



F. Michael Valocchi

Vice-President/Partner

Global Energy and Utilities Leader

IBM Global Business Services

Michael is currently the Global Energy and Utilities Industry Leader for IBM Global Business Services. In that role, he is responsible for the development and execution of the industry strategy to delivery consulting services as well as the development and direction of the Industry thought leadership and solutions strategy. Prior to this position, Michael was a Business Strategy Partner with IBM Global Services and PricewaterhouseCoopers Consulting.

Michael has 25 years experience serving energy and utility clients, has proven leadership skills and expertise in financial, strategic, operational and regulatory issues, and has directed, managed and delivered solutions to complex business problems and issues. Michael is an accomplished business strategist with deep experience in leading complex client projects in the areas of financial, operational and regulatory strategy with specific expertise in smart grid strategy, policy and regulatory strategy and large scale technology implementation. He successfully delivered projects in the areas of mergers and acquisitions, trading and risk management, cost control, financial re-engineering, asset strategy, regulatory strategies and market entry studies. Michael has in-depth financial and accounting experience in areas of mergers and acquisitions, financial reporting, control structures, cost allocation and rate structures.

He is recognized for deep industry knowledge, being responsible for the development of industry point of views and various thought leadership pieces. He has been a thought leader in the area of consumer empowerment and business model transformation and has authored the following papers in the last 3 years: Switching Perspectives: Creating New Business Models for a Changing World of Energy, Lighting the Way: Understanding the Smart Energy Consumer, Plugging in the Consumer and a CEO Survey Perspective.

Earth2Tech ranked Michael on The Networked Grid 100 list, a compiling of the top 100 “Movers and Shakers” of the Smart Grid. Michael is a frequent speaker at industry events around the world and is regularly quoted in major publications, including The Wall Street Journal, NY Times, Fortune, USA Today, Public Utilities Fortnightly,

Electric Light & Power, LP, Platts and The Financial Times. He has also appeared in numerous television programs including CNBC and satellite media channels discussing Smarter Energy and Smarter Cities topics. Michael serves on The Energy and Utilities Project Executive Board for Kyoto Publishing and the Interconnectivity Committee and the Patrons Committee of the World Energy Council.

Michael holds a BS in Accounting from Saint Joseph's University in Philadelphia, PA and is a Certified Public Accountant. He is on the Board of Directors of the United Way of Southeastern Pennsylvania.

Appendix: Professional Experience

Strategy/Financial:

- Led a project to evaluate the strategic, operational and organizational aspects of a large generation and transmission organization. This project included a detailed assessment of processes and led to recommendations that would result in significant savings for the organization.
- Led project to develop executive scorecard and management reporting web portal for a diversified energy company. The key to this project was the development of the critical financial and non-financial measures and their linkage into the company's strategy.
- Led a project to assess the strategic impact of technology on the generation business of an electric utility. This project included assessing the current technology projects as it related to the company's strategy.
- Led a project to assist a major utility in the development of their strategy relative to e-Markets. This evaluation included the analysis of whether to develop a separate exchange, participate in an industry-wide exchange or become a non-equity subscriber. Financial modeling was also a key component of this engagement.
- Led a project to assist a key supplier in developing its e-Business and eMarket strategy. This project included the development of a marketing strategy, a web strategy and identification of cost reduction ideas.
- Assisted a large utility in developing their business unit budgeting process. This assessment included the process and technology aspects of the budgeting area.
- Participated in a project to assist a group of companies to launch an industry-wide exchange. Responsibilities included overall strategic advice, resolution of new company formation issues and development of recommendations related to financial structure.
- Assisted major utility in developing their strategy relative to its transmission assets. This included the financial, strategic and operational issues associated with these assets.
- Assisted several a major electric and gas utilities in developing enterprise-wide e-business strategies. Those projects included team facilitation, financial modeling, executive education, project management and strategy development.
- Led a project to evaluate and restructure the overall process for capital investments for a \$3 billion electric and gas utility. Project comprised of steps to analyze the existing domestic and international investment portfolio, perform a best practice study, and develop a gap analysis and design new investment process. A critical component of the project included conducting extensive senior management workshops to develop management consensus. This resulted in a complete change in the company's policies and procedures, including economic guidelines and approval processes.
- Led a project to assist a \$1 billion investor owned utility in developing transfer-pricing methodologies necessary to move to business unit financial reporting. Project team developed various options; analyzed various scenarios and

- conducted cross business unit workshops. This resulted in the selection of an overall methodology, which met the needs of all business units.
- Led a project to develop financial statements and performance measures for a \$1.5 billion investor owned utility that was moving to a business unit structure. This included developing standard reporting packages, designing business unit financial statements, recommending performance measures and conducting executive workshops. Various cost allocations issues were resolved among the various business units. This project resulted in development of a standard management-reporting package that was implemented by the company.
 - Led a project to assess the procurement and payable processes surrounding the implementation of a new information system. This resulted in the adoption of significant improvements in the overall processes.
 - Led a project to evaluate the overall control environment of a \$2 billion electric utility. The core of the project was extensive senior management interviews and control process assessments. This resulted in numerous changes to the policies and procedures of the company.
 - Led a project to analyze an investor owned utility's transfer pricing methodologies used in business unit reporting. This included verifying the various methodologies and providing recommendations on the appropriate measures. Provided advisory services in connection with client's debt and equity filings with the Securities and Exchange Commission.

