenterPoint Energy in a property tax appeal proceeding in the State of Minnesota. *2020-2021.*

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- Technical Manager for a business and asset appraisal of a waste to energy facility located in Portsmouth Virginia; Wheelabrator being the intermediate parent company. The appraisal included an analysis of subject and comparable plant facilities. *2018-2019.*
  - Technical Manager for an independent valuation of the Dickerson Plant located in Montgomery County, MD. This valuation was developed for use in a property tax appeal proceeding in the State of Maryland. *2013 – 2014.*
  - Technical Manager for an independent valuation of the telecommunications personal property of Verizon Virginia and Verizon South. This valuation was developed for use in a property tax appeal proceeding in the Commonwealth of Virginia. *2010 – 2011.*
  - Technical Manager for an independent valuation of the operating property of Qwest Corporation. This valuation was used in settlement negotiations related to a property tax appeal in the State of Iowa. *2006.*
  - Technical Manager in the development of alternative valuation procedures under consideration for use in utility assessments in Virginia. *2005.*
  - Technical Manager for an independent appraisal of the Hopewell Cogeneration Facility. This valuation was used in a property tax appeal in the Commonwealth of Virginia. *2004 – 2005.*
  - Technical Manager for an independent appraisal of CSX Corporation's railroad operating property. This valuation was utilized in settlement negotiations related to a property tax appeal in the State of Florida. *2004.*
  - Technical Manager for an independent utility valuation of Interstate Power Company's operating property. This valuation was utilized in settlement negotiations concerning a property tax appeal before the Iowa State Board of Tax Review. The valuation included a subject sale analysis as well as other generally recognized valuation approaches. *2002 – 2003.*
  - Assisted in the development of appraisals of two Class I railroad companies in contested property tax proceedings in New York. *2002.*
  - Performed a utility valuation appraisal relied upon in determining the market value of Citizens Utilities Company's Arizona Telephone Operations for property tax purposes. The appraisal incorporated applications of the stock and debt method, direct and yield capitalization methods, and analysis of market transactions. *1995.*

## **EDUCATION AND PROFESSIONAL CERTIFICATION**

- **University of Kansas**, Lawrence, KS  
Bachelor of Science – Accounting and Business Administration, May 1987.
- Certified Public Accountant Certificates in Kansas and Missouri
- Kansas CPA Permit #1191

## **PROFESSIONAL AFFILIATIONS**

- The American Institute of Certified Public Accountants

## **PUBLICATIONS AND PRESENTATIONS**

- 
- *California Public Utilities Commission Staff Workshop*. An overview of management, financial, and regulatory considerations associated with the PG&E San Bruno incident, November 2013.
  - *Accounting and Finance Issues Associated with Contracts for Differences – Generation/DSM Projects*. Howard Lubow, co-presenter. Connecticut Department of Public Utility Control, September 2007.
  - *Overview of FIN 46(R), SFAS No. 133, and SFAS No. 71*. Howard Lubow, co-presenter. Connecticut Department of Public Utility Control, May 2007.
  - *Appraisers Find Help in Recent Accounting Rules*. Howard Lubow, co-author. *Fair & Equitable*, August 2003.

## **DONALD W. RACEY, PMP**

Engage Energy & Industrial Consulting, LLC, was founded in 2018 by Donald Racey. Donald brings the unique ability to guide organizations through Large-Scale Transformation and Operational Excellence initiatives. Engage Energy and Industrial Consulting, Inc. is dedicated to transforming how value and profitability are driven through socially responsible Strategic Sustainability and Enterprise Asset Management programs.

### **AREAS OF EXPERTISE**

- Asset Lifecycle Management
- Complex Project and Program Management
- Business Transformation & Operational Excellence
- Sustainability and ESG Reporting
- Regulatory Consulting and Support

### **PROFESSIONAL EXPERIENCE**

#### **Founder & CEO, Engage Energy & Industrial Consulting, Inc. 2018-Present**

Don leads the design and implementation of Operational Excellence, Sustainability, Risk Management, and Strategic Communications programs for companies serving the diversified energy, manufacturing, and private equity sectors.

