



# FTI Response to City of Chicago Franchise for Electricity Delivery RFI

May 28, 2021

# Table of Contents

Executive Summary	3
Overview of FTI	4
Suggested Actions for Consideration	13
Appendix	17
Qualifications and Select Relevant Experience	18
Select Biographies	25

# Executive Summary

## Our Understanding of the Situation

The City of Chicago (the “City”) is undertaking the admirable effort to evaluate whether to enter into a new franchise with its incumbent franchisee, Commonwealth Edison Company (“ComEd”), or to explore awarding a franchise to new franchisee(s). With a downtown office that currently has over 70 advisors, FTI has had a long-standing presence in the Chicago area and is supportive and appreciative of the City’s endeavors to carefully review its electricity franchise “to ensure Chicago is well-positioned to have reliable, equitable, affordable and sustainable electricity into the future.” Moreover, FTI is the leading financial, technical and strategic advisor in the Power & Utility industry and therefore is keenly aware of the opportunities this juncture poses to the City of Chicago.

FTI also has extensive on-point experience in providing advice to municipalities and governmental entities related to Power & Utilities matters. As discussed in more detail in this response, FTI is currently acting as financial, commercial and technical consultants to the Puerto Rico Public Private Partnership Authority, where we are leading multiple distinct solicitation processes. FTI also provided transactional, financial and regulatory advice for the considered privatization of Jacksonville Electric Authority (“JEA”), a large municipally owned electric and water utility located in Florida. Based on our significant relevant experience and expertise, and without expressing any opinion on whether or not ComEd should be replaced, should the City determine to move forward FTI appreciates the opportunity to offer some guidance on actions that we believe are key to ensuring a successful RFQ/RFP, contracting and transition process.

Successful execution of an RFQ/RFP process will require a broad spectrum of skills and expertise from which to properly assess the benefits and risks of each proposal. As further discussed in this response, the City should ensure that it has the range of technical, financial and strategic communications expertise with demonstratable experience related to the power industry, including renewable generation. If the City does not possess this expertise in-house, it should consider hiring a technical, financial and strategic communications advisor who can provide detailed and actionable insights and, if required, assist in managing the RFQ/RFP process, transaction closure and transition of franchisees.

As shown by our extensive qualifications, FTI possesses direct technical, financial, commercial and strategic communications expertise and experience to effectively provide the guidance in this RFI response and we are pleased to share our unique expertise in electricity transformation to provide the City with some suggestions for this evaluation process, as well as any future procurement process. Please feel free to contact us for any further questions, clarifications, or next steps.

Sincerely, Ellen Smith

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# Overview of FTI

# Overview of FTI

## FTI At a Glance

FTI Consulting is an independent global advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes.



**Global Reach**



**Industry Experience**



**Definitive Expertise**



**Comprehensive Services**



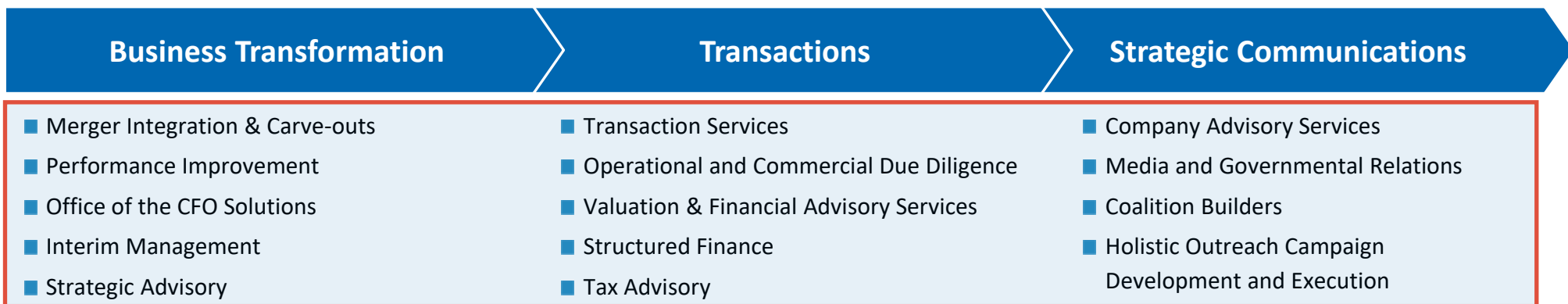
<p><b>\$ 3.95 BLN</b> NYSE listed market capitalization<sup>1</sup></p>	<p><b>6,250 +</b> Employees around the globe</p>	<p><b>27</b> Countries</p>	<p><b>84</b> 84 cities around the globe</p>	
<p><b>FCN</b> Publicly traded</p>	<p><b>8/10</b> Advisor to 8 of the world's top 10 bank holding companies</p>	<p><b>96</b> Advisor to 96 of the world's top 100 law firms</p>	<p><b>16</b> Operational experience in 16 industries</p>	

<sup>1</sup>Number of total shares outstanding as of February 1, 2021, times the closing share price as of February 1, 2021.

# Overview of FTI

## FTI Consulting: Sectors and Services

We are the leading provider of restructuring, transaction and business transformation services – with approximately 900 professionals, including over 150 senior managing directors.



Geographic Coverage				Industry Specializations			
<p><b>Americas</b></p> <p><b>Brazil</b> São Paulo</p> <p><b>Mexico</b> Mexico City</p> <p><b>Canada</b> Calgary Toronto Vancouver</p> <p><b>Caribbean</b> British Virgin Islands Cayman Islands</p>	<p><b>United States</b> Atlanta Boston Brentwood Charlotte Chicago Dallas Denver Houston Los Angeles McLean Miami New York Philadelphia Pittsburgh Phoenix Roseland San Francisco Washington, D.C.</p>	<p><b>Asia Pacific</b></p> <p><b>Australia</b> Brisbane Melbourne Perth Sydney</p> <p><b>China</b> Hong Kong Shanghai</p> <p><b>Indonesia</b> Jakarta</p> <p><b>Singapore</b></p>	<p><b>Europe, Middle East, Africa</b></p> <p><b>France</b> Paris</p> <p><b>Germany</b> Frankfurt</p> <p><b>Netherlands</b> The Hague</p> <p><b>Spain</b> Madrid</p> <p><b>United Kingdom</b> London</p> <p><b>United Arab Emirates</b> Abu Dhabi Dubai</p> <p><b>Qatar</b> Doha</p> <p><b>South Africa</b></p>	<p> Aerospace &amp; Defense</p> <p> Automotive</p> <p> Chemicals</p> <p> Financial Institutions</p>	<p> Oil &amp; Gas</p> <p> Power &amp; Utilities</p> <p> Healthcare</p>	<p> Agriculture &amp; Food</p> <p> Real Estate &amp; Infrastructure</p> <p> Mining &amp; Mining Services</p>	<p> Retail &amp; Consumer</p> <p> Telecom, Media &amp; Technology</p>

# Overview of FTI

## Energy, Power & Products Practice: Overview

### Energy, Power & Products Services

- From major international projects in the oil, gas, power and utilities sectors to cutting edge technologies in the clean energy space, the Energy, Power and Products practice at FTI Consulting has long been at the center of changes to the global energy landscape.
- Drawing on decades of experience, FTI Consulting has assisted clients across the sector to navigate a range of complex issues.
- We provide a wide array of advisory services that address the strategic, reputational, financial, regulatory and legal needs of energy and utilities clients involved in the production of crude oil, natural gas, refined products, chemicals, coal, electric power, emerging technologies and renewable energy.

