



**PROPOSAL TO PROVIDE CONSULTANCY SERVICES TO
THE LOUISIANA PUBLIC SERVICE COMMISSION'S
REVIEW OF ENTERGY LOUISIANA, LLC'S HURRICANE
IDA STORM RESTORATION COST RECOVERY FILING**

Submitted to:

Louisiana Public Service Commission
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RFP No. 22-13

CONTENTS

Page	Description
2	Introduction
3	Background and Objective
5	Qualifications & Experience
13	Approach
15	Preliminary Work Plan
20	Project Team & Qualifications
24	Engagement Cost & Schedule
27	References
29	Conflict of Interest Statement
31	Appendix

INTRODUCTION

NorthStar Consulting Group (“NorthStar”) is pleased to respond to the April 5, 2022 Request for Proposal (“RFP”) from the Louisiana Public Service Commission (“LPSC” or “Commission”) for a firm to assist Commission Staff in the review of Entergy Louisiana, LLC’s (“ELL”) request for determination of the amount of recoverable costs incurred, and to be incurred, to restore its facilities following the damage of Hurricane Ida. NorthStar’s proposal takes into account the specific requirements of the LPSC, as expressed in the RFP, and our forensic accounting and investigative capabilities, extensive experience auditing costs of natural disasters, and experience in the utility industry. This section provides a brief introduction to the firm.

NorthStar Consulting Group

NorthStar is a full-service management consulting firm specializing in services to the utility industry. Founded in 1999 and incorporated in the State of California, NorthStar’s partners and staff have served clients throughout the United States and Canada. NorthStar’s clients include regulatory commissions; investor-owned electric, gas, and water utilities; municipal governing bodies; and municipal electric and water utilities.

Experience

NorthStar consultants have experience in all areas of utility operations and management. Our accounting and regulatory capabilities coupled with our consultants’ extensive experience reviewing some of the most expensive and contentious natural disaster proceedings across the country including Hurricanes Sandy, Irene, Earl, Maria; Winter Storm Uri; the California wildfires and other events uniquely position us as a leading firm in reviewing storm costs.

Commitment

We commit a dedicated and proven team with a unique blend of capabilities and very importantly, a successful track record of completing complex engagements. NorthStar has a strong reputation for objectivity and highly credible subject matter expertise, and a proven record in managing engagements of a similar nature and requiring complex quantitative analysis. Our selected consultants for this engagement offers the LPSC a project team with the technical and functional expertise and skills to meet the objectives of the project.

Collaboration

We will work together with you while remaining accountable to our outcomes, offering transparent fees and an optimal mix of value creation. NorthStar prides itself on performing independent and objective engagements for regulators. In this context, we plan and conduct our assignments to maximize client (i.e., the LPSC Staff) participation, and we will work closely with the LPSC Project Manager, as well as the Commission’s audit, utility and legal divisions throughout the engagement.

Results Focused

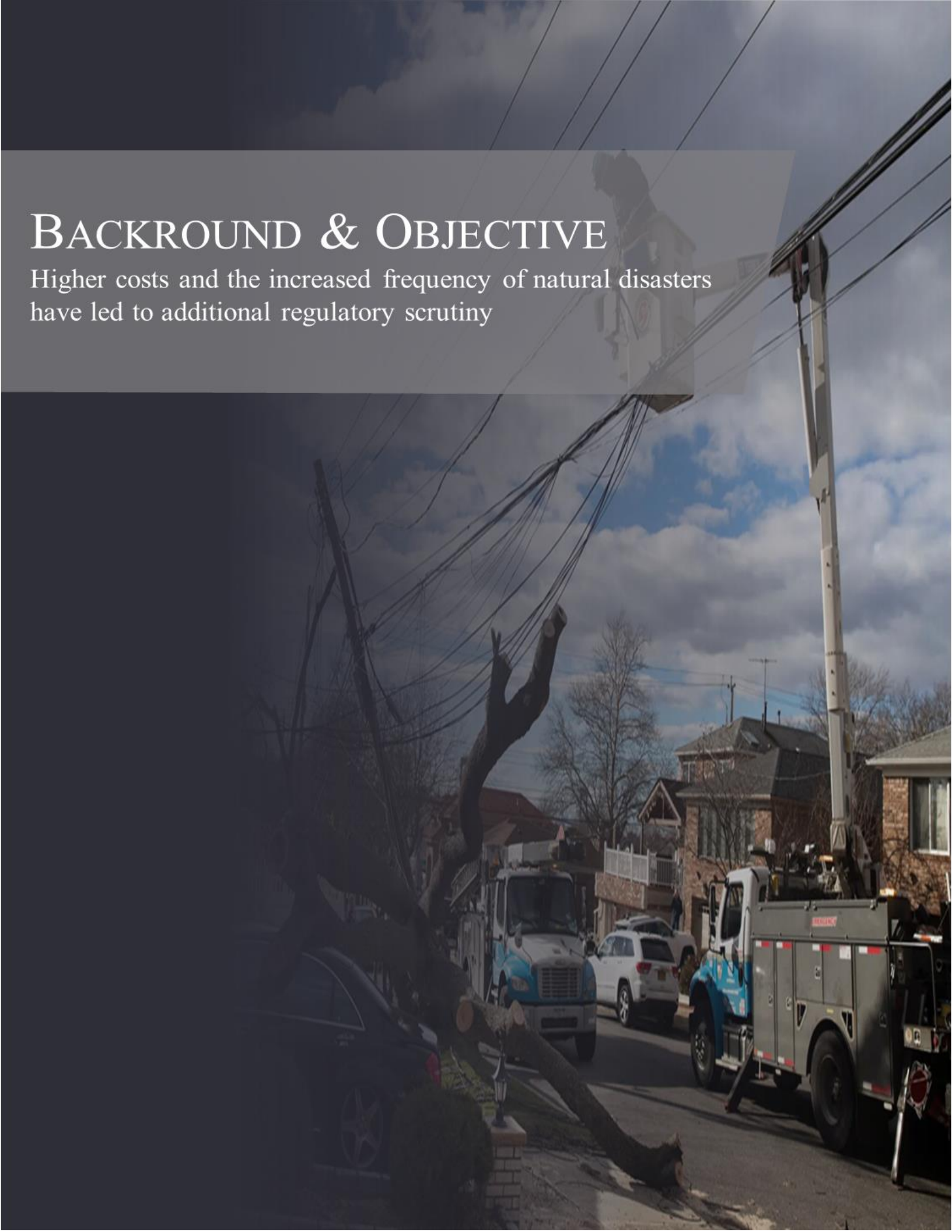
We are committed to implementing the results of our analytical work and we are proud of our reputation of producing results for our clients. We believe that the strong results oriented focus of our practice, combined with our experience in facilitating the change process in a variety of client environments is unique in the consulting profession and the key to our success. It is the hallmark of our consulting profession and the driving force behind our selection of staff and organizational structure.

Independence

NorthStar offers its services without the hindrance of any issues or concerns that might be raised about its independence and objectivity. NorthStar, nor any of its affiliates, personnel have any financial interest in ELL and/or its affiliates or any organizations which may represent their work forces. Furthermore, NorthStar, nor any of its affiliates have any ongoing contracts or agreements with ELL and/or its affiliates or any organizations which may represent their work forces.

BACKGROUND & OBJECTIVE

Higher costs and the increased frequency of natural disasters have led to additional regulatory scrutiny



BACKGROUND & OBJECTIVE

Many of the costliest natural disasters have occurred just within the past few years in the US, and unfortunately, the utility industry has witnessed the manifestation of climate change risks firsthand. In 2017, the impacts of wildfires severely damaged parts of the west most notably the state of California.¹ Additionally, multiple hurricanes impacted the eastern part of the US, and Hurricane Maria devastated Puerto Rico. There was no reprieve for US utilities in 2018 from severe natural disasters and unpredictable weather patterns that included Hurricanes Florence and Michael.² The US Department of Energy reports that adverse weather is the most common cause of power interruptions, and that the weather-related impacts to the power system have increased significantly.³ This trend is expected to continue as extreme weather events and water shortages are already interrupting energy supply and these impacts are expected to increase in the future.⁴ Not only does the frequency of these disasters appear to be increasing, but their costs are rising.

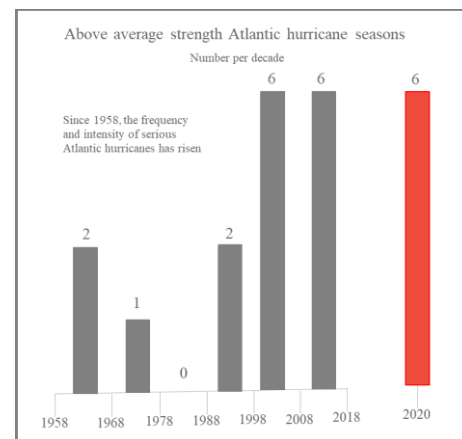
Repairing storm damage and upgrading infrastructure after an event is expensive in terms of manpower, equipment, and logistical support as utility companies, their vendors and regional partners work around the clock to get the lights back on for customers. It can be financially devastating for utilities. For example, the costs associated with Hurricane Katrina in 2005 forced Entergy New Orleans into Chapter 11 bankruptcy reorganization.⁵ Other examples include the recent wildfires in the western states that have materially impacted utilities that operate in those regions.

PG&E paid \$25 billion and declared bankruptcy in 2019 due to wildfires and resulting lawsuits.⁶ Furthermore, recent regulatory filings provide evidence that Louisiana is a high risk for severe weather resulting in significant cash outlays related to storm restoration and recovery by the state's utilities. Specifically, Entergy's storm costs approved by LPSC were over \$1.6 billion in recent years.⁷

Storm Event	Year	Cost(\$)
Hurricanes Katrina and Rita	2005	732M
Hurricanes Gustav and Ike	2008	628M
Hurricane Isaac	2012	291M
	TOTAL	\$1.65B

The 2020 Atlantic hurricane season was the most active on record, with a total of 30 named storms, 12 of which developed into hurricanes, and six intensified into major hurricanes.⁸ This represents a significant increase in activity as shown in the graph.

It was noted during the 2020 Atlantic hurricane season that within a nine-week period from late August to late October 2020, Louisiana was severely impacted by three named hurricanes, one of which was the strongest to make landfall in the state in 164 years.⁹ According to regulatory filings, these hurricanes - Laura, Delta and Zeta caused approximately \$2 billion in damage to Entergy's electric infrastructure.¹⁰



In November 2021, Entergy Louisiana reportedly told the LPSC that it owed up to \$4.4 billion related to storm restoration and recovery after a series of severe weather events and needed a \$1 billion loan to meet those costs in the short-term. Entergy President and CEO Phillip May said the company had \$2 billion in damage from multiple hurricanes in 2020 and that Hurricane Ida in 2021 added another \$2 billion to \$2.4 billion to that cost.¹¹ It's an increasingly familiar scenario for utilities, which have responded to a string of severe weather events in recent years. Higher costs and increased frequency have led to additional regulatory scrutiny of restoration expenses, with a greater burden of proof on utilities that are seeking cost recovery.¹²

Understanding these circumstances, the LPSC objective for this RFP is to identify a firm that will review ELL's request for determination of the amount of recoverable costs incurred, and to be incurred, to restore its facilities following the damage associated with Hurricane Ida.