- Led the Sustainability and Environmental, Social, and Governance (ESG) Reporting internal audit of a large electric utility in Pennsylvania. Nov 2024 – Jan 2025.
- Implementation partner for the Energy & Manufacturing Appalachia program. The program is administered through the Manufacturing Extension Partnerships (MEPs) network throughout NY, PA, OH, WV, and VA.
- Technical Manager for Project and Work Management portion for the management audit of Central Hudson Gas and Electric Corporation (Client: New York Public Service Commission. Dates: May 2022 to February 2023.)
- Led multiple engagements for a NERC Enterprise Reliability Enterprise Organization (ERO) focused on Project Management, Cost Benefit Analysis, and Business Case Development.

#### **Managing Director, Corporate Finance, Turnarounds and Restructuring, FTI Consulting, 2015-2018**

At FTI, Don focused on creating performance improvement programs for leading Energy and Industrial companies.

- Technical Manager for Project and Work Management portion for the management audit of NYSEG & RG&E (Client: New York Public Service Commission. Dates: July 2016 to June 2017.)
- Led the review of the Grid Assurance Inventory Modeling tool to ensure proper min/max levels to support operations.

- Supported the development of a strategic alternatives assessment for an extensive international Engineering, Procurement, and Construction (EPC) serving the Refining and Liquefied Natural Gas (LNG) industry.
- Selected to the Managing Directors (MD's) Leadership Forum 2016. Represents the top 1% of MDs across the organization.

#### **Senior Vice President, Operations for Reliability Management Group (RMG), 2008-2015.**

- Compliance & Maintenance Management system for three natural gas utility operating companies.
- Developed an end-to-end Portfolio and Project Management service offering that generated \$8 million in revenue over the last two years.
- Delivered \$250 million in improved CAPEX utilization (33%) for one of the largest regulated utilities in the country through the implementation of a comprehensive Portfolio & Project Management process.
- Designed and implemented a Maintenance & Reliability process for a \$3 billion power generation utility. The initiative focused on Corrective, Preventive, and Predictive Maintenance functions, resulting in annual operating savings of \$ 2.3 million.

#### **Early Career**

- Director, Synergetics Worldwide, Inc, Portsmouth, NH, 2004 –2008
- Operations Chief, Parisella, Vincelli & Associates, Inc, Montreal, CAN, 2002 –2004
- Senior Consultant Schneider Downs & Company, Inc, Pittsburgh, PA, 1998 –2001
- Associate, Dewolff, Boberg, & Associates, Inc, Richardson, TX, 1994 –1998

#### **EDUCATION & PROFESSIONAL CERTIFICATIONS**

- Ohio Dominican University. B.A. in Economics and Business Administration
- Six Sigma Black Belt
- Certified Project Management Professional (PMP)
- Articles: “Going Beyond Cyber Security Compliance; What Power and Utility Companies Really Need to Consider”, IEEE Power & Energy Magazine, Sept/Oct 2016.
- “Teaming to Mitigate Risk, The Utility Executive and Board Imperative”, Electric Energy T&D Magazine, March/April 2017.





## **T. Nicholas Nocita, CPA, Senior Consultant**

Overland Consulting | 5407 West 124<sup>th</sup> Court St | Overland Park, KS 66209 | 913-599-3323  
nnocita@overlandconsulting.com

### **GENERAL**

Accomplished accounting, finance and business leader responsible for utility industry consulting engagements and for planning, directing and reporting internal audit projects for a *Fortune 500* corporation. Managed international staff on complex audit engagements that resulted in improvements to internal controls, enhancements to operating processes, and demonstrable cost reductions or revenue enhancements. Recognized leader of people, projects and business initiatives.

### **PROFESSIONAL WORK HISTORY**

#### ***Overland Consulting***

*2018 – Present*

##### *Senior Consultant*

Assists in conducting regulatory audits and valuation studies of electric, gas, railroad, and telecommunications companies.