#### Turnaround & Restructuring

- Company Advisory
- Interim Management
- Creditor and Lender Advisory
- Dispute Advisory
- Court Appointed

#### Business Transformation & Transactions

- Transaction Services
- Procurement Services
- FTI Capital Advisors
- Valuation & Financial Advisory Services
- Tax Advisory
- Office of the CFO
- Performance Improvement
- Merger Integration / Carve-outs

#### Dispute Advisory

- Contractual and Commercial Disputes
- Intellectual Property Disputes
- Pre- and Post-Merger Disputes
- Pricing Disputes
- International Arbitration
- Construction Disputes
- Royalty Disputes
- Power Reliability Disputes

#### Strategic Communications

- Public Affairs
- Corporate Communications
- Financial Communications

#### Global Risk & Investigations

- FCPA Investigations
- Forensic Accounting
- Strategic Market Entry
- Asset Searching & Financial Analysis

### Selected Energy Experience

#### Independent E&Ps & IOCs



#### Energy Services



#### Midstream, Refining & Chemicals



#### Power & Utilities



# Overview of FTI

## Power & Utilities Practice Overview

FTI's Power & Utilities practice has extensive experience in helping clients navigate the complexities of the power and utilities sectors.

FTI's Power & Utilities experts have broad capabilities in the regulated and deregulated energy arena, including advising on financial, economic, and regulatory matters. Our team has deep experience with regulatory requirements specific to the power and utility industry and regularly advises power and utility companies and their customers on process improvements, business transformation, compliance and due diligence. We also provide strategic and analytic counsel on industry and market trends, competitors, political ramifications and policy issues to give clients the ability to mitigate risk and seize opportunities.

### OUR SERVICES

#### Governmental Consulting

- Regulatory compliance program design
- Regulatory compliance counseling
- Policy advocacy
- Market design
- Rate case advisory
- Expert testimony
- Incentive ratemakings
- Participation in rulemakings
- CPCN and new infrastructure

#### Strategy and Market Analysis

- Independent business reviews and due diligence
- Evolution of business models
- Market intelligence
- Retail market analysis
- Wholesale market analysis
- Identification of business opportunities
- Energy service company of the future
- New market entry
- Risk management

### Our Clients





# Overview of FTI

## Power & Utilities Practice Service Offerings

FTI's Power & Utilities Practice is comprised of a dedicated team of professionals focused on the unique challenges impacting the complex power sector which continues to experience consolidation and a movement towards a generation + retail strategy, as well as daily headwinds including market volatility, conflicting and changing regulatory frameworks, utility industry transformation, pervasive contractual disputes, and costly litigation. We support clients across the power supply value chain, providing a wide array of advisory services addressing the strategic, financial, operational, reputational, regulatory and capital needs.

### Industry Focus

**Utilities & Power Generation**

**Onshore & Offshore Wind**

**Biomass & Biofuels**

**Solar**

**EVs, Energy Storage & Other Developing Technologies**

### Core Services Offerings

PLANNING		EXECUTION / IMPLEMENTATION	
<p><b>Regulation</b></p> <ul style="list-style-type: none"> <li>Policy &amp; Regulation</li> <li>Power market price forecasts</li> <li>Policy evaluation</li> <li>Compliance</li> <li>Governance</li> <li>Cybersecurity</li> </ul>	<p><b>Market Intelligence</b></p> <p>Data-driven market intelligence evaluating:</p> <ul style="list-style-type: none"> <li>Market scoping, sizing &amp; forecasting</li> <li>Disputes &amp; competition issues</li> <li>Benchmarking analysis</li> </ul>	<p><b>Litigation</b></p> <ul style="list-style-type: none"> <li>Economic, commercial &amp; technical disputes support</li> <li>Expert witness</li> </ul>	<p><b>Transaction Advisory &amp; Due Diligence</b></p> <ul style="list-style-type: none"> <li>Transaction support: commercial &amp; financial due diligence</li> <li>Tax Advisory</li> <li>Post acquisition separation/dispute advisory</li> <li>Merger integration and performance optimization</li> </ul>
STRATEGY		<p><b>Corporate Finance &amp; Restructuring</b></p> <ul style="list-style-type: none"> <li>Creditor advisory</li> <li>Debtor advisory</li> <li>Out of Court restructuring</li> <li>Interim management (CRO, CEO, CFO, COO)</li> <li>Business transformation</li> <li>Financial modeling &amp; planning</li> <li>Working capital management</li> </ul>	<p><b>Capital Advisory</b></p> <ul style="list-style-type: none"> <li>M&amp;A buy and sell side services</li> <li>Capital raise</li> <li>Valuation &amp; opinions</li> <li>Private placemats</li> <li>Strategic alternatives</li> </ul>

Strategic Communications

# Overview of FTI

## Our Team's Extensive On-Point Experience

FTI has advised many leading electric and gas utilities, power generation companies, utilities services companies and their customers in recent years.

### On Point Experience

- Power and Utility Industry Specialists:** FTI's experts have extensive experience in the power and utility sector, including but not limited to electric and gas operations, complex regulatory situations, interim management, and operation & construction of power plants. FTI has worked on numerous power and utility-related engagements in recent years, advising clients across the sector in various roles and we fully understand key value drivers and levers.
- Business Review Expertise:** FTI professionals have worked on numerous engagements requiring business reviews and we leverage our deep experience in utilities operations, finance & accounting, regulation & compliance, and strategy to perform thorough and meaningful review of utility operations.
- Unmatched Credibility:** Engagement constituent groups know and respect FTI's team. Our professional reputation in the marketplace supplements our clients' credibility in key negotiations with all parties.