Sources:

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- U.S. Department of Energy. Electric emergency incident and disturbance report: annual summaries (OE-417). 2015. Washington, D.C
- Melillo J, Richmond T, Yohe G, editors. Highlights of climate change impacts in the United States: the third national climate assessment. Washington D.C.; U.S. Global Change Research Program; 2014
- <https://www.tdworld.com/overhead-distribution/article/20959845/entergy-corporations-new-orleans-subsidiary-files-chapter-11-petition>
- <https://www.utilitydive.com/news/wildfires-pushed-pge-into-bankruptcy-should-other-utilities-be-worried/588435/>
- In re: Application of Entergy Louisiana, LLC for recovery in rates of costs related to Hurricanes Laura, Delta, Zeta and Winter Storm Uri and for related relief, Docket U-35991, Phillip May Testimony, pg. 10.
- <https://yaleclimateconnections.org/2020/12/a-look-back-at-the-horrific-2020-atlantic-hurricane-center/>
- Ibid
- Docket U-35991, Phillip May Testimony, pg. 15.
- <https://www.usnews.com/news/best-states/louisiana/articles/2021-11-17/entergy-louisiana-storm-restoration-will-cost-up-to-41b>
- Ballaban, M; Pelecky, T; Smith, C. "The After-storm Storm: Utility Cost Recovery", PowerGrid International, May 2014. <https://www.power-grid.com/td/the-after-storm-storm-utility-cost-recovery/#gref>

A group of business professionals in an office setting, looking at a document together. The image is partially obscured by a dark grey overlay containing text.

QUALIFICATIONS & EXPERIENCE

NorthStar is a full-service management consulting firm specializing in services to the utility industry

QUALIFICATIONS & EXPERIENCE

Founded in 1999 and incorporated in the State of California, NorthStar's partners and staff have served clients throughout the United States and Canada. NorthStar's clients include regulatory commissions; investor-owned electric, gas, and water utilities; municipal governing bodies; and municipal electric and water utilities. NorthStar's consultants have provided services to the utility industry for over 30 years, working with clients to adapt, organize, and comply with a changing regulatory and operating environment.

Affiliate Transaction Audits

Process and financial-based audits of transactions between regulated utilities and their holding companies and unregulated affiliates. The purpose of these audits is to determine if a utility's ratepayers are subsidizing unregulated businesses or if the unregulated affiliates are leveraging their relationship with the regulated affiliate to obtain a market advantage.

Project Management

Developing project management organization, control tools, reporting systems, training modules, and performance measurement techniques for use by client personnel.

Customer Operations Management

Reviews of the meter-to-cash processes, customer satisfaction, communications, and complaints, which are designed to improve processes, create operating efficiencies and increase customer satisfaction. These reviews may include all aspects of the meter-to-cash process (i.e., new service and turn-ons/turn-offs; meter installation, testing and reading (manual and remote); billing; payment processing; credit and collections; customer communications and call center operations), or specific functions such as customer protections, emergency response or customer assistance programs.

Construction Program Management

Examination, evaluation and development of the overall engineering, procurement and construction management processes including: organization of engineering and construction functions; reporting relationships within and between the client and external contractors; selection of architect/engineer or engineering/construction firm and/or general contractors and subcontractors; evaluation of contracts; processes of planning, scheduling, estimating, and reporting progress and expenditures; site management; accounting; materials tracking and control; work force productivity; quality assurance; and document control.

Regulatory Audits and Forensic Reviews

Typically performed for regulators, these engagements are designed to ensure utility compliance with regulatory requirements and improve controls. These may be targeted at specific functions, programs or requirements, or broad reviews ensuring compliance with legislation, FERC rules, or state codes governing utility operations.

Management Audits

Comprehensive audits of the management and operations of electric, gas, water, and telephone utilities aimed at developing more effective and efficient policies, procedures and processes. These projects include extensive investigation in areas such as executive management, financial management, customer services, human resources, external relation, operations, emergency management, and support services.

Work Force Management

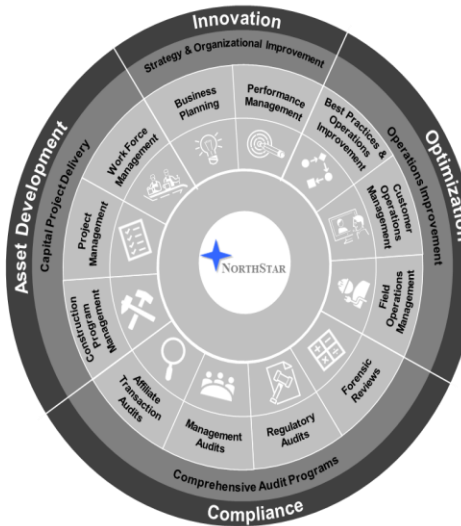
Comprehensive and focused programs to increase worker productivity and reduce labor expenses. Strengths and improvement opportunities of current systems are evaluated and the utilization of the existing work force is established. A baseline for service level, quality and productivity is defined for an implementation program consisting of orientation sessions, training of supervisory personnel, measurement of work, and development of performance indicators.

Best Practices and Operations Improvement

Comprehensive programs covering the overall effectiveness of management, organization structure, policies, decision processes, and critical operating procedures. NorthStar consultants have conducted numerous management and operations improvement programs - ordered by public utility commissions and company-authorized - because of the need to develop an improved understanding of company operations beyond those provided through routine processes.

Field Operations Management

Comprehensive studies involving the review of quality assurance procedures, work management, scheduling, work standards, manpower utilization, methods engineering, equipment maintenance, inventory controls, and cost reduction.



Performance Benchmarking and Process Re-Engineering

Definition and quantification of basic indicators by which management, regulators and financial institutions can judge the performance of the company or specific functional unit, thus providing a common basis for reviewing management. Identifying key measures of performance, establishing appropriate benchmarks to evaluate how well the company is being managed, and providing a tool for continuous measurement of such performance.

Business Planning

Assessment of an organization's ability to anticipate and respond to changes in demand, market demographics, environmental factors, government regulations, cost factors, availability of capital, and other factors which affect operations and performance.

QUALIFICATIONS & EXPERIENCE

Continued

An important element of NorthStar’s approach to consulting engagements is developing and maintaining a close working relationship with the clients for whom we have performed work over the years. It is our goal to develop long-term client relationships by providing valuable counsel and helping clients achieve the benefits of our recommendations. We believe that achieving real, tangible and sustainable results for our clients generates the primary value added from consulting. Many of our projects have involved analyzing situations, identifying problems and developing solutions, as well as detailed implementation, planning and assistance.

We are committed to implementing the results of our analytical work and we are proud of our reputation of producing results for our clients. We believe that the strong implementation focus of our practice, combined with our experience in facilitating the change process in a variety of client environments is unique in the consulting profession and the key to our success. It is the hallmark of our consulting profession and the driving force behind our selection of staff and organizational structure. NorthStar prides itself on the following:

- **Independent, Unbiased and Objective Approach** - NorthStar offers its services without the hindrance of any issues or concerns that might be raised about its independence and objectivity.
- **Extensive Utility Industry Consulting Experience** - NorthStar consultants have worked with more than 50 clients over the years, including many reviews to evaluate management effectiveness.
- **Subject Matter Expertise** – NorthStar consultants have experience in all areas of utility operations and management. In addition to its core resources, NorthStar employs individuals with specific subject matter expertise where beneficial.
- **Strong Project Management Capabilities** - NorthStar personnel have a proven track record of managing large, complex projects on time and within budget, while providing high quality work products.
- **Extensive Testimony Experience** - Most of NorthStar’s consultants have experience with the preparation and/or presentation of testimony to public service commissions, state legislatures, and others.

NorthStar consultants have worked with many public and private utilities, municipal government departments, and regulatory bodies in the United States and Canada. Some of clients we have served or entities we have audited are listed below.

Regulatory Commissions

California PUC	PUC of Ohio
Connecticut PURA	Pennsylvania PUC
Illinois Commerce Commission	Texas PUC
Massachusetts DPU	US Dept. of Commerce
Nevada PUC	US Environmental Protection Agency
New Jersey Board of Public Utilities	Competition Bureau of Canada
New York PSC	

Municipal Organizations

Los Angeles Bureau of Engineering	Los Angeles Dept. of General Services
Phoenix Sky Harbor International Airport	Port of Los Angeles

Municipal Utilities

Alameda County (Water)	Memphis Light Gas and Water
Colorado Springs DPU	Nebraska Public Power District
East Bay Municipal Utility District	New York Power Authority
Glendale Water & Power	Omaha Public Power District
Ketchikan Municipal Utilities	Seattle City Light
Los Angeles Dept. of Water and Power	

Investor-Owned Public Utilities

Alliant	New Jersey American Water
American Water Works	New Jersey Natural Gas Company
Arizona Public Service Company	New York State Electric & Gas
Boston Edison Company	Niagara Mohawk
Central Vermont Public Service Corp.	NICOR
<u>Cilecorp</u>	Northeast Utilities
CMS Energy	Northern Indiana Public Service
Columbia Gas Ohio	Oklahoma Gas & Electric
Dominion Energy Ohio	Pacific Bell
Duke Power	Pacific Gas and Electric Company
Elizabethtown Gas Company	Peoples Energy
Enbridge Consumers Gas	Public Service Co. of New Mexico
Exelon	Public Service Electric and Gas
General Public Utilities Corporation	Public Service Oklahoma
Great Plains Energy	QWEST Communications
Illinois American Water	San Diego Gas and Electric
Jersey Central Power & Light	Southern California Edison
Kentucky Utilities Company	Southern California Gas Company
<u>KeySpan</u>	Southern California Water
MDU Resources	Southern New England Telephone
MidAmerican Energy	United Illuminating Company
Montana Power Company	US WEST
Mountain Fuel Supply Company	Vectren Energy Delivery
Nevada Power Company	WE Energies

QUALIFICATIONS & EXPERIENCE

Continued

Summarized below are a selection of engagements similar to the scope of work for this assignment. NorthStar consultants have completed a significant number of storm cost/natural disaster reviews, utility management audits, affiliate transaction reviews and other types of forensic and compliance assessments. In conducting our audits, we seek to employ the appropriate accounting standards and practices for electric public utilities, generally accepted auditing standards (GAAS) and COSO criteria for internal controls. NorthStar's storm cost review experience comes from the personal experience of NorthStar consultants. Members of the proposed NorthStar team had leadership roles in the engagements described below.

Multi-jurisdictional utility – Storm Restoration Analysis

NorthStar's Jake Van Reen, Christopher Smith, and Michael Ballaban, as consultants at a Big 4 firm, provided review services to a multi-jurisdictional utility following 24 different qualifying storm events including Hurricanes Irene, Earl and other qualifying weather events. Each event impacted three separate operating companies in three separate states. Each state having its own unique union labor rules, regulatory and rate making standards to consider as part of this engagement.

We analyzed the accuracy of over \$400 million of vendor, labor, employee expense, logistics, mutual aid and other related costs incurred and directly attributable to the designated storm events. This analysis was organized by storm, cost category, and date. We confirmed the facts concerning the storm costs with the Company and verified that there were no other pertinent issues that would affect the appropriate charging of costs. We provided supporting documentation for all analyses and observations.



