

**PAULA ZARNETT**

---

Paula Zarnett has more than 25 years broadly based experience specializing in regulatory compliance, regulated tariffs and pricing issues for electricity and gas utilities. She has been responsible for design and implementation of a wide variety of innovative rates including time of use, both for large industrial and for residential customers, curtailment incentives, and special rates for retention of water heating loads. She has performed cost allocation studies for utilities serving customers with electricity, natural gas and steam, including a one-year, cross-functional study for a major electric distribution utility.

Following a series of positions in both the electricity and natural gas sectors, she was promoted to the position of manager of marketing at Toronto Hydro. There, her responsibilities included all tariff and regulatory issues, customer research including load research, and customer program design. In this capacity, she was involved in market research, business planning and functional reorganization in preparation for the opening of competitive electricity markets.

In her consulting practice, Paula provides a variety of advisory and analytical services to clients facing the challenges of restructured energy markets, with a focus on issues impacted by regulatory policy and process. Her work includes business case and project feasibility analysis, cost allocations and tariff designs, energy sector mergers and acquisitions, and expert testimony before regulators. She is a skilled hands-on analyst and facilitator of cross-functional project teams.

**EXPERIENCE BY SUBJECT AREA**

(INCLUDES PROJECTS UNDERTAKEN AS A CONSULTANT, AND IN THE COURSE OF RESPONSIBILITIES WITHIN ORGANIZATIONS)

*Testimony, Case Management,  
Regulatory Process Advice*

**Saint John Energy** – Testified before the New Brunswick Public Utilities Board in support of intervention in the Cost Allocation and Rate Design application of New Brunswick Power Distribution and Customer Service Corp.

**ICG Utilities** – coordinated preparation of applications, supporting materials, and other aspects of regulatory process for regional gas utility managements, as member of a head office specialist team; provided expert technical services in rate design, cost allocation, and working capital allowance determination; testified in three hearings before British Columbia regulator

**Toronto Hydro** – Testified before Ontario Energy Board on bulk power rate issues

**Rogers Cable and Communication Inc.** – Testified before Ontario Energy Board in support of consensus for treatment of certain unmetered electricity loads in the development of guidelines for electricity distribution rates.

---

**Ontario Energy Board** – comparison of heritage contracts and similar arrangements in leading jurisdictions

**Ontario Energy Board** – identification of appropriate roles and responsibilities for the OEB under alternative industry and market structure scenarios, including default supply arrangements

**Barbados Public Utilities Board** – study to recommend procedures, rules and systems for oversight of the natural gas sector by a new regulatory agency.

**Toronto Hydro** – testimony in public hearings before the Ontario Energy Board on subjects of wholesale and retail rate policy and electricity market development; advised management in strategy related to regulatory compliance and industry regulatory issues.

**Electricity Distributors Association** -- analysis of cash flow patterns of electricity distribution utilities in Ontario reflecting customer payment patterns and market settlement requirements

**Electricity Distributors Association** – study to determine the financial benefit to municipalities of ownership of local distribution companies (LDCs).

**National Grid Co.** -- Assessment and overview report on regulatory framework and issues in Ontario.

**Bruce Power** – Assessment and overview on industry structure, generation and transmission capacity, pricing and issues in New Brunswick

*Generation and Demand Response*

**Enbridge Gas Distribution Inc.** – review of role of natural gas in the Ontario electricity mix.

**Energy East (RGE and NYSEG)** – analysis as to the potential value of load shifting which might take place as result of rate-driven (time of use or critical peak pricing) programs supported by universal interval metering in the State of New York; regulatory precedents as to cost recovery for advanced metering and meter reading technology

**Markham District Energy Inc.** – financial and operational modeling in support of proposed generation project in response to competitive generation RFP in Ontario

**Coral Energy** – analysis, preparation of evidence and expert testimony to Ontario Energy Board supporting by-pass competitive basis for gas distribution pricing to an electricity generation plant

**CMS Energy** – report on Ontario electricity industry structure, market, and regulatory environment, in support of decision to respond to RFP for new generation in the province; analysis support in development of proposal

---

**Ontario Power Authority** – model development and analysis in support of evaluation of a potential generation, transmission and demand response alternatives in York Region; report in support of generation alternative to the Ontario Energy Board; development of draft RFP and contract documents to procure demand response in York Region.

**Hydro Ottawa Holdings Inc.** – as part of a larger project to provide strategic advice on four business units, provided financial modeling for valuation of Energy Ottawa Generation.

**FortisOntario** – assistance in development of response to CHP Phase I procurement initiative by OPA

**Ontario Power Authority** – advisory services with respect to negotiation of Early Movers contracts

**Toronto Hydro** – manager responsible for design and implementation of conservation and demand management programs; portfolio included microwave cooking workshops, home and business energy audits; time of use rates; water heating load curtailment incentives; curtailment incentives for commercial buildings; net metering; light bulb and showerhead distribution; information programs for customers. Also cooperated in implementation of initiatives of others, including Better Buildings Partnership (City of Toronto); GreenSavers; various programs of Ontario Hydro.