### Power and Utilities Experience

<p>Financial Advisor to the Unsecured Creditors</p>	<p>Financial Advisor to the Unsecured Creditors</p>	<p>Dept. of Public Service Management Audit of RG&amp;E and NYS E&amp;G</p>	<p>Utility Operations, Transformation, Strategic Comms, Regulatory Economic Analysis</p>
<p>Electric System Transformation</p>	<p>Cybersecurity and Regulatory Advisory</p>	<p>Strategic Communications</p>	<p>Financial and Regulatory Advisory</p>
<p>DD, Merger Integration, and Transformation (EGTP, Constellation)</p>	<p>Financial Advisor to the Company</p>	<p>Financial and Operational Advisor</p>	<p>Financial Advisor to the Lenders</p>

# Overview of FTI

## Transactional Services Overview

**Our definitive expertise across the deal life cycle and diverse industries enables us to maximize outcomes for our clients in acquisitions, IPOs, divestitures, integrations, carve-outs and capital markets activities. We advise corporate and financial clients and their advisors and regulators to structure, conduct due diligence, integrate, value and communicate, all the while responding to a broad range of commercial demands.**

### DEFINITIVE EXPERTISE

**Arbitration Expert Witnesses List** (Most Experts Recognized)  
*Who's Who Legal*  
**(2010 – 2020)**

**Competition Economics Firm of the Year, Who's Who Legal** **(2015 – 2019)**

One of the **Best Competition Economics Firms in the World, Global Competition Review – Economics20**  
**(2017 – 2019)**

Ranked #2 in *Global Arbitration Review's* **GAR 100 Expert Witness Firms' Power Index** **(2019)**

### COMPREHENSIVE SERVICES

Antitrust & Competition Economics	Investment Banking	Communications	Data	Due Diligence	Transaction Services
<ul style="list-style-type: none"> <li>Antitrust &amp; Competition Economics</li> </ul>	<ul style="list-style-type: none"> <li>Fairness &amp; Solvency Opinions</li> <li>Investment Banking</li> </ul>	<ul style="list-style-type: none"> <li>Capital Markets Communications</li> <li>M&amp;A Communications</li> </ul>	<ul style="list-style-type: none"> <li>Second Requests</li> <li>Securitization</li> <li>Back-Up Management</li> </ul>	<ul style="list-style-type: none"> <li>FTI Comply Due Diligence</li> </ul>	<ul style="list-style-type: none"> <li>Accounting Advisory</li> <li>Carve-Out Advisory</li> <li>M&amp;A Integration</li> <li>Structured Finance</li> <li>Tax</li> <li>Transaction Advisory</li> <li>Valuation</li> </ul>

### OUR IMPACT

#### IPO-related Communications and Investor & Media Relations

FTI Consulting executed a successful comprehensive communications plan for a firm which is the leading online destination for automobile consumers in China. This Chinese company was looking to go public on a U.S. exchange: Their stock rose 75% on the first day of trading; extensive and high-quality media coverage was garnered in international and Chinese media; print and broadcast coverage was secured with top outlets; and several major global investment banks initiated coverage of the firm.

#### Privatization of Municipally Owned Electric & Water Utility

FTI Consulting provided regulatory advice for the considered privatization of Jacksonville Electric Authority ("JEA"), a large municipally owned electric and water utility located in Florida. Advisory support included advising on regulatory financial treatment of generation and transmission assets and development of financial modeling inputs. FTI also analyzed requirements for transaction approval by the Florida Commission, provided an estimation of benefits to customers, analyzed options to deal with large, problematic supply contracts, and provided assistance to the bank teams regarding the sales process.



# Overview of FTI

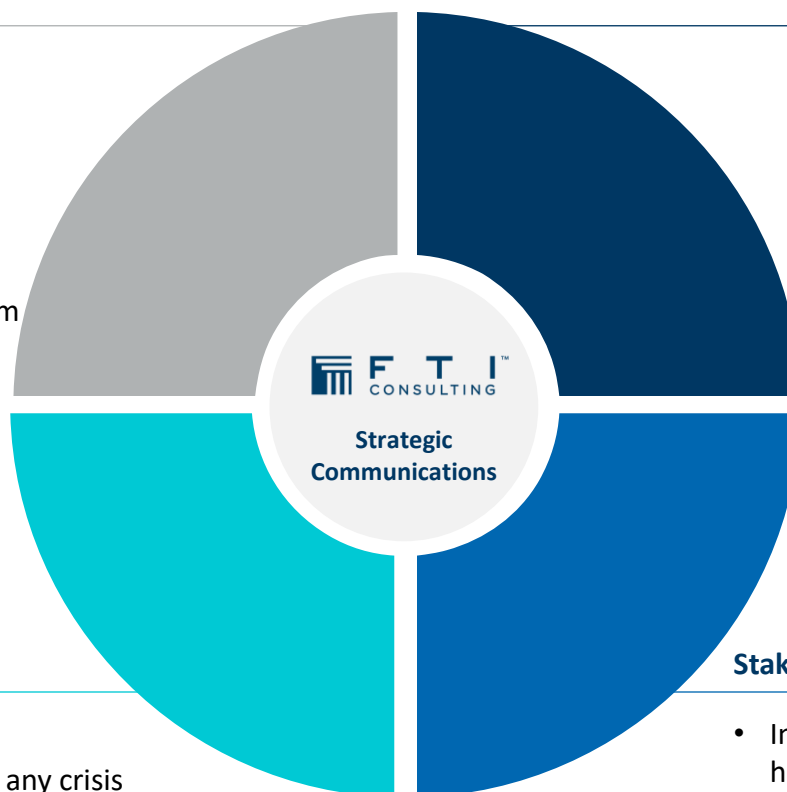
## Strategic Communications Overview

### Litigation & Regulatory Communications

- Deep experience managing complex litigation threats and regulatory interaction
- Work alongside counsel and employees to strategize and prepare
- Provide holistic support for regulatory and litigation activities, from central triage center to on-site assistance in the courtroom
- Monitor and manage proceedings
- Control the narrative through media engagement
- Introduce key facts and arguments into media record while managing inaccurate reporting

### Stakeholder Engagement & Issue Advocacy

- Extensive industry experience
- Relationships with key media and regulators
- Identify and recruit partners for broad-based coalitions
- Best-in-class web platform development and design teams
- Collateral development to provide the tools needed for successful outreach
- Holistic engagement campaign, leveraging collaterals, third-party voices and media relationships



### Crisis Communications

- In-depth planning and scenario practice
- Rapid response capabilities to help manage any crisis
- Holistic media support, real-time monitoring, threat analysis and engagement
- Social listening and online engagement campaigns
- On-site logistical support
- Advise internal and external messaging
- Advise investor communications and engagement activities

### Stakeholder Engagement & Issue Advocacy

- Investor relations to support and supplement in-house teams
- IPO and capital raising programs to maximize value
- Comprehensive M&A communications programs
- Shareholder activist defense; including proxy battles
- Financial calendar and market reporting communications
- Custom capital markets research solutions targeting elites and other stakeholders