Relevance to the scope of work and the LPSC

- ▶ Storm Cost Audit covering multiple cost categories for restoration and recovery activities
- ▶ Comprehensive review of total population of storm costs and supporting documentation for each event
- ▶ Extensive collaboration with client to facilitate knowledge transfer
- ▶ Storm types include hurricane, tornado, winter storm and wind events

Large municipal utility – Hurricane Sandy Storm Restoration Analysis

NorthStar's Jake Van Reen and Christopher Smith led a review of costs incurred by large municipal utility following Hurricane Sandy. The objectives of this review were to:

- ▶ Analyze, test, and catalogue accounts payable costs by major cost category
- ▶ Perform a comprehensive review of payroll costs
- ▶ Develop supporting cost schedules and documentation to support Hurricane Sandy storm restoration activities
- ▶ Provide recommended adjustments based on the results of our review

This utility is subject to regulatory oversight from the state Public Service Commission and was eligible for FEMA funds for certain disaster related costs. This provided a unique review process requiring the team to both verify the accuracy and incrementality of the costs, while also determining the correct recovery mechanism for storm related costs (i.e. FEMA or distribution rates). Our project concluded with the compilation of data and schedules used in further FEMA, insurance company, and state PSC filings.



Relevance to the scope of work and LPSC

- ▶ Reviewed Hurricane Sandy and 12 other qualifying storm events
- ▶ Comprehensive review of management and represented employee (multiple union labor contracts in different states) costs.
- ▶ Extensive collaboration with client to facilitate knowledge transfer
- ▶ Storm types include hurricane, tornado, winter storm and wind events

QUALIFICATIONS & EXPERIENCE

Continued

Western Wildfires – Wildfire Cost Analysis

Mr. Van Reen performed a series of projects reviewing costs included in large utility's Wildfire Mitigation and Catastrophic Events cost recovery applications. Mr. Van Reen has reviewed over \$10 billion of wildfire related spending. For each project a report has been (or will be) filed with the state public utility commission as part of the cost recovery docket.

The purposes of these analyses were to confirm that the costs included in the Company's cost recovery proceedings for the designated accounts, as captured in the Company's financial system, reflect the costs directly attributable to the accounts and that any observations of possible deviations within the cost data provided (within the scope of our analysis) were not material to the overall costs incurred.

Relevance to the scope of work and the LPSC

- ▶ Wildfire Cost Audit covering multiple cost categories for service restoration and recovery activities
- ▶ Used sampling techniques over a \$10 billion population of transactions
- ▶ Performed on-site visits to validate asset expenditures

Hurricane Maria – Mutual Aid Review

NorthStar's Jake Van Reen assisted a US Power Authority in analyzing storm costs for five different investor-owned utilities in response to a US Territory Power Authority's request for mutual aid. Mr. Van Reen analyzed costs related to direct labor, contractors, materials, equipment, and other indirect costs. The team create cost recovery document and schedules in accordance with Department of Homeland Security and FEMA requirements.



Relevance to the scope of work and LPSC

- ▶ Mutual aid audit covering multiple cost categories for restoration and recovery activities associated with Hurricane Maria
- ▶ Review of multiple invoices and supporting documentation from several different mutual aid partners

Winter Storm Uri – Fuel Cost Audit

NorthStar's Jake Van Reen assisted a multi-jurisdictional utility in analyzing fuel costs following Winter Storm Uri. Winter Storm Uri was a major storm system impacting multiple states and millions of individuals in the US. The storm brought snow, ice, and rain in addition to the coldest temperatures in decades in the central United States. This environment caused substantial impacts to the Power & Gas Utility industry including unprecedented high spot prices for natural gas, among others. Our client was adversely impacted by substantial purchased gas expense due to the circumstances surrounding Winter Storm Uri. The team was engaged to analyze these extraordinary costs and evaluate whether the costs were recorded in accordance with rules and standards set forth by their state utility regulators.

The team analyzed extraordinary incremental amounts in excess of \$400 million. The scope work included:

- ▶ Analyzing natural gas procurement plan rules and tariffs
- ▶ Analyzing and tying out prior year filings
- ▶ Performing transaction testing on Winter Storm Uri incurred costs
- ▶ Recalculating incremental amounts to be included in unscheduled filings
- ▶ Reconciling amounts included in the unscheduled and schedules gas filings, and agreeing totals to the general ledger
- ▶ Understanding disputed charges and their impact on gas costs balances (including considering force majeure)
- ▶ Inquiries of management related to hedging programs



Relevance to the scope of work and the LPSC

- ▶ Audit to determine compliance with rules and standards of the state regulatory commission
- ▶ Review of over \$400 million in costs
- ▶ Extensive transaction testing and analysis of disputed costs

QUALIFICATIONS & EXPERIENCE

Continued

NorthStar has conducted over 20 audits of affiliate transactions on behalf of our regulatory commission clients. A list of companies we have reviewed and a selection of engagement summaries are provided below

Atlantic Electric Company	New Jersey Natural Gas Company
Central Hudson Gas & Electric	Nova Scotia Power, Inc.
Central Vermont Public Service Corp.	Orange & Rockland Utilities
Consolidated Edison Company of NY	Pacific Gas and Electric Company
Elizabethtown Gas Company	Peoples Gas
Hackensack Water Company	Public Service Electric and Gas Company
Illinois American Water Company	San Diego Gas & Electric
Mountain Fuel Supply Company	Southern California Edison
Nevada Power Company	Southern California Gas Company

Illinois American Water Company

NorthStar performed an audit of the fees charged to Illinois American Water Company (IAWC) by its unregulated affiliate service company for the ICC. IAWC, a wholly-owned subsidiary of American Water Works, has 200,000 customers and is the largest water utility in Illinois. NorthStar was retained to assess the American Water Works Service Company (AWWSC) fees charged to IAWC, compare the cost of each service currently obtained from AWWSC to the cost of such services if the services were obtained through competitive bidding on the open market, and determine whether IAWC is doing everything possible to ensure low costs to ratepayers. The audit was initiated as a result of a request for a general water and sewer rate increase of approximately 22.5 percent from the previously approved rate.

Pacific Gas & Electric Company

The objective of this audit was to express an independent opinion on the degree and extent of PG&E's compliance with the CPUC's Rules governing affiliate transactions and relationships, and with PG&E's own Compliance Plans filed with the CPUC, for the calendar years ending December 31, 2010 and December 31, 2011. The audit was completed in August 2014.

Nova Scotia Power, Inc.

NorthStar was retained by the Nova Scotia Utility and Review Board (NUARB or Board) to perform an audit of Nova Scotia Power Inc.'s (NSPI) compliance with its Affiliate Code of Conduct. By Order dated July 18, 2014, the Board established a process to consider revisions to the Code of Conduct governing NSPI's affiliate transactions. This resulted from an extended period of efforts to resolve concerns of stakeholders through additional reporting requirements and changes to NSPI's Code of Conduct annual reporting. The Board approved a new Affiliate Code of Conduct for NSPI and replaced the previous Code effective as of October 1, 2015.

The audit report was released in August 2017, and NorthStar subsequently testified in hearings.

Southern California Edison

NorthStar Consulting Group performed four affiliate transaction audits in compliance with the CPUC Affiliate Transaction Rules. The Rules require the utility to conduct an independent annual audit and file the audit results with the CPUC. The objective of these audits was to express an independent opinion on the degree and extent of SCE's compliance with the CPUC's rules governing affiliate transactions and relationships, and with SCE's own compliance plans. NorthStar reviewed utility compliance in areas such as organizational structure, non-discrimination, information disclosure, separation, internal controls, cost allocations, and competitive services.

Public Service Electric & Gas

NorthStar conducted the first audit of PSE&G's competitive service offerings. The audit identified PSE&G's compliance with the Electric Discount and Energy Competition Act and the Board's Affiliate Relations, Fair Competition, and Accounting Standards. It also focused on the cross-subsidization of non-regulated competitive services offered by PSE&G or its affiliates.

QUALIFICATIONS & EXPERIENCE

Continued

NorthStar consultants have completed over 40 comprehensive and focused management audits over past 30 years. These types of engagements demonstrate our extensive industry knowledge and deep understanding of utility operations. Below is a list of companies we have reviewed as well as a selection of engagement summaries demonstrating our capabilities.

Arizona Public Service Company	National Fuel Gas Distribution Co.
Boston Edison Company	National Grid
Central Hudson Gas & Electric	Nevada Power Company
Central Vermont Public Service Corp.	New Jersey American Water
Consolidated Edison Company of NY	New Jersey Natural Gas Company
Delta Natural Gas	Northern Indiana Public Service
Duquesne Light	Omaha Public Power District
East Bay Municipal Utility District	Orange & Rockland Utilities
El Paso Electric	Pacific Gas and Electric Company
Elizabethtown Gas Company	Peoples Energy
Glendale Public Utilities	Public Service Electric and Gas Company
Just Energy Illinois Corp.	QWEST Communications
Ketchikan Municipal Utilities	Sierra Pacific Power
Long Island Power Authority	Southern California Edison
Los Angeles Dept. of Water & Power	Southern California Gas Company
Montana Power Company	United Illuminating Company
Mountain Fuel Supply Company	Utah Power & Light

Consolidated Edison of New York / Orange and Rockland Utilities

NorthStar was retained by the DPS to conduct the Management and Operations Audits of Consolidated Edison Company of New York, Inc. (CECONY) and Orange and Rockland Utilities, Inc. (O&R) (Case No. 14-M-0001) in 2016. Consolidated Edison, Inc. (CEI) is the holding company that owns CECONY, O&R and three competitive energy businesses (CEBs) with \$12.6 billion in annual revenues and \$45.6 billion in assets. CECONY's energy delivery system is one of the most heavily relied upon in the world, serving national and international financial and media centers, a critical infrastructure of tunnels and subways, and more hospitals per square mile than any other city in the world. While CECONY is a very dense, urban service area, O&R is less densely populated - more suburban and rural.

The scope of the management audits included the following:

- Corporate Governance
- System Planning
- Capital and Operation & Maintenance (O&M) Budgeting
- Program and Project Planning and Management/Work Management
- Performance and Results Management
- Customer Operations
- Shared Services and Affiliate Transactions

NorthStar is completing the 2021 management audit CECONY and O&R.

New Jersey Natural Gas Company

NorthStar was retained by the New Jersey Board of Public Utilities (BPU) to perform an Audit of the Affiliated Transactions between New Jersey Natural Gas (NJNG) and its affiliates and a Comprehensive Management Audit of NJNG. The scope of the audit included the fiscal years 2009 through 2013. The objectives of the audit were to assist the BPU in determining whether NJNG was in compliance with competitive standards both in a retail and wholesale capacity and the Board's Affiliate Standards, and to determine if the management practices, functions, operational procedures, and other internal workings of NJNG were effective. The audit was completed in June 2014.

QUALIFICATIONS & EXPERIENCE

Continued

National Grid – Gas Operations

NorthStar was retained by the DPS to conduct a management and operations audit of National Grid USA's (NGUSA) three New York gas utilities. The scope of the audit included corporate governance, load forecasting, supply procurement, system planning, capital and O&M budgeting, program/project management, work management, performance management and customer information systems. NorthStar's findings and recommendations focused on areas with a significant impact on the operations of the NY gas utilities and their ratepayers, and the PSC's regulation of the three utilities: Niagara Mohawk Power Corporation (NMPC), The Brooklyn Union Gas Company (KEDNY), and KeySpan Gas East Corporation (KEDLI). The final report was submitted to the Commission in July 2014 and is available under Case No. 13-G-0009 on the DPS website at <http://www.dps.ny.gov>.

