



# **D. Milne Associates, LLC**

**ENERGY DEVELOPERS & CONSULTANTS**

## **Statement of Qualifications**

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## Background

DMA was founded in 1998 by David S. Milne, Jr. in association with Michael L. Herz and Theodore Spar. The firm's mission is to furnish energy producers and consumers with consulting services and development assistance based on the long term experience and creative capabilities of each of the members of the firm. DMA's principals' extensive knowledge of the energy industry provides a thorough understanding of current technologies and market based approaches. Additionally, DMA utilizes a select group of analytical and technical resources on an as needed basis to fulfill the requirements of an assignment.

DMA relies on its practical application oriented experience to assist clients in developing realistic plans of action, interacting on behalf of clients with customers, regulators and others key to successful development of new projects and businesses. We emphasize proactive implementation of the planning and analytical process.

Prior to forming DMA, the principals were working executives, with full P&L responsibility, who concentrated in several areas of the energy business. These include the following:

- Creating and managing a large independent power subsidiary of a major New York area utility
- Development of innovative and highly profitable cogeneration facilities
- Development and marketing of medium and large scale thermally powered refrigeration systems
- Manufacture and placement of small and medium sized distributed generation systems
- Development of gas and oil assets in the U.S. and Western Canada
- Project execution for both large and medium sized cogeneration facilities
- Program management for owners of energy facilities
- Fuel and electricity purchasing, transportation and management

These responsibilities included every aspect of administering a successful going concern, from concept and planning to management and operations, as well as, highly successful execution of exit strategies.

Geographically, the principals of DMA have global business and project expertise, having worked extensively throughout North America (the United States, Canada, and Mexico), as well as Central Europe, the Middle East, and Africa. They offer a unique wealth of experience in the Eastern part of the United States, particularly in New York and New England.

The direct expertise of the DMA principals in project development and marketing and their knowledge in permitting, finance, and project execution assure DMA clients comprehensive yet practical solutions. Importantly, DMA is uniquely qualified and equipped to assist in implementation of any recommendations, especially in project development and marketing assignments.

## **Focus**

Being a small and highly focused group, DMA is keenly aware of the need to deliver to its clients concise work products. Our approach includes the direct commitment of the time and resources of principals of the firm, its senior consultants and our ability to network with industry colleagues to assure that the most pertinent and timely resources are brought to bear on an assignment.

The principals have extensive practical experience including direct P&L responsibility for energy projects and processes. This affords a unique understanding of the clients' perspective, having been, so to speak, in the same shoes for many years. Therefore we emphasize practical advice and solutions which can be implemented in the competitive world we all live in.

## **Communication**

Special emphasis is placed on client communication. Our staff is highly skilled in presentation of complex concepts and programs to all levels of management, including senior executives and corporate boards, and is well experienced in developing communication programs to a wide range of audiences. We are expert in distilling complicated issues to their most elemental state so as to be able to effectively communicate in both friendly and challenging environments. We place special emphasis on effectively communicating with program managers and understand the importance of maintaining the integrity of schedules and schedule communication.

Our experience in working directly with public relations firms, advertising agencies and those companies which specialize in gaining governmental approvals for various types of programs and projects in the energy arena is extensive. We support clients in effectively dealing with public issues and those professional organizations retained to assist in the matter.

We also have extensive experience in working with the legal profession, including documentation of complex transactions. DMA principals have testified before state and federal regulatory agencies and have comprehensive experience in the regulatory process.

## **Analytical**

DMA analytical skills are frequently an integral element in performing client assignments. We have extensive experience in financial and technical modeling of energy projects in both large scale and distributed generation applications. Our principals have real world experience with both electrical and mechanical systems and understand how to best represent them mathematically, as well as commercially. DMA utilizes a network of professionals to augment this as required and has all necessary hardware and software to tackle client assignments.

## Clients

- Calpine Corporation
- CoMex Hidro
- DTE Energy Technology
- Leser Real Estate
- MC Energy
- Newmont Mining
- New York Power Authority
- Olin Corporation
- PanCanadian Energy
- Phillips Petroleum
- TRC Development
- White Pass Capital, Ltd.

## Highlights of recent assignments

### Distributed Generation (DG)

DG in the Northeast - DMA has completed an extensive assignment to analyze the market for DG in the New York and New England areas from a national manufacturer's perspective. The assignment included a macro analysis of the market, creating application models for specific building types utilizing actual energy consumption and local rates as inputs to models detailing the competitiveness of various products. Market entry strategies and vehicles were developed to launch the various DG systems.

Medium scale DG Management - DMA advises and assists a real estate developer in the management of a total energy plant located within a high rise commercial office building. This plant provides all the required electricity, heating, and cooling.

Large scale Combined Heat and Power - DMA has provided analytical and development assistance for a western CHP project in the 40MW range. This analysis examined the capital and operating costs of a large scale district heating and cooling system to be utilized in conjunction with the DG system. Applications include large hospitals, academic facilities and integrated office and residential communities.

## Highlights of recent assignments (cont.)

### Project Development

IPP Development Assistance - DMA has provided project development assistance for large scale IPPs. These assignments included first order estimates of system performance, all necessary financial modeling, permit reconnaissance, real estate acquisition and community liaison. Additionally, DMA assembled teams to augment developers' staffs to execute assignments.