#### ***Kansas City Southern***

*1998 – 2018*

##### *Internal Audit Director*

##### *Internal Audit Manager*

Managed internal audit projects for an international rail transportation company with annual revenues in excess of \$2.5 billion dollars.

#### ***McBride, Lock and Associates***

*1989 – 1998*

##### *Audit Manager*

##### *Senior Audit Associate*

Planned and executed audits of federal, state, and local governmental entities, as well as not-for-profit institutions.

### **PROFESSIONAL EXPERIENCE**

#### ***MANAGEMENT CONSULTING***

- Performed management audits of electric and gas utilities on behalf of state utility regulators:
  - Public Service Electric & Gas Company (NJ)
  - Central Hudson Gas & Electric Company (NY)
  - Connecticut Power & Light Company, Yankee Gas Services Company and Aquarion Water Company of Connecticut (CT)
  - United Illuminating, Southern Connecticut Gas Company and Connecticut Natural Gas Corporation (CT)
  - Versant Power Company (ME)
- Conducted independent tax appraisals for a waste-to-energy facility and two public water system on behalf of the Virginia Division of Public Utility Regulation.

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- Performed a rate review of a large Arizona electric utility encompassing analysis of billing determinants, cost of capital, adjustor mechanisms, and customer outreach.
  - Performed an analysis of economic obsolescence in connection with a utility property tax proceeding on behalf of the Minnesota Department of Revenue and Minnesota Public Utilities Commission.

#### **INTERNAL AUDIT**

- Developed and executed audit plan for Mexican subsidiary KCS de Mexico, managing a five-person audit team.
- Led operational audits across all KCS subsidiaries, including Panama Canal Railway. Audits in mechanical, transportation, construction, vendor management, and equipment control functions resulted in average cost savings of \$1 - \$2 million annually.
- Participated in annual audit risk assessments and development of the annual audit plan.
- Developed and implemented the Company's enterprise risk management program, including the documentation, methodology, and reporting of risk to senior executives and the board of directors.
- Incorporated data analytics into audit methodologies, resulting in identification of enhanced cost savings opportunities.
- Implemented the Company's Sarbanes-Oxley compliance process and directed annual controls testing. Coordinated testing program with external auditors.
- Thought leadership in corporate governance, including management of the Company's delegation of authority process and updates to the Audit Committee manual.

#### **EXTERNAL AUDIT**

- Executed financial and performance audits in accordance with Generally Accepted Government Auditing Standards.
- Performed financial audits of nonprofit organizations, including compliance auditing under OMB Circular A-133 for organizations receiving federal financial support.

### **PROFESSIONAL CERTIFICATIONS**

**Certified Public Accountant** – Missouri Certificate No. 13941; Kansas Certificate No. 6686

### **EDUCATION**

#### **Henry W. Bloch School of Management, University of Missouri – Kansas City**

Masters of Business Administration, 2008

- Executive MBA program graduate; 3.9/4.0 grade point average
- Beta Gamma Sigma honors society member

#### **University of Kansas, Lawrence, KS**

Bachelors of Science in Business Administration and Accounting, 1989



## **Megan Viviano, Director of Operations, Data Management**

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Overland Consulting | 5407 West 124<sup>th</sup> Court St | Overland Park, KS 66209 | 913-599-3323  
mviviano@overlandconsulting.com

### **GENERAL**

Forward focused executive with expertise in sales leadership, project management, leadership development. Innovative industry influencer with 20+ years of experience and proven track record of increasing revenues, market share and profit performance in a fast-paced corporate environment. Strong leader who excels interfacing with multiple divisions of large organizations. Excellent interpersonal communicator and presenter skilled in conveying a clear, strategic sales and marketing vision. Extensive track record leading teams through realignment business scenarios.