Long Island Power Authority

NorthStar was retained by the DPS to conduct two management and operations audits of the Long Island Power Authority (LIPA or Authority). The scope of the audit focused on several broad areas that crossed over many functional areas and were of critical importance as the Authority transitioned from one primary outside service provider – National Grid plc (National Grid) – to another – Public Service Enterprise Group (PSEG) and its subsidiary, PSEG Long Island, LLC (PSEG LI). The final report can be found under Matter No. 12-00314 at <http://www.dps.ny.gov>.

NorthStar was also retained by the DPS to perform a second management and operations audit of LIPA. The scope and objectives of this second audit were generally consistent with the first audit and focused on the progress that PSEG LI has made since becoming the Authority's service provider on January 1, 2014. The final report was submitted to the Commission under Matter No. 16-01248 at <http://www.dps.ny.gov>.

Just Energy Illinois Corporation

NorthStar performed an audit of the natural gas sales and marketing practices of Just Energy, an alternative natural gas supplier marketing in Illinois. The primary objective of the audit was to substantially reduce customer complaints. The audit was initiated in response to a lawsuit filed by the Illinois Attorney General and a complaint filed by various parties with the Illinois Commerce Commission (ICC) alleging unfair and deceptive sales and marketing practices by Just Energy.

The final audit report is available at: <http://www.icc.illinois.gov/docket/files.aspx?no=10-0398&docId=175735>.

Central Hudson Gas & Electric

NorthStar performed a comprehensive management audit of Central Hudson Gas and Electric (Central Hudson) for the DPS. Central Hudson is an independent regulated natural gas and electric distribution utility serving approximately 300,000 electric and 74,000 gas customers in New York's Mid-Hudson River Valley. The audit focused on Central Hudson's construction program planning, operational efficiency and performance including reliability, and affiliate transactions. The audit also included a review of Central Hudson's affiliate transactions.

National Grid – Electric Operations

NorthStar completed a comprehensive management audit of National Grid's Upstate New York electric business (Niagara Mohawk Power Corporation or NMPC) for the DPS. NMPC has over 1.5 million electric customers in Upstate New York. The audit focused on construction program planning, operational efficiency and performance including reliability.

New Jersey American Water

NorthStar conducted a comprehensive management audit of New Jersey American Water (NJAW) for the New Jersey BPU. The audit focused on numerous functional areas including organizational structure, customer service, finance and accounting, strategic planning, support services, operations and work management, and affiliate transactions. NJAW is a regulated affiliate of American Water Works Company, Inc., the largest investor-owned water company in the US. At the time, NJAW had 640,000 water and wastewater customers and \$560 million in annual revenue. The audit included a detailed assessment of the relationships between NJAW, its holding company, the service company, and the unregulated affiliates.

A woman with long brown hair is looking upwards with a thoughtful expression. Her face is partially obscured by a dense network of colorful, overlapping lines in shades of red, blue, green, and purple, which appear to be part of a complex diagram or data visualization. The background is a blurred office setting with a grid pattern.

APPROACH

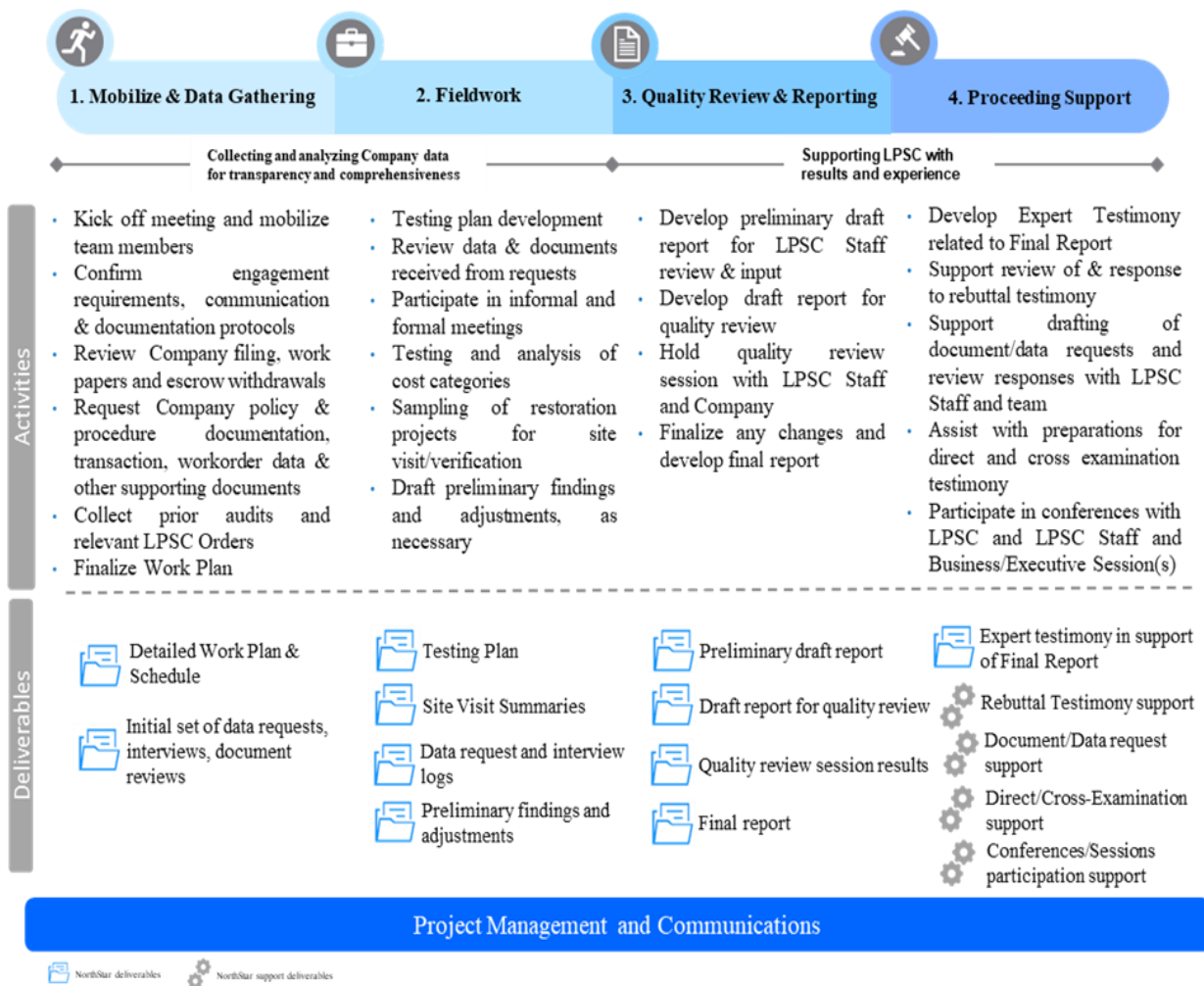
A structured and proven approach will facilitate a cohesive, directional and controlled engagement delivery

APPROACH

NorthStar views this engagement as a unique opportunity to provide crucial support to the LPSC Staff in reviewing the costs associated Hurricane Ida given the frequency of recent storm events that have impacted Louisiana. NorthStar's four-phase approach was designed to ensure that utilities are appropriately and transparently accounting for these types of natural disasters. We developed this approach to ensure the delivery of a high quality product in a cost-effective and timely manner and have successfully used this in previous storm cost engagements across the country. Our approach is designed to focus on the specific needs of the LPSC Staff and pertinent divisions (Utility, Legal and Audit); rely on quantitative data and written materials to support findings; maintain open communication among the parties; adhere to generally accepted auditing standards; and, thoroughly document our report findings in our work papers. Our approach to this engagement has the following characteristics:

- It will be performed by experienced consultants who have the appropriate combination of forensic accounting, auditing, utility industry, and utility rate making expertise.
- It will maximize the value of input from the LPSC Staff and the Company's personnel while minimizing the disruption of regular operations through our practice of scheduling interviews and other activities in advance.
- It will eliminate surprises by keeping the LPSC Staff informed of our activities, findings, and preliminary conclusions throughout the engagement.
- It will base evaluations on qualitative and quantitative analyses derived from cost data provided by the Company as well as from documents and interviews.

Our approach has four phases as described below:



PRELIMINARY WORK PLAN



Our work plans are designed to be comprehensive in nature to not only guide the engagement, but deliver high quality services and work products



WORK PLAN

This section describes the specific activities NorthStar will undertake in reviewing the Company's filing and workpapers associated with Hurricane Ida and any withdrawals made from the storm escrow account. The detailed analysis resulting from our review will assess the transparency and prudence of how these funds are used. The cost categories align to our past engagements as well as the Company's filing in Docket U-35991. Execution of the work plan is where most of our consulting hours will be spent.

In order to perform an analysis of the costs for the relevant accounts, we will work with LPSC staff to design an appropriate methodology. This methodology will include the use of analytics, substantive testing, sampling, and consideration of controls. Specifically, we expect the testing and analysis to include the following task areas.

<u>Task Area</u>	<u>Summary</u>	<u>Analysis to be Performed</u>
 Contract Costs	Perform analytics and sample testing to identify unallowable transactions, non-incremental transactions, or otherwise imprudent transactions. Items identified through this process will be flagged for further testing.	Analyze the distribution of costs across the full population by vendor to determine a dollar threshold for testing. We will work with LPSC Staff to determine an appropriate dollar threshold of aggregate spending by vendor. <ul style="list-style-type: none">For vendor aggregate spending above a set threshold, test transactions to determine if costs were recorded in the appropriate accounts and period; analyze contracts, invoices and other support to confirm the payments were properly supported; determine if contract terms are consistent with payment, date, and signing authority; document findings and resolve material discrepancies.For vendor aggregate spending below threshold, we will propose a sampling methodology to provide sufficient overall dollar coverage. We will test selected transactions as described above.
 Internal Labor	Analyze internal labor charged to relevant accounts to identify and isolate anomalies or potentially high-risk data points.	Our review of Internal Labor will include a number of analyses using multiple data sources and records, which will include but not limited to the following: <ul style="list-style-type: none">Perform analytics of: Hours charged by day, rates per hour, and comparison of rates/hours across employees of the same type with similar job assignments.Perform analysis of overtime to understand the distribution of hours and identify employees, work orders and project codes with notable deviations.Compare time charges to job assignments, if available. Investigate time charges for employees with no job assignment related to activities included in the deferral accounts.Perform analyses to determine if charges are recorded appropriately in each account and look for deviations across accounts (such as employees charging multiple accounts in one day).Perform analyses to determine if charges are incremental to base ratesAnalyze information provided in ELL's prior rate actions to determine if the charges in these accounts are incremental.

WORK PLAN

Continued

Task Area

Summary

Analysis to be Performed



Materials

To obtain a better understanding of the materials and inventory process, perform walkthrough of the process to distribute and account for items used during storm restoration and recovery.

Test a selection of transactions related to materials used and recorded in the Hurricane Ida accounts.