Peaking Power - DMA has provided assistance to developers in the selection and initiation of high value peaking plant sites and development. A major portion of this effort was devoted to selecting locations that could afford rapid construction of simple cycle units.

### Project Execution

IPP Project Execution - DMA has assisted IPP organizations in the execution of approved projects in complex urban environments. DMA principals have coordinated the activities of the various and disparate actors necessary to commission an IPP on time and within projected capital cost.

### Program Management

Bi-lateral Power Marketing - DMA has assisted IPP operators in developing bi lateral sales opportunities for existing plants. This includes identifying likely prospects and negotiating agreements on behalf of the producers.

Purchased Power - DMA has assisted several energy consuming clients in the analysis and negotiation of purchase power agreements. This service included asset and agreement valuations through financial modeling of the prospective suppliers' activities to assure competitiveness with other supply alternatives available to the prospective purchaser. This type of analytical assistance has been provided on both a stand-alone basis and within the context of mergers and acquisitions.

Off-shore Gas Supply - Assisted a major E&P company in developing plans for businesses that would result in value added end use applications for a major off-shore gas supply.

### Asset Valuation

M&A Support – Conducted due-diligence for and analysis of power business portion of proposed merger to establish inherent valuation for the transaction.

Prospect Analysis – Evaluated the worth of a franchise and the likely power pricing for the owner of a site as a potential host of a third party developed project.

## Key Staff

David S. Milne, Jr., founder of DMA, was employed by The Brooklyn Union Gas Company (BU) and its subsidiary, Gas Energy Inc. (GEI) for 33 years. He retired as GEI's president in 1998 when the subsidiary was sold to Calpine Corp. as part of BU's merger with another utility to form KeySpan Corp. As president of GEI, Mr. Milne personally directed the development of three major cogeneration facilities, the purchase of another, as well as the development of GEI's extensive and profitable fuel management business and its international power and pipeline consulting activities. After retiring from GEI and forming DMA, Mr. Milne has provided power development consulting services for mid to large size IPPs in Mexico, assisted in the market introduction of Distributed Generation systems in the US as well as worked on the development of several large IPPs in the US and Canada. He has also assisted clients in M&A work and in formation of new businesses. From his earlier positions at BU, Mr. Milne has extensive experience in the marketing of natural gas for air conditioning, power generation as well as more conventional applications. He received his BS from Clarkson College of Technology in 1965 and MS from the Polytechnic Institute of Brooklyn in 1970. .

Michael L. Herz has spent 20 years in cogeneration, independent power and energy management businesses. Prior to his association with DMA, he spent nine years as a Principal of MLH Consulting Services. Over that period, Mr. Herz worked on the behalf of constructors, developers, hosts, equipment manufacturers, and utility companies. He possesses experience in all aspects of energy project development and execution with specific expertise in quantitative analysis and project management. Most recently Mr. Herz has provided services for the fast track development of several large IPPs, as well as conducting a solicitation to secure a major airline their long term energy needs at substantial savings. He has extensive familiarity with a broad range of electric generation technologies and their implementation. Before entering consulting, Mr. Herz served as the Vice President - Engineering for Cogenic who produced, marketed, installed and operated packaged cogeneration, distributed generation and demand side management equipment. He received a BSME degree from Boston University in 1980.

Theodore Spar, PE is a former officer of KeySpan Energy Corporation and its predecessor, The Brooklyn Union Gas Company (BU) with over 35 years of service. As Vice President of its Diversification Activities Division his responsibilities included overseeing subsidiaries which handled oil and gas production and exploration in the Gulf of Mexico and Canada, independent power generation, and fuel management businesses. Mr. Spar has broad knowledge in fuel management contracts including supply, transportation, and balancing agreements. Prior to working in the non-regulated areas of BU, Mr. Spar served as VP of Customer Service and VP of Distribution division of the company responsible for all pipeline construction and maintenance. Mr. Spar has extensive experience in the development and financing of oil and gas projects including natural gas processing plants and oil refineries in Canada. Mr. Spar earned bachelors and masters degrees from Cornell University in Civil Engineering and Business Administration respectively. He has served on various American Gas Association technical and customer committees and is a registered Professional Engineer in the State of New York.

**Key Staff (cont.)**

Nancy Chafetz, CPA has spent over 10 years handling financial analysis in the energy industry. In a Senior Analyst role for DMA she has constructed complex financial models to evaluate independent power projects, advised on project and pricing structures, identified and analyzed tax and currency exchange issues, performed sensitivity analyses and risk assessments, and developed and maintained forecast databases. Prior to this Ms. Chafetz served as an analyst for Gas Energy Inc., American Ref-Fuel, and CRSS Capital. She earned both an MBA (1989) and BS (1986) from the University of Texas at Austin.

Howard A. Fichtel, CPA has over 30 years of experience as an accountant, controller, auditor, and a senior advisor on Accounting Issues and Regulations. During his career he has had hands on responsibility for maintaining the accounting records of several Brooklyn Union and KeySpan subsidiary companies, participated in due diligence reviews of potential acquisitions, and been responsible for the design and implementation of annual audit plans. Prior to his 24 years of service for KeySpan, Mr. Fichtel was employed by Peat Marwick, Mitchell and Co. He is a veteran of the United States Navy, serving as a Lt. JG, and holds a BS in Accounting from Pennsylvania State University.