

John M. Shearman

Summary and Background

Mr. Shearman is the Chief Executive of UMS Group. He has more than 28 years of consulting and management experience serving global electric and gas utility markets. His special focus is on Deregulation, Competitive Positioning, and the Management of Change. He also has extensive expertise in strategic planning, organizational effectiveness and performance management. He has served as an expert witness in regulatory proceedings, is a frequent speaker at industry conferences and is well known for his perspectives on industry strategic directions.

Prior to founding UMS, Mr. Shearman was a senior member of Booz•Allen & Hamilton's utility practice. He also served for 11 years in various leadership capacities at two major U.S. east coast utilities. Mr. Shearman holds a professional engineer's license and an M.B.A. in finance from New York University.

Highlights of Experience:

- Mr. Shearman has provided counsel to utilities around the world in the development and execution of regulatory strategy. Many of these engagements have built innovative proposals to create sustainable value for customers, while providing effective incentives for management to drive continual improvement in the financial performance of the business. These strategies are typically founded on a more robust understanding of system cost and performance drivers and have often led companies to greater performance management effectiveness. In parallel, the ease of access and quality of information available to regulators has often improved dramatically.
 - He has prepared and delivered expert witness testimony for a number of US utility clients on various subjects including industry direction, regulatory incentives, performance management, prudence review of costs and the use of performance benchmarking information in regulatory reviews.
 - A particular area of focus in Mr. Shearman's engagement portfolio has been performance management. He has worked for many companies in the US, UK and Australia in designing and developing performance management and reporting systems. In one case, for a leading U.S. electric utility he designed and helped implement a comprehensive top management performance measurement and reporting system. For the utility's chief executive, he led executive workshops to define key objectives and measures of success and then spearheaded an analytic effort to determine relative importance and value, and appropriate time frame for each measure. These measures were then rolled down through three levels of the organization and linked into the management incentive compensation program.
 - Mr. Shearman has conducted numerous organizational restructuring projects at utilities over the past 17 years. He leads UMS Group's Organization Restructuring practice and is responsible for much of the firm's work in client business and competitive strategy development. His recent work in this area has included strategic analysis and organization design to implement horizontal
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unbundling and business streaming of utility companies. Most of these projects have included in-depth assessment of profitability, competitiveness and growth potential of individual business streams and key business processes.

- Mr. Shearman has led many engagements around the world, which were responsible for fundamental redirection of clients' business strategy. He has worked with many CEOs and Boards to help frame a more robust understanding of industry drivers and directions, and clarify how shareholders view value in the business. These assignments have been structured around a more deliberate and informed approach to Strategic Choice and have often produced dramatic shifts in the strategic options considered.
 - For a number of electric and multi-utility companies around the globe, Mr. Shearman has led full-scale transformation projects. These efforts have typically followed significant shifts in strategy and been designed to implement rapid simultaneous change in organizational structure, direction and capabilities. Such transformation projects have usually involved redefinition and redesign of core processes, adoption of new business models, redirection and new priorities for I/T, and establishment of new leadership practices and a more commercial and competitive organizational culture.
 - Over the last 10 years, he has served as the engagement officer for a number of client performance and best practices collaboratives. These projects have been conducted for industry trade groups, such as EEI (Edison Electric Institute), NEI (Nuclear Energy Institute), IWO (Institute of Water Officers in the UK), and ESAA (Electricity Supply Association of Australia), and for independent consortia assembled by one or more utilities for the purpose of industry benchmarking. Some of these, like ITOMS (International Transmission Operations and Maintenance Study), have become long running multi-year programs in which the participants have significant ownership and commitment to, and which have evolved and grown well beyond the original intent.
 - For a number of electric and several combination utilities around the world, Mr. Shearman has led consulting projects to capture merger synergies from consolidation. These projects have often resulted in staff reductions on the order of 30% and cost reductions of up to 40%. Many of these projects have faced unusually difficult circumstances, with severe political issues and resistance by labor unions and/or municipal government stakeholders associated with one or the other company
 - Mr. Shearman has conducted a number of very successful efficiency rationalization projects for Government owners of electric and other utilities. In one case, for a Middle Eastern government, Mr. Shearman led the project to rationalize 60 smaller distribution companies into two large government owned entities prior to privatization. The project was a large success, with over \$60 million in annual savings achieved and staff reductions greater than 50% realized. Many unique regulatory, asset ownership and technical integration issues were also addressed in this project.
 - In the formative years of UMS Group, Mr. Shearman led the design and delivery of several landmark utility industry benchmarking studies. These studies were unique at the time, introducing several breakthrough methods for normalizing performance across companies
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operating in widely varying environments and credibly computing controllable improvement gaps. Each project explored the tradeoffs between productivity, cost and service levels and identified innovative ideas and leading edge practices for use in closing performance gaps. Examples of these programs include:

1. A&G - A major 15 man-year study of 12 of the largest and best electric utility companies in the United States focused on the Administrative and General functions (i.e. accounting and finance, human resources, information systems, procurement and materials management, property management, transportation, communications, legal, internal audit and risk management). The study produced improvements yielding \$59MM in annual savings at one of the sponsoring companies.
2. Operations – The core operating functions and processes of electric utilities were examined in detail over two years in a collaborative effort with dozens of US companies. The project, called PACE OPS (Performance And Competitive Excellence), produced a sustainable core of annual benchmarking programs that have been run around the world in each year since 1992. In all, more than 200 utilities, including numerous Gas and Water companies have now participated in these programs.