# Suggested Actions for Consideration





# Suggested Actions for Consideration

## Stakeholder Outreach Support

<b>Description</b>	<ul style="list-style-type: none"> <li>■ The City should ensure it has the strategic communications expertise (in-house or through strategic communications advisors) (“Communications Specialists”) capable of enabling quality preparation of materials and participation in meetings with potential franchisees, stakeholders, government agencies and other consultants to discuss proposals and project-related information and to finalize franchise structure details ahead of the evaluation process. If it does not possess this expertise in-house,</li> </ul>
<b>Approach</b>	<ul style="list-style-type: none"> <li>■ Communications Specialists should be involved at each step of the outreach process to effectively articulate project parameters and franchise-structure, best position the opportunity among potential bidders and investors, and build support for the project more broadly.</li> <li>■ As a key first step, the Communications Specialists should work with the City to further define the objectives, goals and risks associated with the franchise initiative. This data will inform subsequent positioning for the transaction as well as the related communications plans.</li> <li>■ Leveraging findings from the field inspections and technical review, the Communications Specialists should build positioning documents, data room resources and meeting agendas to maximize the efficacy of workshops with potential franchisees and other stakeholders and accelerate progress toward the desired transaction. Communications Specialists can moderate workshops on behalf of the City and be available to answer any questions that may arise during the bidding process.</li> <li>■ Parallel to this effort, the Communications Specialists should distill findings to provide regular updates to the City and other relevant stakeholders to ensure alignment and broad support for the effort. The Communications Specialist should anticipate and prepare for potential questions and criticisms to maximize credibility of the City throughout the process.</li> <li>■ The Communications Specialists should develop detailed scenario plans to prepare for public leaks of information or criticisms from key influencers that could test the risk tolerance of potential bidders or otherwise jeopardize the process. Response strategies may include the use of industry experts or key officials refuting erroneous information, media engagement and/or one-on-one discussions with key influencers.</li> <li>■ Feedback from all forms of stakeholder engagement should be compiled and considered when finalizing design and procurement documents.</li> <li>■ As the eventual transaction is announced, the Communications Specialists could also develop a detailed launch strategy to win support from the broader public and facilitate a smooth transition to the intended franchise structure.</li> </ul>
<b>FTI’s Relevant Experience</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Transmission PPP Evaluation</p> </div> <div style="text-align: center;">  <p>Strategic Communications for Public Utility</p> </div> <div style="text-align: center;">  <p>Strategic Communications for GDB</p> </div> <div style="text-align: center;">  <p>Electricity System Transformation</p> </div> </div>

# Suggested Actions for Consideration

## Proposal Evaluation Process Support

<b>Description</b>	<ul style="list-style-type: none"> <li>■ The City should ensure it has the procurement process expertise (in-house or through advisors) (“Procurement Specialists”) capable of supporting the RFQ and RFP processes, evaluating proposals for technical &amp; financial compliance and undertaking technical, operational and commercial due diligence, culminating in the recommendation for the preferred franchisee and additional negotiation and analytical support through to franchise initiation.</li> </ul>
<b>Approach</b>	<ul style="list-style-type: none"> <li>■ The Procurement Specialists should participate in all tasks leading to the issuance of the RFP documents to assist the City in identifying the optimal technical, operational and commercial qualifications required to meet the objectives of the franchise project and to answer any questions posed by potential bidders.</li> <li>■ In conjunction with the City, the Procurement Specialists should develop a scorecard that ranks bidders across operational, financial and technical qualifications with appropriate weight placed on price vs. qualitative factors. The scorecard should include threshold questions to ensure all submissions meet a minimum set of requirements. The scorecard should assess the reasonability of each bidders’ assumptions, relevant expertise and price in developing their project proposal.</li> <li>■ In evaluating each proposal, the Procurement Specialists should perform a detailed review of all aspects of the bidder’s proposal including a review of draft contracts or amendments, an audit of financial models, a review of commitment letters from financial institutions and an evaluation of the proposed management team, among other diligence areas.</li> <li>■ Each evaluator should be responsible for reviewing every proposal in the evaluator’s qualified area. In addition, one evaluator should be nominated as lead moderator, responsible for ensuring that each proposal is evaluated consistently across all scorecard metrics. Further, the lead moderator should resolve any uncertainties between scoring, sense check all evaluations and lead the development of the report.</li> <li>■ The evaluation team should provide updates to the City at regular intervals during the evaluation period including (1) an initial red flag report, (2) preliminary scoring results and (3) a final report with a recommendation of the preferred franchisee.</li> </ul>
<b>Relevant Experience</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>Transmission PPP Evaluation</b></p> </div> <div style="text-align: center;">  <p><b>Public Utility Restructuring</b></p> </div> <div style="text-align: center;">  <p><b>T&amp;D Operations Audit</b></p> </div> <div style="text-align: center;">  <p><b>Electricity System Transformation</b></p> </div> </div>

# Suggested Actions for Consideration

## Transaction, Economic & Financial Support

<b>Description</b>	<ul style="list-style-type: none"> <li>■ The City should ensure it has the expertise (in-house or through advisors) (“Transaction Specialists”) to provide ongoing economic and financial support to the City throughout the entire transaction process as needed and to ensure financial close for the franchise project.</li> </ul>
<b>Approach</b>	<ul style="list-style-type: none"> <li>■ The Transaction Specialists should provide ad hoc support to the City as necessary on various financial and economic topics. This may include but is not limited to financial modelling support, franchise design insights or procurement strategy analysis.</li> <li>■ In addition to ad hoc analysis, the Transaction Specialists should provide the following economic and financial support associated directly with the RFQ &amp; RFP process:             <ul style="list-style-type: none"> <li>■ Commercial due diligence.</li> <li>■ To the extent required, prepare economic and financial analyses to support report development.</li> <li>■ During the proposal evaluation phase, undertake financial assessment of bidders’ proposed approach to funding and risk mitigation including ensuring that all minimum experience thresholds are met. This could include performing model audits and capital markets assessments to sense check the viability of the offers.</li> <li>■ Develop economic models to assess the incentives and associated risks to both the preferred franchisee and the City as the terms and conditions of the underlying contract is being negotiated.</li> </ul> </li> <li>■ The Transaction Specialists should represent the City in liaising with the franchise counterparties and their advisors during contract negotiations and post-close to ensure a seamless transition.</li> <li>■ During negotiations, the Transaction Specialists should ensure incentives are properly aligned and risks appropriately shared between the City and franchisee by benchmarking the terms and conditions to market based on empirical data and the Transaction Specialists’ experience with similar franchise structures.</li> </ul>
<b>Relevant Experience</b>	<div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  <p><b>Transmission PPP Evaluation</b></p> </div> <div style="text-align: center;">  <p><b>Financial Advisor T&amp;D Restructuring</b></p> </div> <div style="text-align: center;">  <p><b>Publicly Funded Solar Advisory</b></p> </div> <div style="text-align: center;">  <p><b>Electricity System Transformation</b></p> </div> </div>





# Appendix



# Qualifications and Relevant Experience

# Qualifications and Relevant Experience

## FTI: Electricity System Transformation



### Situation

- The Puerto Rico Public Private Partnerships Authority (“P3A”), an entity of the Puerto Rican Government, has a mandate to structure public private partnerships (“P3s”) to deliver new infrastructure initiatives across the island.
- The P3A is leading the restructuring of the state-owned generation and T&D utility, PREPA, into private sector operator and developer functions for various assets and projects, while keeping ultimate title with the state.

