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AZ CORP COMMISSION  
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May 10, 2002

Mr. William A. Mundell, Chairman  
Mr. Jim Irvin, Commissioner  
Mr. Marc Spirzer, Commissioner

Arizona Corporation Commission  
**DOCKETED**

MAY 10 2002

General Docket	DOCKET NO. T-00000A-02-0051
APS Docket	DOCKET NO. E-01345A-01-0822
Generic Docket	DOCKET NO. E-00000A-01- <del>0632</del> 0630
TEP Docket	DOCKET NO. E-01933A-02-0069
TEP Docket	DOCKET NO. E-01933A-98-0471

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Dear Commissioners:

Please accept this letter as our qualifications to serve the Arizona Corporation Commission ("Commission") monitoring the up-coming Arizona Public Service Company ("APS") competitive energy procurement to serve a portion of its native load customers. Ernst & Young ("E&Y") Energy Advisory Services is headquartered in Phoenix, AZ and we trust that these qualifications will assist you in understanding how E&Y can help administer a procurement bid process that is transparent, fair, and effective.

**General Description E&Y's Qualifications**

As one of the top advisory firms in the United States, E&Y has an extensive client base nationwide. We focus on providing advisory services to major corporations and institutions including many of the Fortune 500 companies. In addition to these traditional audit and tax services, E&Y has a specialty practice dedicated solely to energy.

**Independent** - The hallmark of E&Y is our ability to provide critical expertise in an independent and objective manner. E&Y has been careful not to enter into partnering agreements with utilities or energy service companies that would compromise our objectivity or bring about any conflict of interest. We do not represent energy firms or equipment suppliers and work exclusively for the interest of our client.

**Experienced** - E&Y has a group of energy professionals that are qualified to meet the needs of the Commission, APS, and participating energy suppliers. E&Y has extensive experience in conducting energy procurement processes throughout the United States for a wide variety of clients.

**Core Business is Energy Advisory** - E&Y Energy Advisory Services consists of energy professionals that are qualified in all areas of utility deregulation and electricity procurement. They have significant experience working for and with electric utilities and competitive energy suppliers and understand both the utility and supplier's perspective to the procurement process.

**Scope of Work**

We believe that this procurement process will include (among others) the following requirements. E&Y is prepared to provide some or all of these services on behalf of the Commission for the participating parties:

1. Develop a detailed procurement implementation plan in concert with the Commission, APS, and participating energy suppliers,
2. Implement an RFP process which will:
  - a) Clearly describe the bid specifications and supplier submittal process;
  - b) Answer questions and inquires from energy suppliers and other interested parties;
  - c) Receive and evaluate the proposals of energy suppliers;
  - d) Produce a report describing the competitive procurement process and its results;
  - e) Monitor and coordinate contract execution between APS and the selected supplier(s);
- 3) Conduct on-going contract review, results evaluation, and assist with dispute resolutions as requested.

We believe that the E&Y team's proven experience in the areas of energy procurement and management best practices and our total quality commitment will help produce a result from this procurement process that all parties can be proud of. On behalf of the E&Y team, we appreciate the opportunity to submit our qualifications and look forward to working with Commission Staff on this important program. A summary of selected team member experience is attached to this letter for your review. If you have any questions or require further information, please call Camille Patterson 602-322-3096 or Carl Marano at 602-322-3626.

Sincerely,



Carl A. Marano, P.E.  
National Director of  
Energy Advisory Services

c: To Attached Distribution List of  
Parties to the Procedural Order

**ATTACHMENT #1**  
**Energy Advisory Team Leaders**

**Carl A. Marano, P.E., C.E.M.**

*National Director of Energy Advisory Services*

- Mr. Marano is the National Director of E&Y's Energy Advisory Services Practice. He is a registered professional engineer and certified energy manager with over twenty-five years of utility and energy industry experience, specializing in power plant engineering, design and operations.
- Experienced in contract negotiations for energy supply and infrastructure outsourcing, equipment procurement, and industrial and commercial plant construction.
- Expertise in engineering design, the evaluation and construction of plant systems, project management, financial analysis of capital projects, cost control and budgeting.
- Experienced in the evaluation of power plant maintenance and operations improvements including simple cycle and combined cycle combustion turbines; coal, gas and oil fired steam generators; and hydro-generation.
- Expertise in the development and implementation of comprehensive energy management programs for numerous clients both domestically and internationally.
- Member of the: American Society of Mechanical Engineers (ASME); American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE); Association of Energy Engineers (AEE); and American Indoor Air Quality Council (AIAQ).

**Daniel T. Hard**

*National Energy Procurement Manager*

Mr. Hard has more than 20 years experience in energy marketing and contract negotiations and heads E&Y's energy procurement operations.

- He directs the development and implementation of RFP projects, evaluation of vendor proposals and contract Terms and Conditions, the determination of the financial impact of pricing, and potential monetary and operational risks.
- He is very experienced in negotiating and implementing energy supply contracts and the on-going review and analysis of the effectiveness of the executed contract in achieving the anticipated benefits.
- Mr. Hard has performed opportunity assessments and competitive procurement in most currently deregulated states and has a number of similar engagements currently in progress. He has also conducted audits of utility billings in various states.
- In addition to procurement, he has evaluated a wide variety of Energy Services proposals and assisted clients negotiate, implement, and monitor energy services contracts.
- Dan has a Master of Science degree in Economics from Arizona State University and for more than 10 years was an adjunct faculty member at Scottsdale Community College.

**Katherine Hammack, C.E.M., CIAQP, CIAQT**

*Manager*

- Ms. Hammack is a Certified Energy Manager, Certified Indoor Air Quality Professional and Technician with twenty years of project management, indoor air quality and mechanical engineering experience.
- Expertise in negotiation of utility deregulation contracts and the evaluation of energy conservation projects including ventilation upgrades, air distribution, building pressurization, indoor-air quality and sustainable design and building operation.
- Experienced Project Manager, Project Engineer and Indoor Air Quality Manager.
- Founding member of the US Green Building Council and consultant to the White House on the Greening of the White House Project. Member and past president of the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), Phoenix Chapter; Association of Energy Engineers (AEE); American Indoor Air Quality Council

**David T. Drummond, CEM, CEPP**

*Manager*

- Mr. Drummond is a Mechanical Engineer with experience in evaluating a wide variety of demand-side energy services and assisting clients in negotiating contract terms. Mr. Drummond has more than 28 years experience in energy marketing and contract negotiations in the energy industry.
- He has experience developing new business for a leading international independent power producer and retail competitive energy supplier.
- He is very experienced in negotiating and implementing energy service contracts and is involved in the on-going review and analysis of the effectiveness of the executed contract against anticipated benefits.
- He is responsible for competitive energy procurement for clients in the western United States and has a daily working knowledge of the political and regulatory environment affecting those markets.
- Board member of the Distributed Energy Association of Arizona (DEAA) was an active member of the Interconnection Steering Committee for the State of Arizona.

**Dan Levin**

*Manager*

- Mr. Levin specializes in competitive supply side energy procurement.
- Supply side procurement includes developing retail energy procurement strategies, conducting comparative cost/savings analyses and budget projections, assessing governmental/utility economic incentive programs and energy conservation programs, and the negotiation of supply contracts.
- He has extensive knowledge of utility tariffs, bill analysis, and the processes required for attaining benefits from the deregulation of electrical and natural gas industries.
- Mr. Levin is an active member of the BOMA New York Energy Committee and is a member of the Steering Committee for The New York Energy Buyers Forum.

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