Speeches & Articles

ANZ Utility Chief Executive Conference
Sanctuary Cove, Queensland, Australia
April, 2001
Keynote Address – "Industry Direction and Strategic Options"

Association of Edison Illuminating Companies (AEIC) Annual Conference –Committee on
Power Delivery
Southampton, Bermuda
March, 2001
Keynote Address - Industry Directions and Emerging Strategies For Wires Companies

NARUC Winter Committee Meetings - Committee On Gas
Washington, DC
January, 2001
Address – Strategies For Creating Regulatory Value

US Marine Corps – Executive Workshop – Performance Management
Penn State University, PA
December, 2000
Address – Managing Performance: *Strategic Business Goals to Work Execution Measures*

EUCI Conference – The New Millennium, How Will It Affect Utilities?
Denver, Colorado
October, 2000
"Lessons Learned – Deregulation Progress Report"

Electric Utility Consultants Conference
Denver, Colorado
October, 2000
Address – "How To Make Money In The Wires Business"

Annual PACE Executive Conference
Charleston, South Carolina
October, 2000
Keynote Address – "Industry Directions, Opportunities And Implications For Leaders"

ITOMS Electric Transmission Consortium Executive Conference
Memphis, Tennessee
October, 2000
Keynote Address – "Industry Direction and Strategic Implications"

ANZ Utility Chief Executive Conference
Sydney, New South Wales, Australia
March, 2000
Keynote Address - "Strategic Directions for the Industry"

ITOMS Electric Transmission Consortium Executive Conference
Brisbane, Australia
February, 2000
Keynote Address – "Strategic Context"

"Creating Advantage During Industry Reform" – Utility Executive Conference
Monterey, California
October, 1999
Keynote Address – " Finding Advantage in the Issues Keeping You Awake at Night"

ANZ Utility Chief Executive Conference – "Taking Control of Your Destiny"
Yeppoon, Queensland Australia
March, 1999
Keynote Address – "Outpacing Change – Global Trends in Utilities"

Energy Buyer's Conference
Baltimore, Maryland
October 19, 1998
"Positioning for Competitive Success – Deregulation Lessons from Overseas"

"Actions for Success in a World of Change & Uncertainty" (Suffolk University)
Boston, Massachusetts
September 8, 1998
"Sustainable Large Scale Change in Business Enterprises"

ANZ Utility Chief Executive Conference – "Building Business Value"
Melbourne, Australia
March 11 – 13, 1998
Keynote Address – "Global Competitive Environment"

Distribution 2000 Biannual Conference
Sydney, Australia
November, 1997

"Strategic Transformation Executive Conference"
San Francisco, California
October 15-17, 1997
Keynote Address - "Emerging Industry Structure and the Case for Change"

UNIPEDE Congress
Montreux, France
May 18-22 1997
Keynote Address – "Impact of Societal Changes on the Electric Utility Industry"

ANZ Utility Chief Executive Conference – "Managing Risk for a Competitive Edge"
Sanctuary Cove, Queensland, Australia
March 5-7, 1997
Keynote Address – "Global Industry Directions"

DA/DSM DistribuTECH
San Diego, California
January 27-30, 1997
"Emerging Retail & Distribution Businesses – Positioning for Competitive Success"

Industry Transformation Executive Conference
Ponte Verde Beach, Florida – Sawgrass Resort
October 9-11, 1996
Keynote Address – "Strategic Context"
Also: "Change Management Strategies for Success"

ANZ Utility Chief Executive Conference
Bondi Beach, Sydney, Australia
February 5-6, 1996
Keynote - "Strategic Directions for the Industry"

Distribution 2000 Biannual Conference
Brisbane, Australia
November 14-17, 1995
Keynote Address – "Competitive Positioning for Future Success"

Performance and Competitive Excellence Executive Conference
Scottsdale, Arizona
September 27-29, 1995
Keynote Address – "Strategic Context"

Northwest Electric Light & Power Association Best Practices Conference
Whitefish, Montana
July 10-11, 1995
"Defining Best Practices"

ANZ Electric Distribution Chief Executive Conference
Sydney, Australia
February 6, 1995
Keynote Address

Human Resources Executive Conference
Orlando, Florida
December 7-8, 1994
Keynote Address - "Industry Directions and the Implications for HR"

Performance and Competitive Excellence Executive Conference
Denver, Colorado
August 9-12, 1994
Keynote Address

Information Systems Executive Conference
Chicago, Illinois
June 29-30, 1994
Keynote Address

Computer Associates 1993 Annual Conference
Chicago, Illinois
October 25, 1993
"Results Oriented IT Benchmarking"

Electric Council of New England
Bar Harbor, Maine
September 30 & October 1, 1993
"Effective Benchmarking Approaches"

Partners in Performance Management Executive Conference
Hilton Head, South Carolina
July 11-14, 1993
Keynote Address

Electric Utilities Consultants 1993 Annual Conference
Denver, Colorado
June 22, 1993
"Benchmarking and Corporate Culture Change"

1993 EEI Marketing Conference
Kansas City, Missouri
May 20, 1993
"How to Do an Effective Benchmarking Site Visit"

Administrative and General Services Benchmarking for Utilities Executive Conference
Austin, Texas
December 16, 1992
Keynote Address – "Today's Mandate"

Public Utilities Fortnightly
December 1, 1992
"Competitive Benchmarking"

Competitive Performance Benchmarking for Utilities Executive Conference
Colorado, Springs Colorado
September 2-4, 1992
Keynote Address

New York Power Authority – "Public Power Roundtable Workshop"
White Plains, New York
April 8, 1992
"Effective Performance Benchmarking for Utilities"

Southeastern Electric Exchange – "Corporate Performance/Corporate Planning Annual Meeting"
Asheville, North Carolina
September 13, 1991
"Capturing the Power of Benchmarking"

Pacific Coast Electric Association – "Performance Measures Task Force"
San Francisco, California
September 11-13, 1991
"Capturing the Power of Benchmarking"