### Our Role

- FTI is acting as financial, commercial and technical consultants to the P3A during multiple distinct solicitation processes including the T&D operator solicitation, peaking plant development and PPOA solicitation, hydro facility refurbishment solicitation, and legacy generation operator solicitation, among others.
- For each solicitation process, FTI is assisting in structuring the contract, designing technical incentives, analyzing financial implications of bidder proposals, evaluating and scoring RFQ and RFP submissions from private developers, conducting economic cost-benefit analyses for project prioritizations and many other ad hoc tasks in support of P3A.
- FTI has also been tasked with drafting several position papers covering both generation and T&D operations and has advised P3A on IRP results and prescriptions as the grid transitions to a storm hardened, decentralized and renewable system.

### Outcome

- FTI assisted in selecting LUMA as winning bidder for the T&D solicitation process after many rounds of bidding; FTI also assisted in structuring the contract and will continue to provide support through the transition period.
- FTI has issued three generation RFQs and has scored and ranked bidders, providing recommendations to the Partnership Committee for advancing to RFP stage.
- FTI is currently in the process of launching the RFQ phase for the Legacy Generation project.

#### Notes:

(1) All case studies were undertaken by members of the proposed FTI project team however some projects were undertaken for other employers.

# Qualifications and Relevant Experience

## FTI: Procurement of PPP Transmission Assets



### Evaluation of Offshore Wind Transmission Competitive Tendering

#### Situation

- Ofgem is responsible for administering the competitive tender process for selection of offshore wind transmission (OFTO) links connecting offshore wind generation around Great Britain to the onshore transmission grid. The successful bidder from the tender process is awarded a guaranteed 20-year revenue stream linked to inflation, creating a PPP-style asset class.
- Private investors submit proposals through two stages of qualifications to acquire, own, operate and maintain the transmission assets. The OFTO bidders are evaluated based on operational experience, financial capability, commercial attractiveness and price.

#### Our Role

- Members of the FTI team, acted as financial and commercial advisors to Ofgem and managed the group of technical advisors for the operational evaluation.
- Evaluators undertook pre-qualification screening based on past performance of the bidders and consortiums and also acted as lead evaluators for the final round of the bidding process.
- The evaluation considered the bidders' funding strategy, price firmness, insurance policies, contingency planning, decommissioning planning, operational robustness and other key criteria.
- Evaluators reviewed project finance models, legal contracts, commitment letters and all relevant material in the data room, in addition to responding to specific RFP questions from bidders and facilitating stakeholder forums.
- Evaluators also analyzed risk mitigation strategies and calculated the market rate adjustment for material changes ahead of financial close.

#### Outcome

- Preferred Bidders were identified and projects became operational.



### Design of Public Procurement Process for Transmission Assets

#### Situation

- The offshore wind transmission PPP-style competitive tender process specifies the pre-qualification rules, dictates the scoring criteria for the RFP stage and establishes the commitment mechanisms to bind bidders through to financial close and has successfully transferred ownership of 17 transmission assets.
- As the industry matures and project becomes more sophisticated, Ofgem sought advice as to whether the procurement process for competitively tendered transmission assets could be improved to better achieve regime objectives of attracting new entrants to the transmission sector, providing better value to consumers and connecting robust transmission assets to renewable sources.

#### Our Role

- Members of the FTI team were tasked with evaluating the competitive tender process against the stated goals of the regime to determine whether a more suitable procurement process exists and also to consider whether this procurement process would translate into other publicly procured PPP-style energy assets such as onshore transmission networks.
- The evaluation considered project finance trends in bank, bond and institutional financing and the increasing capacity of generating sites against the dynamic of new bidder entry over the preceding tender rounds.
- We proposed a menu of potential amendments to the procurement process across each phase of competitive tendering and recommended core packages that optimally combined these amendments, resulting in a moderate change package option and a significant change option package.

#### Outcome

- Ofgem implemented the moderate change package option for the sixth tender round.

# Qualifications and Relevant Experience

## FTI: Stakeholder Outreach



### Strategic Communications for Government Development Bank

#### Situation

- FTI's US-based Strategic Communications team worked alongside Corporate Finance and Economic Consulting colleagues to help guide the Government Development Bank of Puerto Rico ("GDB") through its historic debt crisis. More specifically, the GDB engaged FTI Strategic Communications to develop a strategy to explain and build public support for the Puerto Rico Public Corporations Debt Enforcement and Recovery Act, a new law that provides a clear legislative framework for Commonwealth public corporations that are experiencing severe financial stress to overcome their financial obstacles through an orderly, statutory process.

#### Our Role

- The FTI Strategic Communications team leveraged the firm's crisis, public affairs and restructuring expertise to lead and counsel Commonwealth officials as well as a large team of legal, banking, policy, political and communications advisors. FTI developed messaging and engagement strategies to simply and succinctly explain the need for and key provisions of the Recovery Act to critical stakeholders. The program sought to gain public and legislative support for the Recovery Act while also protecting public corporations that may or may not choose to use the law from further reputational and financial deterioration.

#### Outcome

- The announcement of the Recovery Act was successful and reported as the right step toward addressing Puerto Rico's debt and protecting essential services for its citizens. FTI garnered the support of local influencers, opinion leaders, stakeholders and policymakers on and off the Island. The Recovery Act was subsequently approved by the Commonwealth legislature and signed into law by the Governor on June 28, 2014.



### Strategic Communications for PREPA Restructuring

#### Situation

- FTI's US-based Strategic Communications team worked in conjunction with Corporate Finance and Economic Consulting to guide the Puerto Rico Electric Power Authority ("PREPA") as the company evaluated various alternatives to improve its operations and financial situation. FTI Strategic Communications was engaged to facilitate accurate and fair reporting in a volatile media environment, maintain continuity in the supply chain and reassure customers of PREPA's ongoing ability to supply power, irrespective of the final outcome.