Obtain supporting documentation to evaluate whether these material costs are accurate, prudent, and incremental to base rates.



Other (Employee Expenses)

Analyze available employee expense data to identify large or unusual charges. Furthermore, compare expenses to corresponding internal labor charges and third party charges included in relevant work orders. Transactions flagged as unusual or transactions with no or little correlation to other charges on work orders will be selected for further testing.

Possible analytical steps may include:

- Perform an analysis on selected transaction to determine the nature and timing of the expenses and confirm the expense was properly supported by considering factors such as documented receipts, adherence to the Company expense policy, recorded in the appropriate account and scope period, management review of expense submission, appropriate geographic locations and other relevant criteria. Document findings and resolve material discrepancies.
- Perform targeted searches across the full population of transactions for prohibited items (alcohol, tobacco, unrelated media, entertainment, excessive tipping, etc.) or other expenses falling outside of Hurricane Ida related activities. Document findings and resolve material discrepancies.



Other (P- Cards)

Analyze the distribution of procurement card costs across the population by expense category. Expense categories will be risk ranked and the number of transactions tested will vary depending on the risk of each expense type.

Possible analytical steps may include:

- Request P-Card detail summarizing vendor, date, and amount. Analyze this detail and select a sample of transactions based on unusual vendors, large transactions, and dates near or outside the restoration period. Consider selecting a random sample to provide additional coverage over the remaining population.
- Request supporting documentation and test whether the charges are reasonable, prudent, and incremental.



Other (Overheads)

To the extent overhead allocations are included in any cost category (or as a standalone category), understand the nature of these allocations and document the reason for inclusion. Overhead allocations are calculated by dividing the cost pools by the applicable base for allocations.

Our analysis will primary focus on the reasonableness of the amounts included in the cost pool, the applicability of the base to distribute costs consistent with cost causation principles, and the mechanics of the calculation.

- Analyze the amounts included in the cost pools and demine if these costs are 1) incremental to base rates, and 2) accurate and sufficiently documented.
- Recalculate the relevant cost allocation factors.
- Analyze the cost driver for each factor and determine whether the base is a reasonable mechanism to allocate overhead costs to the deferral within our scope

WORK PLAN

Continued

Task Area

Summary

Analysis to be Performed



Other (Affiliate Transactions)

Examine a sample of affiliate charges and evaluate if ELL received a direct storm related benefit that is incremental in nature

Examine a list of all affiliate transactions and select a sample of charges for further testing. For selected transactions collect supporting documentation to evidence the nature and timing of the charges, and business need justification for that affiliate transaction. Analyze whether these charges were necessary to support the restoration as a direct result of the applicable storm, and whether the charges were prudent and reasonable based on similar services provided by outside providers.



Mutual Aid

Perform analytics and sample testing to understand if mutual aid costs are prudent incremental charges. Analyze whether charges to ELL are consistent with applicable mutual aid agreements.

Segregate the population of mutual aid charges. Understand which entities provided mutual aid, total charges by entity, and the timing of services provided. After gathering this data, perform the following for a sample of transactions:

- Test labor charges to evaluate if total hours and rate per hour are reasonable, and consistent with the selected utilities overtime policy.
- Test overhead charges and request supporting documentation as necessary. Compare overhead charges to publicly available information for selected utilities, if available.
- Evaluate other charges (i.e., fleet, materials, etc) and test to understand if these ELL received and benefited from these charges.
- Compare invoices to mutual aid agreement.



Site Visits

If applicable, we will perform site visits for a sample of projects. The purpose of site visits is to verify that costs related to Hurricane Ida were incurred, installed and used and useful.

Incrementality – For incremental costs, perform field visits with operations crews to understand work performed and how they segregated base rate activities versus incremental Hurricane Ida related activities. Perform onsite walkthroughs of the work performed and trace this understanding through the accounting records

Capital Projects – Perform site visits to verify the physical existence of capital installations. Understand the nature of capital expenditures and how they are tracked and accounted for. Trace items observed in the field to the accounting records.

Prudence – While performing site visits consider the nature of costs incurred and evaluate whether there is consistent treatment across similar projects.

WORK PLAN

Continued

Task Area

Summary

Analysis to be Performed



Rate Impact

NorthStar will assist LPSC staff in evaluating the impact of the Company's Hurricane Ida storm cost filing on customer rates.

Confirm eligible operating and capital costs have been booked to the appropriate expense and plant, property & equipment accounts, that the Company is complying with its established capitalization policies and that all storm costs can be identified separately from routine non-storm related operating and capital charges

Verify the appropriateness of cost recovery proposals submitted by the Company:

- Understand how the Company proposes to flow eligible storm costs through the Company's Formula Rate Plan (FRP),
- Understand and confirm any deferred accounting treatment adopted by the Company for storm costs and expected impacts on FRP cost recovery,
- Confirm that there will be no unintended impacts such as any double counting of costs, especially as it relates to capitalized charges that would normally flow through rate base and depreciation expense, and
- Review Company submitted electronic spreadsheets and other supporting documentation for accuracy and completeness.

Confirm that the Company proposal adopts the most cost efficient solution (for instance, by adopting mechanisms to reduce financing costs through the use of securitization), equitably allocates charges to all customer classes, and results in minimizing the need for future storm cost related rate increases where ever possible.

Understand how significant storm expenditures, such as those relating to replacement of older infrastructure, address the need for storm hardening and can reduce future operating costs; explore how any expected future savings from such expenditures can be used lessen rate shock of immediate need for storm related rate increases.



Regulatory Support

Building on our prior task area analysis and results, NorthStar will support the LPSC Staff through the conclusion of the ELL storm docket including issuance of bonds should the Company decide to securitize.

Analysis and activities in this task area include assistance with the following as it pertains to our prior task area analysis:

- Draft data requests and review of responses
- Draft recommendation(s), including testimony, to the LPSC including exhibits.
- Review and respond to rebuttal testimony.
- Preparing any necessary direct and cross-answering testimony.
- Preparing for trial, including witness preparation, pleading and motion drafting.
- Review and analyze stipulation terms.

NorthStar will be available to participate in informal meetings with LPSC Staff and ELL, LPSC Staff and Intervenors, or LPSC Staff, ELL and Intervenors. Furthermore, we will be available to participate in other meetings, conference calls, status conferences and other conferences with the LPSC and Staff. We will attend any Business and Executive Session(s) as directed by LPSC Staff.

PROJECT TEAM & QUALIFICATIONS

The right team with the appropriate expertise and experience to perform and deliver the highest quality engagement



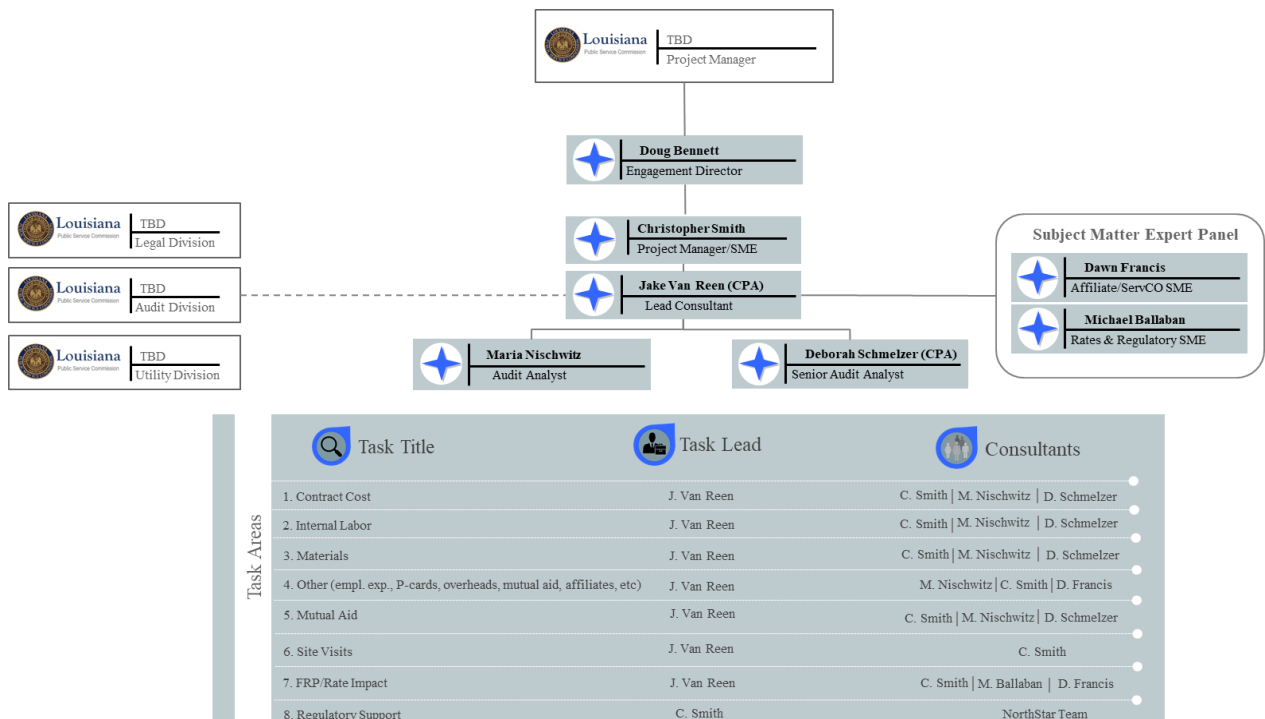
PROJECT TEAM & QUALIFICATIONS

The successful review of ELL’s storm filing and costs for Hurricane Ida requires a project team with a unique blend of capabilities and very importantly, a successful track record of engagements. NorthStar has a strong reputation for objectivity and highly credible subject matter expertise, and a proven record in managing engagements of a similar nature and requiring complex quantitative analysis.

Our selected consultants for this engagement offer the LPSC a project team with the technical and functional expertise and skills to meet the objectives of the project. In particular, our team provides:

- qualifications that are key to the execution of this engagement. Our proposed project team includes two Certified Public Accountants and a mix of experience in storm cost reviews, regulatory and affiliate audits, forensic accounting and fraud investigation, utility financial accounting and regulatory accounting coupled with deep industry experience.
- consultants that have reviewed over \$10 billion of costs related to energy service restoration and recovery due to natural disasters. Our experience, proven approach, analysis and resulting work products have withstood scrutiny in the regulatory forum.
- broad knowledge of utility industry matters. our consultants have years of experience working with Commission and utility clients. Members of our team have performed engagements for many utilities and the Commissions who regulate them across the US and Canada.
- a senior project management team with experience in performing complex, large engagements for utility regulators.
- ability to work closely and communicate with the LPSC Staff to ensure that the Commission’s needs are addressed.
- freedom from any potential impairments or conflicts of interest.

To facilitate coordination of our engagement team activities, we have organized the engagement team and task areas as shown below. The technical task areas are assigned to the Lead Consultant who is a CPA, has completed many storm cost reviews, forensic accountant/fraud investigations as well as possessing significant utility experience. Within each task area are consultants/SMEs to support the Lead Consultant. The project will also be supported by an audit analyst with the background necessary to execute on the tasks outlined in this proposal.



PROJECT TEAM & QUALIFICATIONS

Continued

The table below lists the proposed key engagement team members, their role on the engagement, the task areas in which they will work, and relevant experience and expertise.