*Rate Designs and Pricing Studies*

**Summerside Electric/City of Summerside** – advisory and analysis service with regard to proposals of Maritime Electric for an Open Access Transmission Tariff.

**Nova Scotia Department of Energy** – advisory and analysis services to support intervention in Nova Scotia Power's request to the regulator for approval of a fuel adjustment mechanism.

**East China Grid Company** – advice in developing and simulating an unbundled electricity distribution tariff for Shanghai Municipal and four provincial electric power companies

**British Columbia Ministry of Energy and Mines** – advisory and due diligence services with regard to recommendations by the British Columbia Utilities Commission for implementation of proposed Heritage Contract and stepped rates to wholesale and industrial customers.

**Perth-Andover Electric Light Commission** – long-term rate strategy and detailed bundled retail rate designs for all electricity consumer classifications.

**Coral Energy** – analysis, preparation of evidence and expert testimony to Ontario Energy Board supporting by-pass competitive basis for gas distribution pricing to an electricity generation plant

---

---

**Toronto Hydro-Electric System** – development of market-based transfer pricing proposal for services to the regulated distribution utility, from a proposed competitive business affiliate.

**Volta River Authority (Ghana)** – development of tariff structure and preliminary rates for open access use of the national electric transmission system in Ghana.

**Enwave District Energy Limited** – determination of appropriate customer classification and pricing design alternatives for a district steam system in a context of competitive electricity and gas markets and wider service choices for existing and potential customers.

Participated in committees and task forces of the Municipal Electric Association (of Ontario), an association representing 300 member utilities, with respect to wholesale and retail rates and regulatory policy issues; and made presentations at meetings and conferences on these subjects.

**Toronto Hydro** – development and initial implementation of time of use rates for residential and large industrial customers; development of pricing strategies and policies for all customer classes.

**Toronto Hydro** – development of all customer rate designs, implementation strategy, and preparation of annual submissions for approval of the rates. Managed a team of specialists in the preparation of associated detailed studies, load forecasts and load research.

**ICG Utilities Ltd.** – analysis in support of rate designs for natural gas distribution utilities in Manitoba and Alberta, and for propane distribution through pipes in British Columbia. Testimony in public hearings in British Columbia for regulatory approval of natural gas rates.

*Cost Allocation and Load Research*

**Rogers Cable and Communications Inc.** – represented a consumer stakeholder in a regulator-sponsored stakeholder process to determine a cost allocation methodology and analysis approach for information filings by all electric distribution utilities in Ontario.

**FortisOntario** – methodology review of allocation of shared costs to regulated and non-regulated business units and preparation of evidence for application to Ontario Energy Board for approval of 2006 electricity distribution rates

**Perth-Andover Electric Light Commission** – study to allocate the bundled costs of electricity service to customer classes and assess the impacts on cost allocation of changes to the wholesale rate structure.

**Saint John Energy** – two studies to allocate the bundled costs of electricity service to customer classes; one of these studies included analysis of metered system load profiles and publicly available typical customer profiles to develop demand allocation factors.

**Enwave District Energy Limited** – study to allocate costs of service for

---

a district steam system as a basis for pricing redesign; study included analysis of detailed time-related customer consumption data as a basis for allocation of costs, as well as operating and financial data.

**Toronto Hydro** – planning and execution of customer load research projects, including deployment of research metering, load data analysis and related customer research and surveys.

**Toronto Hydro** – coordination of first comprehensive cost of service study, a one-year cross-functional project, including in-depth data collection, selection of allocation methodologies and development of computer-based analytical tools. Led subsequent updates and refinements to the study.

**ICG Utilities Ltd.** – fully allocated cost of service studies for natural gas distribution systems in Manitoba and Alberta, including data analysis and development of computer-based analytical framework.

Member – Ontario Energy Board Cost Allocation Working Group (2003 and 2005)

Member – Municipal Electric Association Cost of Service Sub-Committee (1986-1988)

*Financial and Project Feasibility  
Analysis*

**Enbridge Gas Distribution** – business case analysis for gas automated meter reading

**Hydro Ottawa Holdings Inc.** – as part of a larger project to provide strategic advice on four business units, provided financial modeling for valuation of Energy Ottawa Generation.

**Toronto Hydro** – analysis of proposals related to participation in cogeneration and imbedded generation projects

**Toronto Hydro** – financial analysis and forecasting related to long-term distribution system upgrade plan

**Natural gas sector client** – financial model of proposed major pipeline expansion

**City of North Bay** – study of options for future ownership and governance of its electricity distribution system under new legislation, including identification of stakeholder issues, comparison of benefits, and facilitation.