#### Our Role

- The FTI Strategic Communications team, composed of energy, restructuring and public affairs experts, developed proactive and reactive communications strategies that leveraged each milestone in the restructuring process to underscore progress toward a shared goal of rebuilding the company's financial strength while also protecting management credibility in any potential outcome. FTI developed a series of media statements designed to mitigate harmful speculation and accusations from PREPA's opponents and coordinated direct outreach to reassure employees, suppliers and customers of the company's ongoing viability.

#### Outcome

- Since partnering with FTI, PREPA successfully announced three forbearance agreements with its lenders and appointed a Chief Restructuring Officer, achievements that collectively provide the Company with a consensual path to improve its operations and financial situation. FTI has effectively responded to hundreds of media inquiries to maintain stability even when there was nothing new to share and helped to maintain continuity in the supply chain even as payment terms continued to be stretched. The team's efforts continue as PREPA works to develop and implement a new business plan that will ensure its long-term ability to provide the people of Puerto Rico with a safe, efficient and reliable power supply.

# Qualifications and Relevant Experience

## FTI: T&D Due Diligence

### Confidential

#### Buyer Due Diligence for T&D Utility Services Company

##### Situation

- Large provider of inspection, maintenance, and restoration services for utility and telecom structures across the U.S.
- Private equity firm was developing acquisition bid for the company.

##### Our Role

- FTI Consulting performed commercial due diligence for the private equity firm's proposed acquisition bid.
- Identified strategic challenges and opportunities based on knowledge and review of utilities regulations and structure inspection guidelines across U.S.
- Developed a case study for the planning and implementation of an inspection program at a major utility based on prior executive experience.
- Provided a view on the company's value proposition and future growth opportunities.
- Developed a dynamic model to estimate the total available market for wood distribution pole inspection and maintenance in the U.S.
- Performed technology review and identified innovation opportunities, as well as barriers to entry for competitors.

##### Outcome

- The private equity firm used FTI's analysis and diligence report as a cornerstone in preparing its acquisition bid.



#### Financial Advisor to Regulated Electric Utility

##### Situation

- ONCOR is a regulated electric transmission and distribution service provider that serves nearly 10 million customers across Texas.
- ONCOR was a non-debtor affiliate of Energy Future Holdings during EFH's 2014 bankruptcy proceeding.

##### Our Role

- FTI was retained as financial advisor to the Unsecured Creditors Committee.
- FTI was responsible for evaluating the potential sale and restructuring of ONCOR as a real estate investment trust (REIT).
- As a part of its diligence process FTI performed site visits to all key transmission and distribution assets and undertook a detailed review of the entity's safety, operating, and financial metrics.
- FTI also performed a comprehensive review of ONCOR's go forward business plan including evaluating the economics of the utility in a REIT structure from the perspective of the Debtor estate, the ONCOR shareholders and the impact to its customer base.

##### Outcome

- Ultimately it was determined the REIT structure would not pass regulatory approval as a result of inequitable sharing of tax savings created by the structure.

# Qualifications and Relevant Experience

## FTI: Generation Due Diligence

### Confidential

#### Due Diligence for Renewable Energy Engineering and Construction Firm

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##### Situation

- The company anticipated recording over \$100 million in charges related to delays and other operational challenges at a number of its renewable energy projects
- As a result, the company expected to be in default under its credit agreement and requested an amendment from its Revolving Credit Lenders

##### Our Role

- FTI Consulting was retained by the Revolving Credit Lenders
- Provided due diligence and in-depth review of six troubled biomass generating resources
- Performed site visits and detailed contract analyses to assess situation and provide view on the path forward for the biomass resources
- Assisted with negotiations of over ten amendments with the Company and other stakeholders, and advising on strategic alternatives and available options
- Provided diligence on five formal business plans, interviewing management and performing in-depth reviews of underlying business assumptions
- Performed regular diligence of the Company's liquidity forecasts and stressing related assumptions
- Reviewed and assessed the nature and value of the Company's assets, assisting in the expansion of liens on previously unencumbered collateral

##### Outcome

- As of Q1 2019, FTI remains engaged as the Financial Advisor to the Lenders, and has successfully assisted in expanding the Lenders' collateral base while significantly de-risking their exposure through a material reduction in facility size

### Greenleaf ENERGY

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#### Strategic Advisory Services for Owner of Two 49MW Cogeneration Facilities

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##### Situation

- Presently the Client is the lessor in a sale-leaseback arrangement with an independent power producer.
- The lease was set to expire on June 30, 2015, at which time the Client needed to prepare to assume ownership of the assets.

##### Our Role

- FTI was hired as strategic advisor to the lessor and tasked with advising the Client through the lease transition as well as evaluating all strategic alternatives including running an asset sale process or owning and operating the assets.
- Reviewed the business plan associated with the assets, prepared an integrated fully functioning financial model to evaluate cash flows and value of the assets.
- Oversight of the hiring and work product of the independent engineer tasked with identifying asset condition requirement upon lease expiration.
- Ran a RFP process for third party operations and asset management providers including developing the RFP documents, evaluating proposals, and leading contract negotiations with successful bidders.

##### Outcome

- The assets were successfully transitioned back to the Client in accordance with the lease transition requirements and prudent utility practices.

# Qualifications and Relevant Experience

## FTI: Financial Structuring for Public Agencies



### Structuring of Private Operations Contract with Public Power Authority

#### Situation

- The Long Island Power Authority (LIPA) is a municipal subdivision of the State of New York that owns the electric transmission and distribution system serving Long Island. National Grid operated and managed all aspects of the system for LIPA pursuant to a long term T&D services contract. In addition, LIPA purchased all of the output of National Grid owned power plants on Long Island (over 5000MWs) pursuant to a long term purchase power contract.

#### Our Role

- Members of the FTI team were Senior Executives at National Grid from 1997 – 2013 with oversight responsibilities for these contracts and assets.
- Managed a T&D workforce of approximately 3000 people and a generation workforce of over 1000 employees.
- Operated and maintained the T&D system and planned future capital expenditures.
- Responsible for outage management and restoration, emergency planning and management, regulatory interfaces, system planning and all metering and customer billing.
- Prepared all capital and operation & maintenance budgets and managed system to a detailed set of reliability and customer performance metrics per the contracts.
- Responsible for scheduling of generation and economic dispatch, operation and maintenance of and capital expenditures for the power plants. Complied with all environmental standards. Assisted LIPA in fuel decisions, interactions with the NYISO and retirement/new build decisions.