### **PROFESSIONAL WORK HISTORY**

#### **Overland Consulting**

##### **Director of Operations | Data Management**

**2019 - Present**

- Oversee and optimize business workflows for energy consulting audits, business and asset valuation and management consulting.
- In conjunction with 3<sup>rd</sup> Party Managed IT business associates, oversee Overland's security policy implementation.
- Analyze data to define trends and circumvent challenges.
- Project Administrator for comprehensive management audits providing oversight on all aspects of data management and project support on behalf of state utility regulators:
  - Public Service Electric & Gas Company (NJ)
  - Central Hudson Gas & Electric Company (NY)
  - Versant Power Company (ME)
- Data Management in connection with cost-of-service studies and plant valuations on behalf of utility regulators in Minnesota and Virginia.

#### **Takeda Pharmaceuticals North America**

##### **Sales Director**

**2010 – 2019**

- Generated \$120 million in gross annual sales with a budget of \$1 million FY18 while elevating business ownership, strategic analysis and execution excellence.
- Led transformation agenda of commercial sales team through multiple restructuring and transaction related services
- Lead teams up to 9 frontline Sales Managers and 100-plus Sales Representatives spanning different geographical regions to execute brand strategies and exceed sales objectives.

- Consistent top performance: FY18 Ranking 3 out of 12 Regions; FY18 Maximum Impact Winner: Ranked 1 out of 6 Regions in Percent Target Earnings; Top 20% National Cresset Award in 2013, 2014.
- Recognized as valued cross functional collaborator with roles spanning commercial departments: GI Brand Lead, Finance Liaison, HR Advisory Board, Leadership Development Lead for STRIVE Veteran Support Group

#### **West Area Sales Director, GI and Metabolic Primary Care Business Unit**

**1999 to 2010**

- Leader of West Area Sales team comprised of 9 regional managers, 50 districts covering Western three quarters of the United States.
- Responsible for executing forecasted sales plans, exceeding sales and margin goals while operating within the expense budget for the unit.
- Generated greater than \$1B in company sales annually with an annual controllable budget of greater than \$12 million.
- Significant influence and input on Operations, Training and HR decisions related to GI/MPC Business Unit. Supported design of incentive compensation, award and recognition programs to deliver brand strategy and sales targets.
- Product Launch Experience in primary care and specialty. Awarded the Takeda Circle Award for Dexilant and Uloric Launch Team recognizing excellence in performance and process.
- Built strong leadership team with clear vision translating strategies into execution through significant transformation during TAP/Takeda integration.
- Developed high potential managers serving in leadership functions across the commercial organization.

#### **ADDITIONAL RELEVANT EXPERIENCE**

##### **TAP Pharmaceuticals (Takeda/Abbott Partnership)**

- Regional Sales Manager, Lupron Specialty
- District Sales Manager, Lupron Specialty

#### **EDUCATION**

##### **University of Kansas/Lawrence, KS**

B.S. Degree in Journalism

Concentrations in Biology, Political Science, French

##### **Sorbonne University/Paris**

French Language Intensive at the Faculty of Arts and Humanities

##### **Relevant Professional Development Programs**

CCL Foundations OF Executive Leadership, Situational Leadership II, Crucial Conversations, Managing Human Performance, Coaching for Improved Performance, Developing High Performing Teams, 7 Habits of Highly Effective People, The Power Of Persuasion, Leading At The Speed Of Trust, The Principles Of Transition Management, Crucial Conversations, Core Strengths: Relationship Awareness

## **COMMUNITY INVOLVEMENT**

- Board Trustee: National Jewish Health, Denver, Colorado
- Past President of Executive Board: Music Theatre of Kansas City
- Past President: Fine Arts Council, St. Teresa's Academy
- Board Member: Overland Park Community Garden
- Committee Member: Holy Cross Capital Campaign Renovation Committee
- Volunteer: Viviano Variety Show, Don Bosco Center, Heartland Therapeutic Riding Academy
- Captain: Audi Tencap Tennis League, Kansas City Tennis Club, United States Tennis Academy

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