**Gloucester Hydro** – assessment of financial and qualitative risks and benefits of retention of ownership and operation of Gloucester Hydro, an electricity distribution utility, by the City of Gloucester, under changing legislation and regulatory framework, and establishment of parameters for consideration of offers to purchase or lease the utility.

**Kanata Hydro** – assessment of financial and qualitative risks of

---

*Business and Strategic Planning,  
Mergers and Acquisitions*

retention of ownership and operation of Kanata Hydro, an electricity distribution utility, by the City of Kanata, under changing legislation and regulatory framework.

**Seven Ontario municipalities** -- Analysis and financial modeling to compute present value of continued ownership of electricity distribution assets for seven neighboring municipalities, to assist in consideration of competing proposals to purchase or lease the utilities.

**City of Sault Ste. Marie** – review of municipally-owned electricity distribution company with regard to ownership options, capital structure and financing.

**Brantford Power** – facilitation of strategic planning session for Board of Directors.

**Burlington Hydro Inc.** – advisory services and analysis in connection with bid to acquire a local distribution utility.

**Markham Hydro Distribution Inc. and Town of Markham** – Due diligence services in support of proposed amalgamation with Hydro Vaughan Distribution Inc.

Evaluation of main factors for consideration by owners of utilities in Simcoe County, in deciding whether to form joint venture companies for distribution and energy services to improve costs, performance and shareholder value.

Assessment and overview report of competitive market issues for new electricity industry businesses establishing in Ontario's restructured electricity market.

**Toronto Hydro** – participation in a team to study competitive power procurement and recommend a strategy for an open access market in electricity.

**Toronto Hydro** – creation of a framework for the assessment and development of competitive business ventures.

**Toronto Hydro** – corporate-level coordination of this electric utility's first strategic planning process; later participated in a management team to design and implement an effective strategic planning process.

**Oshawa PUC Networks Inc.** – policy recommendations for customer connections and capital contributions.

---

*Organizational Improvement and Process Review*

**Toronto Hydro** -- initiatives and special projects related to corporate effectiveness and productivity improvements, including:

- Establishment and coordination of the efforts of cross-functional teams involved in: development of corporate performance measures; improvement of inter-departmental service relationships; measurement of employee attitudes; testing of process re-engineering methodology; multiple process re-engineering projects for improvement of service to customers.
- Design and implementation of a management development program.
- Development of a corporate business planning process.
- Coordination of corporate planning and group problem-solving events to build understanding and commitment of staff.
- Presentations on performance improvement at seminars and conferences.

*Marketing, Customer Service and Customer Program Design*

**Toronto Hydro** – management of all market research, advertising and promotions, and market strategy development; managed development of new customer service programs and service improvement initiatives, and their implementation through cross-functional teams.

*Training, Facilitation and Project Management*

**CAMPUT** – Instructor in Cost Allocation and Rate Design, Energy Regulation Course, 2006 and 2007.

**Brantford Power** – facilitation of strategic planning process for Board of directors; participant survey design and telephone interviews; compilation of decisions taken into a strategy document.

**London Hydro** – training in regulatory compliance requirements and regulatory framework for management and staff of electricity distribution utility.

**Toronto Hydro-Electric System** - advice and facilitation to a cross-functional team of client staff in the development of a formal operating agreement for services exchanged between the regulated electricity distribution utility and a proposed competitive affiliate.

## CAREER HISTORY

*2001 – Present*

**BDR** – consultant specializing in rate designs, cost and financial analysis, business planning and energy market restructuring issues.

*1998 – 2001*

**In association with Acres Management Consulting** – consultant specializing in rate designs, cost and financial analysis, business planning and energy market restructuring issues.

---

---

1995 – 1998	<b>Toronto Hydro</b> – Manager, Marketing and Energy Management
1993 – 1995	<b>Toronto Hydro</b> – Special Assistant to the General Manager (responsible for organizational performance improvement initiatives)
1986 – 1992	<b>Toronto Hydro</b> – Supervisor of Rates and Cost Analysis
1984 – 1986	<b>Toronto Hydro</b> – Senior Rate Analyst
1981 – 1984	<b>ICG Utilities Ltd.</b> – Coordinator, Rate Administration
1979 – 1981	<b>H. Zinder &amp; Associates Canada Ltd.</b> , Senior Analyst

### EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS

<i>Degrees and Designations</i>	Society of Management Accountants of Manitoba, CMA University of Calgary, Masters of Business Administration (Finance) University of Toronto, Bachelor of Arts (Hon), Anthropology
<i>Professional Association</i>	Society of Management Accountants of Manitoba
<i>Continuing Professional Development</i>	Queens University School of Business, Marketing Program Queens University School of Business, Sales Management Program Society of Management Accountants of Canada—Customer Profitability Analysis Society of Management Accountants of Canada—Strategic Cost Management

---