### Interim President, Treasurer and COO of Solar Thermal Power Project

#### Situation

- Tonopah Solar Energy (TSE) is the owner of a 110 MW utility scale concentrated solar power (CSP) facility located in Tonopah, NV. The project received a \$737m loan from the Department of Energy (DOE) as part of the DOE Title XVII loan program.
- The plant experienced 4+ years delays in construction and generated at less than 10% of expected performance prior to FTI's involvement. Multiple legal and commercial disputes had arisen because of the plant's operating issues and complicated ownership, investment and governance structure.

#### Our Role

- Retained as interim managers of the Company, holding the titles of President, Treasurer and Chief Operating Officer, among others.
- Created Project Management Office (PMO) for on-site activities to facilitate completion of construction rectification projects and to optimize operating performance.
- Performed analysis of the Company's short-term and long-term liquidity position, submitted a revised budget to investors and the DOE and provided oversight of the asset management function of TSE.
- Ensured compliance with the DOE loan agreement and with the power purchase agreement (PPA) with the electricity off taker, Nevada Energy (NVE). Led complicated negotiations with both parties.
- Acted on TSE's behalf in commercial negotiations and litigation disputes.

#### Outcome

- The matter is still ongoing. However, in FTI's time as the interim managers, the plant's operating performance has improved to more than 70% of expected performance (on a monthly basis), the Company has negotiated solutions to critical legal and commercial disputes, and TSE has improved its commercial position relative to its agreements with the DOE and NVE.





## Select Biographies

# Ellen S. Smith

Senior Managing Director

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**Location**  
Boston, MA

**Board Participations**  
Trustee and Secretary Union  
College, Schenectady, NY

Sunrun:[RUN] - Board Member

Former board member of Vivint  
Solar [VLSR] and Supreme  
Energy Services

**Professional Affiliations**  
Member of IEEE

**Education**  
B.S. Mechanical Engineering,  
Union College  
M.S. Power Systems, Union  
College

**Ellen Smith joined FTI Consulting’s Boston office in 2013, continuing 30+ years of operational experience in the power, utility and energy sector. Ms. Smith has expertise in power generation, electric and gas utilities including retail energy services. She has done extensive work around utility asset management, EPC contracts, construction, system operations of electric, gas, LNG and power generation facilities.**

Notable engagements since joining FTI include:

- Puerto Rico Electricity Authority (“PREPA”): This required optimizing cash management including fuel procurement, capital program management, operations and maintenance programs and projects, vendor reviews, integrated resource planning.
- Greenleaf Power Management: Ms. Smith also acted in the role of managing member of the Greenleaf Power projects (GE LM5000 and LM6000 plants) in California for 18 months until the plants were successfully sold.
- McDermott International: Ms. Smith provided letter of credit lenders with operational and commercial diligence on the portfolio of large mega LNG, Petro Chem ,Offshore and Power Generation projects.
- PG&E Bankruptcy: Ms. Smith supported the unsecured creditors during the bankruptcy process with operation views of the wildfire mitigation plans and other operational utility risks important to emergence.
- FirstEnergy Solutions Bankruptcy: Ms. Smith supported the unsecured creditors in the bankruptcy with power plant diligence in support of the restructuring support agreement. Ms. Smith also assisted in direct negotiations with the unions to enable support of the RSA.
- Utility Gas & Electric Companies – led commercial/operational due diligence.

Prior to joining FTI, Ms. Smith worked for Fortune 100 companies in the energy, power and utility industries including:

- COO, National Grid US (2009 - 2013): Ms. Smith was responsible for all aspects of National Grid’s US operations including asset management, construction, system operation, and maintenance of electric, gas, LNG and power generation systems. In this role she had responsibility for a \$4B annual capital plan and a \$1B O&M budget. In support of all work, Ms. Smith led the operations support organization which included material warehouses, the fleet of 6,000 pieces of equipment and vehicles, flight services, and emergency response. She provided infrastructure testimony in rate case proceedings and other matters.
- HESS Corp., VP Refining & Marketing Strategy and HOVENSA Oil Refinery Power and Utilities Advisor (2003 - 2009): Ms. Smith worked at the St. Croix refinery for 2 years conducting a strategic review and assisted with the refinery’s power and utilities operations and all aspects of managing their 13 power plants (250 MW in total).
- President, Pratt & Whitney Power Systems (1999 - 2003): Ms. Smith was directly involved in the development, permitting, construction, and operations of CALPEAK LLC (100% owned by UT) and the development and launch of the FT8 Swiftpack/MobilPac power plant programs.
- GE Energy/Power Systems (1980-1999): Prior to Pratt & Whitney, Ms. Smith spent 19+ years at GE Power Systems. Ms. Smith was involved in the development and construction of new power plant projects. Ms. Smith also was the GM of the GE O&M business, the GM, Parts & Product Service Department and GM, 6 Sigma prior to being named VP, Energy Services Sales.

# John Cochrane

Senior Managing Director



**Location**

Boston, MA

**Education**

B.A., - Biology, Harvard University

M.B.A., - Northeastern University

**John Cochrane is a Senior Managing Director at FTI Consulting and is based in Boston. Mr. Cochrane leads the Power and Utilities practice within the Economic and Financial Consulting segment. Mr. Cochrane specializes in advising gas and electric utility clients in all economic, regulatory and financial areas of their business**

Mr. Cochrane brings more than 30 years of U.S. and international utility sector finance experience. Mr. Cochrane has held senior executive positions at a major U.S. and international utility and served as a member of the Board of Directors on a variety of energy sector companies. Mr. Cochrane’s extensive experience includes all areas within corporate finance, mergers and acquisitions, joint ventures, partnerships, restructurings, regulation, gas and electric supply, and business development, both domestic and international. Mr. Cochrane has extensive experience testifying in rate case matters relating to capital structure/cost of capital, mergers and acquisitions, and financings before FERC and various state-level regulatory bodies

As Chief Financial Officer and Treasurer for National Grid’s U.S. business, Mr. Cochrane was responsible for mergers & acquisitions, accounting, tax, pensions, insurance/claims, risk management, energy supply, property, investments, cash management, forecasting/budgeting, planning, financial analysis and all third-party financing. In this capacity, Mr. Cochrane managed a 500-person organization with 13 reporting functions

Mr. Cochrane led financial analysis, due diligence, negotiations and final regulatory approvals for National Grid’s acquisitions of publicly-traded Keyspan and RI Gas assets from Southern Union and Niagara Mohawk. Mr. Cochrane also oversaw finance function integrations for National Grid with NEES, Eastern Utilities Associates, Niagara Mohawk, RI Gas and Keyspan, creating the

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second largest U.S. utility with a total enterprise value of \$27B. Mr. Cochrane served as U.S. board member on U.S./European companies involved in cross-border tax structures including Luxemburg, Ireland, Jersey, Iceland and Malta