Key Team Personnel	Audit Role	Task Areas	Qualifications/Experience								
			Storm Cost Reviews	Regulatory/Management Audits	Affiliate Transactions	Regulatory Experience	Insurance/Securitization Issues	Deferral Accounting/Taxes/Depreciation	FRP/Cost of Service/Rates	Finance/CPA	Utility Industry
Doug Bennett	Engagement Director	Oversight		X	X	X				X	X
Christopher Smith	Project Manager/SME	All	X	X	X	X			X	X	X
Jake Van Reen	Lead Consultant	All	X	X	X	X	X	X	X	X	X
Dawn Francis	SME	4, 7, 8		X	X	X			X	X	X
Deborah Schmelzer	Senior Audit Analyst	All	X	X	X	X	X	X	X	X	X
Michael Ballaban	SME	7, 8	X	X	X	X		X	X	X	X
Task Area 1. Contract Cost		Task Area 5. Mutual Aid									
Task Area 2. Internal Labor		Task Area 6. Site Visits									
Task Area 3. Materials		Task Area 7. FRP/Rate Impact									
Task Area 4. Other (employee expense, P-Cards, overhead, and affiliates)		Task Area 8. Regulatory Support									

PROJECT TEAM & QUALIFICATIONS

Continued

The table below summarizes the key engagement team members qualifications. Detailed resumes are provided in the Appendix.

Doug Bennett– Engagement Director

- NorthStar founder with more than 35 years experience working across the utility, telecoms and transportation sectors
- Directed and performed comprehensive and focused audits for over 50 public service clients in areas of utility functions as well as service company and affiliate relationships, prudency reviews and utility management, and financial assessments
- Provided expert testimony in California, Utah and Nevada

Christopher Smith– Project Manager/Subject Matter Expert (SME)

- Has 20 years of consulting experience across utility, telecoms and transportation sectors
- Former Senior Manager with Ernst & Young, LLP (EY) in their Advisory and Forensic & Integrity Services (FIS) practices
- Led storm cost review engagements of over 24 storms valued at \$500 million including Hurricanes Irene and Earl, Superstorm Sandy, and other natural disaster events.

Jake Van Reen (CPA) – Lead Consultant

- More than 10 years of consulting in the utility industry and former Senior Manager in EY’s FIS practice
- Led projects related to a wide variety of subjects, including: east coast storm and west coast wildfire cost reviews, damage insurance claims, securitization, overhead costs, rate base examination, capital structure, cost of capital, allocation studies, internal investigations, and compliance assessments
- Certified Public Accountant
- Submitted expert reports in Massachusetts, New Hampshire, North Carolina and California

Dawn Francis – SME

- Has over 30 years of experience in the utility industry as both a consultant and utility professional.
- Participated in a number of affiliate transaction and comprehensive and focused management audits of utility functions
- Served as the electric rates manager for LADWP for over 10 years.

Michael Ballaban – SME

- Has over 30 years of utility experience and former Senior Manager in EY’s Advisory and FIS practices
- Performed state/FERC cost-of-service, cost allocation, competitive market development, resource procurement and financial forecasting services
- Led and participated in storm cost review engagements valued at over \$400 million
- Provided testimony at the FERC and the Rhode Island Public Utilities Commission

Debrah Schmelzer (CPA) – Senior Audit Analyst

- Has over eight years of experience as a utility professional
 - Former Financial Controller at NiSource experienced in all aspects of utility and regulatory accounting, finance, internal controls, insurance claims and cost allocations
 - Certified Public Accountant
-

A young girl with dark curly hair, wearing a green polo shirt, is leaning over a wooden floor. She is playing with a white piggy bank and several coins scattered on the floor. The background is a blurred indoor setting with light-colored walls and a wooden floor.

ENGAGEMENT BUDGET & SCHEDULE

Our commitment to engagement success is reflected in our proposed competitive rates for this project and future needs

ENGAGEMENT BUDGET & SCHEDULE

NorthStar’s proposed “fully loaded”, not-to-exceed cost to provide consultancy services in the review of ELL’s Hurricane Ida costs is \$559,090. Due to inflationary risk and uncertainty, our proposed engagement cost uses hourly rates designed to include all professional fees and expenses associated with performing the work and delivering the necessary draft and final reports described in this proposal. NorthStar is currently using a fully loaded hourly rate method for an engagement with the New York Public Service Commission. NorthStar’s project cost information is based on the actual costs incurred for natural disasters audits performed for utilities of similar or larger size as ELL adjusted for expected travel to Louisiana and, if necessary, to ELL service territories in the state.

Details of our proposed project cost, including hours by consultant by task are provided in the table below. As noted, Phase IV, Task 8 - Regulatory Support will be billed at the fully loaded hourly rates provided below as it is difficult to estimate costs as every storm event presents unique issues and circumstances. In the 28 March letter included in the RFP, the Company itself states that Hurricane Ida was a very destructive storm requiring significant resources for restoration and recovery activities. We do not have clarity on the number data request and workpapers to review, issues included in rebuttal testimony, or number of meetings, etc. With that said, NorthStar is proposing a work plan requiring an estimated 1,800 professional staff hours to complete our review of storm costs. Hours by task shown in the table may be adjusted between task areas based on the distribution of costs. For example, if there are more costs associated with Mutual Aid than associated with Contract Costs, we will adjust hours between those task areas. We estimate about one third of our time to be spent on-site during Phase I and II, but can adjust if necessary due to COVID-19 or at the direction of the LPSC Staff. For Phase IV, Task 8 – Regulatory Support, our Engagement Team will be available as further clarity is provided by LPSC Staff to better estimate costs.

Audit Task/Consultant	D. Bennett	C. Smith	J. Van Reen	D. Francis	M. Ballaban	D. Schmelzer	M. Nischwitz	Total
Phase I: Mobilize and Data Gathering	8	32	32	16	8	32	32	160
Phase II: Fieldwork								
Task Area 1. Contract Costs		50	60			100	120	330
Task Area 2. Internal Labor		20	20			40	40	120
Task Area 3. Materials		10	20			20	20	70
Task Area 4. Other		40	80	90		80	100	390
Task Area 5. Mutual Aid		20	40			40	100	200
Task Area 6. Site Visits		40	40					80
Task Area 7. Rate/Regulatory Impact Analysis		10	30	10	100	30		180
Subtotal Phase II	0	190	290	100	100	310	380	1,370
Phase III: Report Development	10	40	40	10	20	40		160
Phase IV: Proceedings Support	To Be Determined							
Task Area 8. Regulatory Assistance	To Be Determined							
Project Management	24	85	24					133
Total Hours	42	347	386	126	128	382	412	1,823
Fully Loaded Rate	\$370	\$370	\$370	\$305	\$370	\$305	\$170	
Fully Loaded COST	\$15,540	\$128,390	\$142,820	\$38,430	\$47,360	\$116,510	\$70,040	\$559,090

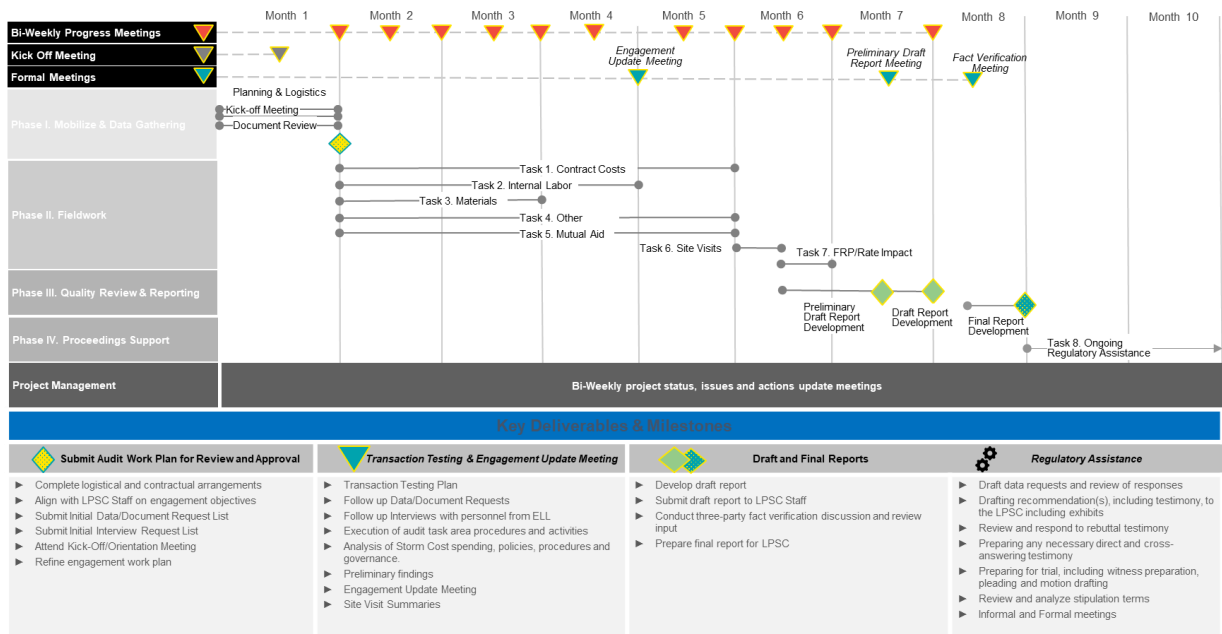
Invoices will include professional fees for hours worked to date and will not exceed the limits shown above without prior discussion with the LPSC Staff. Invoice backup will include:

- Hours worked and professional fees for each consultant by audit scope area as set forth in our proposal
- Total amount invoiced to date and the authorized original estimate
- All invoices will to be sent to the LPSC Staff for approval

ENGAGEMENT BUDGET & SCHEDULE

Continued

The graphic below shows the proposed schedule for completing the engagement.



A final schedule will be developed in consultation with the LPSC Staff based upon an approximate 10-month period of representation as noted in the RFP.

REFERENCES

EXCELLENT



REFERENCES



Kathleen Mitterway
Formerly, Senior Advisor for Audit
Currently, Forensic Accountant at the US Department of Justice
+1 516.695.4506
kmitty@verizon.net

J. Van Reen, C. Smith
Review of time reporting system including storm related time charges and accounting treatment



Gary Ahern
PSEG-Long Island
+1 516.428.6691
Director of Finance (retired)
C. Smith, J. Van Reen
Storm Cost Audits



Joe Mulpas
Chief Accounting Officer (retired)
+1 614.296.2129
J. Van Reen

Review of Incurred Costs due to an Industrial Emergency Event



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Department of Public Service
+1 518.486.2847
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Management Audit



Christopher Paglia
Vice President, Safety, Health and Environmental Sustainability
+1 617.913.9095
C. Smith, J. Van Reen, M. Ballaban
Storm Cost Audits



Michael Unland
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Southern California Edison
+1 626.919.0039
D. Bennett, C. Smith, D. Francis
Multiple Affiliate Relationship Audits

CONFLICT OF INTEREST

A Firm that is free of conflicts with an objective and informed view



CONFLICT OF INTEREST STATEMENT

- NorthStar, nor any of its affiliates, or personnel have any potential conflicts of interest including employment with regulated utilities and/or their affiliates, consumer advocacy groups, or any other party that comes before the LPSC
- NorthStar consultants are not current or former employees of Entergy Louisiana, LLC
- NorthStar, nor any of its affiliates, or personnel are currently representing clients in matters before the LPSC
- NorthStar, nor any of its affiliates, or personnel have any financial interest in Entergy Louisiana, LLC and/or its affiliates or any organizations which may represent their work forces.
- Furthermore, NorthStar, nor any of its affiliates have any ongoing contracts or agreements with Entergy Louisiana, LLC and/or its affiliates or any organizations which may represent their work forces.

