

Robert E. Young

Co-Founder and Managing Director

Mr. Young is a nationally recognized expert in all phases of rate design, strategic planning, regulatory analysis, and economic and financial analysis for electric utilities. He brings over 30 years of experience in the electric/gas utility sector. Mr. Young has also provided expert witness testimony on tariffs, cost allocation and rate design before the Oregon Public Utilities Commission, the Washington Utilities and Transportation Commission, and the U.S. Department of Commerce. He has conducted rate and cost of service studies, business strategy and financial strategy consulting to major utilities such as U.S. Generating Company, PacifiCorp, and Bonneville Power Administration. In addition, he has assisted large high-tech manufacturing firms in the negotiation of open access electric power sales agreements, and advised a large independent power producer on electric power pricing issues for a proposed new aluminum smelter.

Mr. Young has taught a variety of classes on engineering economics, regulatory economics and accounting, cost allocation, and rate design. He is an active participant in the Western Energy Institute. Mr. Young received a B.S. and a M.S. in Economics from Southern Illinois University.

His experience and selected engagements are summarized as follows:

- Served as economic and rate consultant to Commonwealth Utilities Corporation since 2005. Prepared comprehensive electric, water and wastewater rate study in 2005; updated in 2009. Prepared multiple rate increase applications and presented before the Commonwealth Public Utilities Commission; resulted in millions of dollars in additional revenue for the Utility. Prepared and reviewed Levelized Energy Adjustment Clause (“LEAC”), which enabled CUC to avert bankruptcy by passing through increasing fuel costs to ratepayers. Evaluated CUC’s long term load forecasts, resource needs and alternative energy sources.
- Conducted several economic evaluations on behalf of the government of the Commonwealth of the Northern Mariana Islands. Prepared a five year projection of Verizon/MTC’s revenues and expenses after the sale of the company to a Pacific telecom. This was done to analyze whether the sale was in the best interests of the ratepayers. Prepared a comprehensive economic impact study assessing the effect of losing Japan Air Lines flights from Tokyo to Saipan. The study assessed the impact in terms of lost GNP, lost jobs and lost wages.
- Prepared numerous engagements for Guam Power Authority over the last decade. This included the development of electric rates and cost of service by customer class, rate case management and testimony assistance, rate design and development, financial planning and budgeting, and information technology strategy planning.
- Provided acquisition integration assistance to the President of US Generating Co. for the transformation of the Boston, MA. office of the former J. Makowski & Associates into US Generating’s first major regional office. Defined overall organizational structure for regional office, integrated and refined strategic direction and intent of consolidated organization, communicated results to Boston office staff.
- Successfully represented Norsk Hydro Canada, Inc., (NHCI) owner of the largest magnesium plant in North America, in defense of a counter-vailing duty petition filed by a U.S. Magnesium producer. The petition argued that the variable rate power contract between NHCI and Hydro Quebec constituted a government subsidy. Prepared a report and briefed U.S. Commerce Department staff on utility rate design and cost allocation for large industrial customers and on the world-wide development and use of variable rate power contracts for large, nonferrous metal smelters. Presented Oral Argument before the Commerce Department during the hearings phase of this dispute.

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- Successfully represented Portland General Electric and the Washington Public Power Supply System and Public Service of Colorado in the first regulatory proceeding to establish rates for disposal of Low Level Radioactive Waste. Presented testimony and exhibits on rate design and monopoly issues before the Washington Utilities and Transportation Commission (WUTC). Performed extensive econometric analysis rebutting testimony of intervener witness. Mr. Young's rate design proposal was adopted by WUTC in their final order. Provided additional support in appeal of WUTC decision by US Ecology to the District Court of Thurston County.
- Performed comprehensive review of Bonneville Power Administration's (BPA) transmission rate schedules, transmission rate policies and transmission contract provisions for a large Canadian pulp and paper producer. Assisted BPA in preparation of its Business Plan Environmental Impact Statement (BPEIS). Faced with continuous changes in the electric utility industry, BPA engaged in an intensive and thorough review of its business strategy. The result was BPA's Business Plan and the associated BPEIS, which were published in 1995. The BPEIS was used as the basis for several BPA Record of Decisions including new transmission agreements for BPA's large industrial customers (DSIs). These new contracts were challenged at the 9th Circuit Court of Appeals by a group of BPA customers and others. The 9th Circuit affirmed BPA's right to offer new transmission agreements and the validity of the BPEIS.
- Managed consulting team of over 15 financial analysts, auditors and economists to assist Bonneville Power Administration (BPA) in administering the Average System Cost rate equalization program. This program distributes over \$150 million annually to Northwest utilities for equalizing residential electric rates. Identified regulatory and financial issues relating to participating public and private utilities, analyzed economic, legal, and political factors. Incorporated customer and party concerns in successfully resolving complex issues facing the program. Reviewed and analyzed over 75 cost allocation and rate design studies for compliance with Average System Cost Methodology procedures.
- Managed the development of the Financial Strategy for Bonneville Power Administration. This strategy was used as the basis for the development of BPA's long term financial plan, resulting in positive Net Revenues (retained earnings) for the first time in over 10 years.
- Directed an analysis to determine the price for sale of long-term transmission rights for BPA. Identified highest value transactions over the line, determined net benefits, evaluated private opportunity costs, considered market constraints on pricing, assessed regulatory and technological risks, developed positions on financing and contractual issues.
- Prepared an economic and financial analysis of a proposed long-term sale of power to a large investor-owned utility for BPA. Participated in negotiations between BPA and the utility.
- Reviewed and analyzed PacifiCorp's acquisition of generating resources from Tri-State Electric Coop and power exchanges between PacifiCorp and Arizona Public Service for Bonneville Power Administration. Briefed BPA senior management on competitive implications.