As head of Global Business Development and Mergers & Acquisitions for National Grid, Mr. Cochrane led all business development, mergers, acquisitions, divestitures and joint ventures globally. Mr. Cochrane led the sale of a wide range of businesses totaling \$10B, successfully renegotiated a 15-year, \$4.5B power supply agreement with Long Island Power Authority and led commercial and regulatory negotiations for a \$3B joint venture with six New York transmission owners. Mr. Cochrane also led joint venture negotiations, feasibility studies, project budgets and timelines and vendor selections for four £1B sub-sea interconnectors between the United Kingdom, Norway, Belgium, France and the Netherlands

Mr. Cochrane holds a B.A. in biology from Harvard University in Cambridge and holds a M.B.A from Northeastern University in Boston

# Shannon Maher Bañaga

## Managing Director



### Professional Affiliations

Energy Bar Association

Women's Council on Energy and the Environment

### Licensure

District of Columbia Bar  
Connecticut Bar

### Education

B.S. in Environmental Studies,  
Florida State University

M.S. and J.D.,  
Vermont Law School

**Shannon Bañaga provides senior-level counsel and assistance in developing advocacy strategies to shape and inform the political and policy environment for clients in the energy and environmental space.**

Ms. Bañaga provides senior-level counsel to energy and environmental clients to seize opportunities, manage crises, navigate market disruptions, articulate and remediate their brand, stake a competitive position, and preserve their ability to operate.

Ms. Bañaga develops multi-faceted communications and governmental affairs strategies to shape and inform the political and policy landscape, identifies global and regional social, economic and other impactful trends, and translates those insights into actionable ideas.

Through identifying federal policy, political, and stakeholder issues that impact business interests, Ms. Bañaga is able to help companies be better prepared to respond to potential disruption, uncertainty, and risk. Ms. Bañaga works to position companies in an offensive rather than defensive position, where they can navigate challenges and seize opportunities.

Ms. Bañaga maintains relationships with members of Congress, political appointees and policy leads within the Administration, applicable trade associations, journalists/media outlets, think tanks and relevant industry leaders to enhance client business.

Ms. Bañaga joined FTI Consulting in 2019 and is a Managing Director in the Energy & Natural Resources sector of Strategic Communications.

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Prior to joining FTI, Ms. Bañaga carried various critical roles in the energy industry.

- TECO Energy/Emera Inc., Director of Federal Affairs (2014 – 2019): Ms. Bañaga was responsible for formulating and executing the company's U.S. federal affairs strategy including national security, environment, tax, trade, markets, and other energy regulatory issues within Congress and the Administration.
- PSEG, Senior Manager, Public Policy and Governmental Affairs (2011 – 2014): Ms. Bañaga worked with stakeholders throughout Washington D.C. to formulate and advocate PSEG's position on environmental & energy policy issues involving the Clean Air Act, Clean Water Act, and other federal statutes. During her time at PSEG, Bañaga was recognized by the D.C. Circuit on issues involving Clean Air Act, reliability, and capacity markets.
- Husch Blackwell LLP, Senior Associate (2006 – 2011): Primarily defended and represented energy companies and state commissions in FERC-jurisdictional matters. Prepared and evaluated corporate compliance programs, conducted compliance training, and advised clients regarding compliance with state and federal regulatory reporting and record retention requirements. Evaluated ISO/RTO tariffs and agreements for transmission and generation procedures on behalf of foreign and domestic clients. Reviewed supply agreements relating to the purchase and sale of natural gas and electricity. Engaged in rulemaking proceedings before FERC, DOE, and other federal agencies.
- Ms. Bañaga began her career at the Department of Energy working on energy and environmental matters primarily involving nuclear waste. Subsequently, she joined the Federal Energy Regulatory Commission's Office of Enforcement as an Attorney-Advisor where she investigated violations of the Federal Power Act, Natural Gas Act, Natural Gas Policy Act, Interstate Commerce Act and the Commission's regulations.

# Cecily Small Gooch

## Managing Director



**Location**  
Dallas, TX

**Board Participations**  
United Way of Metropolitan  
Dallas  
Dallas Theater Center

**Professional Affiliations**  
Dallas Bar Association  
Texas General Counsel Forum  
Association of Corporate  
Counsel  
Dallas Assembly

**Licensure**  
State Bar of Texas

**Education**  
Bachelor of Arts in Government,  
The University of Texas  
  
J.D., The University of Texas

**Cecily Small Gooch is a former senior legal executive with over 20 years of government, big firm and in-house practice experience in both publicly traded and privately held companies. In addition to diverse experience leading in-house legal teams, Ms. Gooch has unique expertise leading companies through significant corporate transformations, including mergers and acquisitions, substantial industry changes requiring major revision of business models and operations, and Chapter 11 restructuring.**

Ms. Gooch has advised senior management and board members on diverse subjects including regulatory compliance and policy, government affairs and strategic planning, governance and investor issues, corporate transactions, environmental issues, litigation, retail consumer issues, marketing campaigns and sales channels, employment and compensation matters, and data security and privacy.

Prior to joining FTI, Ms. Gooch served in various executive legal counsel roles, including:

- **General Counsel and Corporate Secretary of TXU Energy**, where she led legal, regulatory, and compliance professionals in providing timely, high-quality, and cost-efficient legal guidance and worked closely with executive management and the board of directors to create and implement innovative, compliant, and successful retail business strategies during the uncertain infancy and development of the competitive retail electricity market in Texas.
- **Special Counsel of Restructuring for Energy Future Holdings** (the parent company of TXU Energy), where she advised on restructuring strategy, case implementation, and internal and external communications, ensuring minimal impact to employees, customers and business partners.

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- **AGC, Corporate Secretary and Chief Compliance Officer of Vistra Energy** (the successor company to Energy Future Holdings), where she led the Corporate Law Department responsible for corporate governance, securities, mergers and acquisitions, and the ethics and compliance program. Significant accomplishments included:
  - Implementing transition from Chapter 11 emergence to public company operations, including listing company on New York Stock Exchange and implementing associated filing and reporting processes.
  - Developing launching and managing public company governance framework, including advising on corporate governance best practices, executive compensation and associated disclosures; planning and executing numerous board meetings, shareholder meetings, and proxy processes; and responding to governance questions from executive management, directors, and shareholders.
  - Leading team that completed significant corporate transactions, including \$11B acquisition and integration of Dynegy that transformed the company's Texas-based operations into a national footprint.
  - Designing and executing integrated corporate ethics and compliance program, including implementation of metrics, assessments, training, and reporting.

Prior to joining the TXU/Energy Future Holdings/Vistra family of companies, Ms. Gooch was an enforcement litigation attorney for the Texas Commission on Environmental Quality and practiced in the Regulated Industries & Governmental Relations team of Hunton & Williams LLP.



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