APPENDIX

Resumes



RESUMES

Douglas Bennett

Mr. Bennett, a NorthStar founder and Managing Director, has over 35 years of consulting experience to the public service and utilities industries. He has directed and performed management reviews for over 50 utility clients as well as directing audit assignments for over 20 regulatory agencies. He is an expert in operations improvement and corporate performance, particularly in areas such as production operations, work force management, materials management, purchasing, engineering and construction. In his 16 years as a Vice President and Director for a major management consulting firm, he had responsibility for the firm's operations and productivity improvement practice area. He has a BS in Industrial Engineering from California State Polytechnic University.

Selected Engagements

- Currently leading a management audit of CECONY and O&R for the NYDPS. Lead consultant in the areas of corporate governance, system planning, program/project management and work management.
- Directed fifteen Affiliate Transaction Audits of SCE, Southern California Gas, San Diego Gas & Electric and Pacific Gas & Electric Companies for the California Public Utilities Commission to determine compliance with the State's Affiliate Transaction Rules.
- Directed an audit of Public Service Electric & Gas's compliance with affiliate transaction standards. Assessed the extent of cross-subsidization of competitive services provided by the utility or its affiliates.
- Directed the management audit of the NY National Grid Gas Companies for the DPS. Lead consultant in the areas of corporate governance, system planning, program/project management and capital/O&M budgeting.
- Directed two management audits of the Long Island Power Authority for the DPS. Lead consultant in the areas of executive management, organization structure, system planning, program/project management, capital/O&M budgeting and debt management.
- Directed the management audit of New Jersey Natural Gas for the NJBPU. Lead consultant in the areas of affiliate transactions, organization structure, pipeline operations and maintenance, corporate governance and project management.
- Directed a project for SCE to develop strategies to reduce regulatory risks for its construction program. Surveyed large utility construction projects and performed benchmarking analyses to highlight regulatory risk potential.
- Directed numerous studies of engineering and construction management functions for the following clients:
 - Arizona Public Service Company
 - Consolidated Edison Company
 - El Paso Electric
 - Los Angeles Dept. of Water and Power
 - Nevada Power Company
 - New York Power Authority
 - Pacific Gas & Electric Company
 - Public Service Electric & Gas Company
 - Public Service Company of New Hampshire
 - Sierra Pacific Power Company
 - Southern California Edison Company
 - Utah Power and Light Company
- Conducted numerous reviews of materials management and logistics functions to improve organizational structure, re-engineer processes, upgrade technology and systems support, and control inventory. Clients include:
 - Arizona Public Service
 - Carolina Power & Light
 - Columbus Southern Ohio Electric
 - East Bay Municipal Utility District
 - Glendale Public Utilities
 - General Public Utilities Corporation
 - Jersey Central Power & Light
 - Pennsylvania Electric Company
 - Metropolitan Edison Company
 - Los Angeles Dept. of Water & Power
 - Nevada Power Company
 - New Jersey Natural Gas Company
 - Northern States Power Company
 - Oklahoma Gas & Electric Company
 - Public Service Company of New Mexico
 - Public Service Electric & Gas Company
 - San Diego Gas & Electric Company
 - Southern California Gas Company
- Provided expert testimony in California, Nevada and Utah

RESUMES

Continued

Christopher Smith

Mr. Smith has over 20 years of management consulting experience. His experience is concentrated in overall business transformation; regulatory strategy and cost recovery; regulatory compliance and affiliate relationships; capital project planning and delivery; and performance and organization improvement. Mr. Smith has provided these services for clients in electric and gas utility, telecommunications, and transportation industries.

Mr. Smith spent over seven years with Ernst & Young, LLP in their Advisory and Forensic & Integrity Services (FIS) practices. In 2012, Mr. Smith led the first storm cost review engagement for the firm reviewing \$400 million costs. In addition to client delivery responsibilities, he was the Power & Utility Sector leader for FIS in the Northeast. Prior to EY, he was a Director in the regulatory group of a multi-national, multi-jurisdictional utility where he led company initiatives in energy policy and regulatory strategy; federal and state regulatory compliance; state regulatory filings for asset management and capital infrastructure investments; and rate case planning, development, delivery, litigation, negotiation and implementation.

Selected Engagements

- Led a series of storm cost audits for a multi-jurisdictional utility. Managed a team of 30 resources to analyze, test and catalogue over \$400 million in costs segmented by storm, jurisdiction, major cost category, and month and year for each impacted operating subsidiary. Purpose of this audit was to identify costs not associated with storm response planning and recovery activities.
- Led a storm cost review of 12 storms including Super Storm Sandy. Managed teams of 60 resources in the US and India to analyze, test and catalogue over \$100 million in storm costs.
- Completed over eight affiliate relationship audits of investor-owned utilities. The focus of these audits was to provide an opinion on each utility's compliance with the state's Affiliate Transaction Rules.
- Assisted a project team completing a study for a multi-jurisdictional utility to review and verify the electric distribution assets and reserves included in the Company's rate base. The examination of FERC accounts includes plant-in service, construction work in progress, and depreciation and deferred tax reserves.
- Directed an engagement on behalf of an investor-owned utility the development of a regulatory strategy to provide new products/services to C&I customers across their multi-jurisdictional footprint with a focus on affiliate transaction rules that support crafting of a code of conduct, cost allocation manual and affiliate service agreements.
- Led a capital expense policy review for a large multi-state gas utility. Reviewed company policies, systems and processes for CAPEX decisions. Benchmarked client capital policies against peer group.
- Led a process improvement project for a large electric utility's FERC jurisdictional formula rate model used to develop the transmission service charge to wholesale customers. The review addressed all procedures and controls, calculations, and inputs to the process.
- Assisted a utility in the identification of leading practices in management labor charging for capital projects, resource planning, work management and overtime. Assisted in development and distribution of the survey as well as presenting results to senior leadership. Information was used to prepare implementation plans in response to a comprehensive audit of the utility's operations.

Publications and Presentations

- The Storm After the Storm: Utility Cost Recovery, PowerGrid International, May 2014, Co-Author
- Canadian Atlantic Utilities Conference, October 2015, Topic: US Performance Based Ratemaking
- NARUC Finance and Accounting Conference, Spring 2018 Topic: Effective Testimony
- Cloud Computing Offers Benefits and Challenges to Power & Utility Companies, March 2017, Co-Author
- Contributor to "Atlas of the State of Kuwait from Satellite Images," ed. F. El-Baz and M. Al-Sarawi

RESUMES

Continued

Jake Van Reen

Mr. Van Reen is a forensic accountant focused on the Power & Utilities industry. For over 10 years Mr. Van Reen was with EY's FIS practice. He has assisted numerous utilities and commissions in disputes, litigations, rate case proceedings, regulatory investigations or inquiries, whistleblower investigations, program cost recovery proceedings, and fraud investigations. Mr. Van Reen has led projects related to a wide variety of subjects, including: damage claims, overhead costs, asset abandonments, cash working capital, rate base examination, rate case preparation, allocation studies, internal investigations, and compliance assessments. His projects have a proven track record of satisfying clients, commissioners, and counsel.

Prior to EY, Mr. Van Reen was an auditor at PriceWaterhouseCoopers. He is a Certified Public Accountant (CPA) and holds an active license in the state of Rhode Island. Mr. Van Reen has a BS in Finance and Accounting from the University of Rhode Island. He graduated summa cum laude.

Selected Engagements

- Performed a forensic analysis of costs included in a natural disaster deferral account for wildfires, including identifying service restoration activities recorded in the deferral. Performed analytics across all cost categories (i.e. vendor costs, external labor, internal labor, employee expense, journal entries, etc.). Identified and collected supporting documentation to evidence the nature, timing, and extent of storm restoration activities. Evaluated allowable costs within the relevant deferral accounts based on applicable commission orders.
- Provided forensic accounting services to a multi-jurisdictional utility following a natural gas explosion. Processes included evaluating service restoration costs following the incident. Performed a forensic analysis to identify these costs, search for similar costs throughout the population, and trace costs through the accounting records to understand final regulatory accounting treatment.
- Performed a forensic analysis designed to understand and evaluate the overhead costs allocated to a municipal utility. These overhead costs were allocated from the service company of a third party grid operator who operates the grid on behalf of the municipal utility. This work included analyzing allocated costs related to storm restoration activities.
- Performed a verification of the accuracy of the annual returns for a large public utility. Compared supporting schedules contained within the annual returns to the balance sheet, income statement and company-prepared schedules. Recalculated the common equity ratio in accordance with guidance from the state regulatory commission.
- A multi-jurisdictional utility was cited by the state PUC for: (1) including non-recoverable costs in rate filings and (2) allocating recoverable company costs to the wrong jurisdictions in rate filings. In response, assessed company costs and customer rates to validate the accuracy of the client's cost allocation methodology. Verified costs and rates were accurate and appropriate for rate filing or identified proposed adjustment. Provided an expert report, expert testimony and responses to PUC interrogatories.
- Performed an examination and verification of the assets contained in the distribution rate base. Verified the accuracy of the Company-provided utility plant-in-service listing by comparing the assets listed in the PowerPlan system to those listed in the Geographic Information System and Meter Management System. Verified the Company's gains and losses from property sales, recalculated the annual amortization and unamortized goodwill balances, and compared accumulated deferred income taxes (ADIT) to supporting documentation. Upon completion, the Massachusetts Department of Public Utilities stated:

“Based on the foregoing, the Department finds that [the team] conducted a systematic review of the assets in ... test year end distribution rate base ... the Department concludes that [the] verification of the assets in ... distribution rate base complies with the requirements set forth.”

Conference Presentations

- Edison Electric Institute (EEI) Plant Accounting Committee, November 16, 2015 Topic: Reconciling Mass Property Records
- National Association of Regulatory Utility Commissioners (NARUC) Finance and Accounting Conference, Spring 2021 Topic: Winter Storm Uri
- NARUC Finance and Accounting Conference, Fall 2021, Topic: Pathways to Net Zero

RESUMES

Continued

Dawn Francis

Ms. Francis has over 30 years of professional experience in the utility industry as both a consultant and utility professional. She has extensive expertise in the areas of load forecasting, project management, system planning, and affiliate relations. Ms. Francis recently managed the affiliate audits of the Sempra Energy utilities, and review affiliate transactions as part of the audits of Nova Scotia Power, Inc., PG&E and New Jersey Natural Gas. She has conducted or served as project manager on numerous other affiliate audits.

Prior to joining NorthStar, Ms. Francis had over ten years of direct experience in utility resource and financial planning having served as the electric rates manager for LADWP. Ms. Francis actively participated in the utility's rate designs, marginal cost studies, load research program, and incremental cost causation models.

Ms. Francis holds a BS in Electric Power Engineering from Rensselaer Polytechnic Institute and is a Registered Professional Engineer in the State of California.