Mergers and Acquisitions/Valuation:

- Led a project to evaluate the stakeholder impacts of a potential sale of a municipal owned utility. Project team modeled the financial impacts of the sale as well as the qualitative impacts of the transaction. A critical assessment of privatization and its impacts was performed. This project resulted in a position paper relative to the analysis used to oppose a contemplated sale of the system.
- Led a project to assist a \$2 billion utility's defense of a hostile takeover attempt. Project provided critique of financial and regulatory aspects of proposed transaction. Project team was responsible for drafting sections of public filings and briefings with the investment community.
- Led a project to assist an electric utility in their bid to acquire West Coast generation assets. Project team was responsible for financial and regulatory due diligence and market modeling. Valuation techniques employed resulted in significant additional deal value.
- Led a project to model the impacts of an investor-owned utility's proposed sale of its generation assets. This project included advising the executive in charge of the divestiture on various regulatory and strategic issues.
- Played a key role in a project to develop a comprehensive bid package for the acquisition of numerous New England generation assets. These projects modeled the Northeast market to determine the value for various generation assets. This modeling took into account factors such as transmission availability, environmental regulations, capacity issues, energy pricing and financial concerns.
- Led a project to evaluate potential savings resulting from the merger of two large investor owned utilities. Developed standard methodologies to evaluate the

synergies of utility mergers and acquisitions. This effort, resulting from actual field experience, focused on how benefits are derived from consolidation in governance, management and operational consolidation. This included modeling the operational impacts of the merger as well as evaluating the regulatory impacts of the combination.

- Led a due diligence effort relative to the acquisition of a large co-generation project. This included analyzing various regulatory, financial, accounting and tax impacts of the acquisition. The results of this effort were utilized as part of the purchase price and agreement negotiations. This included evaluating the various financial and regulatory impacts of the transaction, such as capital structure, earnings per share, stranded cost recovery and rate structure.
- Led an advisory engagement for a client involved in an acquisition of a gas marketing entity. This project included financial and operational due diligence, financial modeling and organizational design.
- Managed acquisition related services for a utility investment fund. Responsible for analyzing potential acquisition candidates and providing value added consulting for the overall investment strategy.

Regulatory

- Led a project to develop an assessment model utilized by an investor-owned utility to evaluate its competitive position relative to potential restructuring legislation. This effort included modeling the effects of various stranded cost recovery mechanisms as well as different rate scenarios. This project also provided various strategic advice related to the proposed restructuring legislation. This project included conceptualizing and modeling the effects of a restructured utility market.
- Led a project to independently develop a stranded cost estimate for an investor owned utility. This assessed the potential market for the company's generation assets. This project also included strategic advice relative to the company's stranded cost regulatory filing.
- Led a project to develop testimony in favor of privatization of a water and sewer utility. This project modeled the effects of the change in ownership structure. This testimony included detailed analysis of the authority's financial projections.
- Led a project to conduct a rate analysis of a municipal water authority. This entailed developing a rate model and developing a position paper relative to the current rate structure.
- Led a project to assess the role of a \$3 billion electric utility's trading operations relative to the overall corporate strategy, including an evaluation of the financial, regulatory and operational aspects of the trading function. Performed a risk assessment and developed an implementation plan. This project resulted in significant organizational changes.
- Evaluated the strategic options relative to a \$1 billion electric utility's power-marketing contract. Complex valuation and modeling efforts were utilized in this project. The results of this project became the fundamental basis for starting settlement negotiations for the contract.

- Led a project to assess the strategic implications of a power shortage for a large utility. This assignment included evaluation of the proposals for power. It also included an in-depth analysis of the optionality associated with these proposals.
- Developed policies and procedures for a gas marketing entity acquired by an electric and gas utility company. This included a comprehensive risk assessment of the entity's operations leading to significant procedural changes. Provided strategic advice to regulated entity proposing securitization as an avenue to finance stranded costs. Drove financial modeling efforts to analyze financial impacts of transaction.
- Led a project to develop testimony relative to the collection process of a large city owned water concern. This project included developing detailed financial models relative the various collection processes.
- Consulted to a number of utilities on alternatives to regulatory cost management, including standard costing and activity-based costing which would allow them to more effectively manage assets in a deregulated environment.