Other Projects

- Assisted an Independent Power Producer in preparation of responses to utility resource RFPs. Reviewed and analyzed responses public utility resources RFPs. Assisted in development and sale of a proposed wood-fuel resource in British Columbia.
- Assisted PacifiCorp in the development of their least-cost plan, Resource and Market Planning Program-3.
- Represented the Port of Morrow, an Oregon port district in economic, financial and regulatory matters for the construction of two 220 MW cogeneration units.

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- Represented Komatsu Silicon America in the PGE/Enron merger hearing and in the PGE Customer Choice Pilot Program hearings.
- Negotiated open market electric power sales contracts for Komatsu Silicon America, Integrated Device Technology, Inc. and NEC America.
- Assisted the City of Portland in determining the affects of utility deregulation on franchise fee revenues. Developed an alternative collection methodology and negotiated with key constituents to develop legislation for the 1997 Oregon Legislative session.
- Assisted a large utility with the implementation of an activity-based costing methodology.
- Reviewed cable TV rate filings for a variety of cities across the US.
- Analyzed rate design, cost allocation and rate of return for compliance with FCC regulations.
- Chairman of the 1997 Accounting and Finance, the 1995 Transmission and the 1994 Non-Utility Generation conference program committee for Western Electric Power Institute, an electric utility trade association.
- Managed a study comparing costs of transmission operations and maintenance activities at five large North American utilities. Conducted on-site visits, developed engineering and accounting information on a consistent basis across utilities, analyzed system characteristics, compared key practices and performance measures. The project involved the detailed analysis of costs and cost allocations in order to restructure each utility's costs on a comparable basis.
- Managed a study assessing current financial condition and future financing requirements of over sixty public utility customers of BPA. Analyzed capital structure, projected capital expenditures and operating expenses determined revenues needed to meet coverage requirements calculated financial ratios. This analysis was also used to assess the ability of these utilities to absorb proposed BPA rate increases. Assisted the BPA staff in analyzing the political and policy implications of these studies.
- Developed and presented the following training classes: Principles of Utility Accounting, Economics and Rate Design; Accounting and Finance for Non-Financial Managers; and, Cost of Service Study Design and Development. These classes have been taught several times to utilities throughout the Pacific Northwest. Total in-class hours exceed 400.

Complex Litigation Support

- Managed appeals of rate proceedings before the Federal Energy Regulatory Commission (FERC) and the 9th Circuit Court of Appeals for Bonneville Power Administration. Managed consulting and technical staff in discovery, testimony analysis, and testimony preparation and settlement negotiations.
- Directed a consulting team in the analysis and position development in Pacific Power & Light/Utah Power & Light merger proceedings before state PUCs and FERC for BPA. Determined operational and financial effects of PPL/UPL merger, reviewed filed information, and drafted testimony. Assessed competitive implications.
- Managed a project for the U.S. Department of Justice to evaluate a potential damage liability scenario prepared by Washington Public Power System stemming from bondholder litigation to reallocate plant construction costs. A subsequent project included a review of the construction contracting process and contract accounting process. A comprehensive workplan was developed to determine the method of incremental costing risk and potential exposure.

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Private Sector Experience

Director of Rates and Technical Issues, Direct Service Industries, Inc. Jan 1983 - Dec 1986

- Responsible for the coordination of policy analysis on all energy issues affecting member companies of Direct Service Industries, Inc., a trade association consisting of 11 members with 15 energy intensive plants whose annual electric energy cost exceeds \$700 million per year at full production. Directed the technical effort which resulted in successful implementation of a variable electric power rate for Northwest aluminum smelters and testified as an expert witness in this proceeding. Provided litigation support on over twenty lawsuits involving implementation of the Pacific Northwest Electric Power Planning and Conservation Act, BPA rate decisions and Average System Cost Decisions. Advised and assisted BPA staff in the development of the Least Cost Mix model (LCMM). This model was used to forecast BPA's resource needs for a twenty-year time horizon.

- Supervised preparation of several special studies on the economic effects and competitive position of the Northwest aluminum industry. Directed the technical effort on the development of an Industrial Conservation Program for Northwest aluminum smelters. This program has distributed over \$60 million for smelter conservation/modernization programs. Prepared testimony and exhibits on rate design, cost allocation, revenue requirements and other issues on behalf of Direct Service Industries, Inc. Participated in the development of a detailed production costing model of the Pacific Northwest aluminum industry. The model forecasts aluminum industry electricity loads and revenues.

Rate Analyst, Portland General Electric Company Aug 1979 - Dec 1982

- Developed 20 year generation-expansion model to determine the need for future generating resources. Linear Programming techniques were used to develop the least-cost supply of resources and the marginal cost of capacity and energy for use in PGE's marginal cost analysis. Presented papers on this topic to academic and professional associations. Member of the Northwest Power Planning Council's Resource Planning Advisory Committee. Advised Council staff on selection of consultant to design and develop and implement least-cost planning model. Designed electric rates and prepared cost-of-service studies.

- Developed avoided cost studies and analyzed potential cogeneration projects. Prepared testimony and exhibits on the above issues before the Oregon Public Utility Commissioner.

Rate Analyst, Kansas City Power And Light Company July 1976 - July 1979

- Prepared cost-of-service and rate design studies for use in regulatory proceedings before two state commissions and the Federal Power Commission. Developed econometric and end use forecasting model for residential customers.

PROFESSIONAL ASSOCIATION

- Western Energy Institute, Board of Directors 2003 - 2006
- American Nuclear Society

CIVIC ACTIVITIES

- Ainsworth Public School Foundation, Board of Directors 2002 - 2005
- Oregon Ballet Theatre, Board of Directors 1989 - 2002
- Pacific Ballet Theatre, Board of Directors 1984-1988