Selected Engagements

- Led the affiliate transactions audits of Southern California Gas and San Diego Gas & Electric. In addition to leading the audits of these utilities, served as lead consultant for the affiliate audit of Pacific Gas and Electric.
- Consultant for program/project planning on multiple management audits of LIPA, National Grid Gas, NMPC and Central Hudson for the New York PSC.
- Consultant for the review of load forecasting on the management audits of National Grid Gas, LIPA (two audits), Central Hudson and NMPC for the New York PSC. Assisted in the review of system planning.
- Reviewed service company costs allocated to Illinois American Water as part of an engagement for the Illinois Commerce Commission.
- Lead consultant for affiliate interests on the management audit of Southern Connecticut Gas for the Connecticut DPUC.
- Lead consultant on an audit of Public Service Electric & Gas's compliance with affiliate transaction standards. The audit also assessed the extent of any cross-subsidization of competitive services provided by the utility or its affiliates.
- Directed a management audit of the Lower Colorado River Authority (LCRA) and its Transmission Services Corporation. The purpose of this audit was to determine the necessity of reasonableness of costs recovered through LCRA's FERC transmission rates. The study focused on the effectiveness of the administration of capital transmission expansion projects, the appropriateness of direct charges, and the reasonableness of overhead cost allocations.

Other Experience

- Manager of Electric Rates. Responsible for the development and maintenance of the City's Electric Rate Ordinance for LADWP. Responsible for the development of rate classes, marginal cost of service studies, embedded cost of service studies, system and class load shapes, and rate design. Administered the system load research program.
- Supervisor of Retail Customer Contracts. Responsible for the development of long-term customer performance contracts for LADWP. The purpose of these contracts was to encourage customers to alter usage patterns, interrupt load and/or defer uneconomic bypass of the system.
- Assistant supervisor of Strategic and Business Planning. Responsible for the development of customer marginal

RESUMES

Continued

Michael Ballaban

Mr. Ballaban has wide-ranging experience serving electric and gas industry stakeholders performing financial advisory, pricing, state/FERC cost-of-service, cost allocation, competitive market development, resource procurement and financial forecasting services.

He has worked for two of the largest investor-owned utilities in New England — New England Electric System (National Grid USA) and Boston Edison (Eversource Energy) — and has served electric, gas and water investor-owned and municipal clients throughout the United States and Canada and outside North America.

In the United States, Michael has worked at both the state and federal levels. He has testified at the Federal Energy Regulatory Commission (FERC) and the Rhode Island Public Utilities Commission (the “RIPUC”). He has also participated in the restructuring of retail electric markets in the Northeast.

Mr. Ballaban has extensive experience assisting utilities with all phases of rate filings before state commissions and at FERC, including preparation, discovery, litigation, settlement and implementation. Mr. Ballaban has a BS from Indiana University in Transportation and Public Utilities with a concentration in Accounting and an MBA from Babson College.

Selected Engagements

- Participated in a review of deferred storm costs in excess of \$400 million for a major multi-state Northeast utility to confirm charges as captured in the Company’s financial systems by regulatory jurisdiction were reasonable and appropriate to include in cost recovery submissions to state regulatory agencies. The Company filed to seek recovery of all eligible reviewed costs at the conclusion of the engagement.
- Participated in an assessment of a financial model for a private equity client intended as support when they sought financing in the market for a major FERC regulated transmission investment. The model estimated the income and cash flow that the investment was forecasted to generate over its useful life based on FERC Section 205 revenue requirement methodology.
- Subject matter resource to a team performing a review of a large electric utility’s FERC jurisdictional formula rate model used to develop the transmission service charge to wholesale customers. The review addressed all procedures and controls, calculations, and inputs to the process.
- Managed project teams that prepared the revenue requirements, allocated cost-of-service and rate design, and coordinated the post-filing discovery activities for five rate cases across multiple jurisdictions for a western gas utility.
- Managed a project team assisting the New York Power Authority with the assessment and redesign of the government customer segment electric rate structure and pricing. The customer segment comprised more than 100 entities and generated \$1.3 billion in revenue to the authority. The project scope included the analysis and redesign of the utility’s production and delivery rates so that the rates charged to the customers are aligned with costs, all on a basis that is revenue neutral to utility. The project was undertaken with customers in a collaborative outreach and feedback process to achieve agreement on recommended rate redesign solutions.
- Performed a review of the revenue requirement to support a rate case filing for an electric utility with revenues in excess of \$3 billion. Reviewed each of the expense and capital components of the study to confirm that results are reasonable, underlying assumptions are verifiable and defensible, appropriate levels of documentation are established and elements are appropriately linked to the files reporting summary results.
- Testified before the RIPUC on behalf of the Division in regards to the reasonableness of revenue requirements in Narragansett Electric’s distribution rate case.

Other Experience

- Held various positions in pricing, financial planning, revenue requirements, and business strategy at New England Electric System and Boston Edison Company. Experience highlights include developing financial plans for company subsidiaries generating \$1.6 billion in revenues, preparing and testifying to financial projections supporting proposed combined generation and transmission FERC rate requests during the period 1992 through 1994, participating in customer negotiations that resulted in the retention of \$30 million in at risk revenue, and leading the development of performance-based rate initiatives.

RESUMES

Continued

Deborah Schmelzer

Mrs. Schmelzer is an accomplished leader in regulatory utility accounting and finance have held various finance and accounting roles at NiSource Inc. Mrs. Schmelzer has extensive experience in managing accounting and finance tasks at various levels of complexity. Proven ability to provide technical accounting advice in an accurate, timely and understandable manner. Expertise in leading and coordinating projects and teams, as well as driving continuous improvement. Key areas of expertise include: financial accounting, financial analysis, financial reporting, accounting controls, and process improvement.

Prior to NiSource, Mrs. Schmelzer held positions at Horizon Telecom and Arthur Anderson LLP. She is a Certified Public Accountant (CPA) and holds an active license in the state of Ohio. Mrs. Schmelzer has a BS in Accounting from the University of Ohio.

Selected Experience

Director of External Reporting, Accounting Research and SOX Compliance at NiSource

Directed the consolidation of financial results and the accurate and timely compilation of SEC filings and other external financial reports. Directed the research of complex accounting and business transactions and provided accounting guidance to business leaders. Oversaw the SOX compliance process to assess operating effectiveness of internal controls.

- Maintained accurate and timely filing of SEC reports during the remote work environment created by COVID-19.
- Assessed and designed SOX controls to mitigated risks created by COVID-19.
- Collaborated and consulted in the analysis of business opportunities resulting in critical business decisions.
- Oversaw and promoted a culture of developing and empowering employees through continuous improvement initiatives and growth projects.
- Facilitated the preparation and presentation of financial materials to finance leadership and executive management.

Controller (Gas Segment) at NiSource

Led a team in effectively planning, organizing and directing financial statement preparation, reporting and cash management activities. Provided expert support for regulatory filings, testimony and regulatory initiatives.

- Directed the timely and accurate accounting for \$1.5 billion of costs incurred as a result of a natural gas incident, allowing for the collection of the maximum amount of third-party liability insurance coverage.
- Recommended and facilitated process improvements to ensure efficient and effective accounting processes and financial systems.
- Completed timely and accurate financial statements, management reporting and regulatory filing requirements.
- Partnered with corporate accounting and consolidation to facilitate timely and accurate consolidated results, management analysis and SEC reporting requirements.
- Collaborated with multi-functional leaders to maximize value to internal and external stakeholders.

Corporate and Consolidation Manager at NiSource

Facilitated timely and accurate preparation and review of monthly consolidated balance sheet, income statement and cash flow statement. Maintained accurate and complete financials for corporate entities and oversight of underlying accounting assumptions.

Project Manager, NiSource Gas Distribution Accounting

Provided analysis to controller and management of the Gas Distribution Segment regarding a variety of accounting, business and regulatory initiatives. Led teams of multi-functional financial professionals on non-recurring financial and business projects.

Lead Financial Analyst, NiSource Gas Distribution Accounting

Provided expert technical accounting guidance to accounting teams. Supported accounting and regulatory teams in the compilation of historical and pro-forma data for regulatory filings. Prepared accurate and timely state regulatory reports.

RESUMES

Continued

Maria Nischwitz

Ms. Nischwitz is an experienced government accountant with seven years of progressive responsibilities. The skills and knowledge Ms. Nischwitz has accumulated during her time working as an accountant and budget analyst for the federal government will be directly applicable to the objectives of this engagement. Specifically, Ms. Nischwitz has a depth of experience evaluating appropriated funds, cost allowability, and rate impacts. She understands the importance of regulatory oversight and her experience provides a broader perspective from outside the utility industry. Ms. Nischwitz's will be a valuable resource to the engagement having shared similar oversight responsibilities in past roles. Ms. Nischwitz has a BS in Accounting, Operations Management, and International Studies from the Indiana University

Selected Experience

System Accountant, Directorate of Resource Management, GS-12

Served as a system accountant supporting Fort Lee funded activities. Provided technical advice and training to budget analysts covering proper use of appropriated funds, abnormal accounting conditions, and systemic interfaces, as needed. Monitored daily transactions to ensure correct interface and accuracy. Shared the capabilities of accounting systems and Microsoft Office to budget analysts to demonstrate how they can simplify their daily tasks. Determined the root cause of reoccurring problems and recommended solutions to budget analysts and accounting staff to prevent further problems,

Accountant, Directorate of Resource Management, GS-12

Served as the primary accountant responsible for providing comprehensive accounting support to USAG Fort Lewis Resource Management Office. Reviewed and integrated IMCOM policy, directives and financial regulations into installation policy, pamphlets and standard operating procedures. Prepared recurring execution, de-obligation and interest trend reports. Provided training in accounting processes, financial systems and implications of policy changes to budget analysts.

Budget Analyst, Directorate of Resource Management, GS-9

Duties: Managed the Directorate of Emergency Services, Battle Command Training Center, and Training Support Center budgets ensuring that all financial planning, programming, budgeting, and execution actions were performed correctly. Routinely provided program analysis to the Budget Officer and Directors of each organization. Managed both direct and reimbursable sources of funds. Kept the Directors informed of all issues, problems and their financial status throughout execution year as funding constrictions arose. Responded to frequent data calls and submitted responses within suspense date.

Accountant, Defense Finance and Accounting Service GS-11

Progressive three-year developmental program consisting of rotational assignments and training classes designed to develop competencies in Federal Government financial management principles, understanding of audit processes and formal reviews, accounting systems/procedures, DFAS corporate culture, and leadership. Rotational positions included Accounting Operations, Internal Review and DFAS Director's office. While in Director's office, responsible for monthly performance analysis of DFAS-IN Center and eight Field Sites. Analyzed and evaluated metric trends to ensure organizations did not exceed Director-mandated targets, yet still met mission requirements. Regularly communicated with the DFAS Headquarters and DFAS-IN Field Sites regarding budget justification and execution issues.

While in Internal Review rotation worked on cohesive and efficient Audit Team performing a CAPS-W (Computerized Accounts Payable System-Windows) Duplicate Payment Root Cause Analysis. Scope of audit included system access, certification, and document control. Developed process maps showing optimum processes and individual site weaknesses based upon interviews, data sampling, observations and SOPs. Prepared a complex analysis to determine duplicate payment trends, which was included in the final audit report.



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