

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

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DRAFT



Study of Electric Utility Industry
Restructuring in Alaska

Request For Proposal

from the:

Legislative Joint Committee on Electric Restructuring
and the
Alaska Public Utilities Commission

October 30, 1998

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**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

STANDARD PROPOSAL INFORMATION

1. Background, Overview, Goals

The electric utility industry is undergoing significant, evolutionary changes in the Lower 48 states. These changes have resulted in part from the Energy Policy Act of 1992 and Order No. 888 of the Federal Energy Regulatory Commission (FERC) in derivative proceedings (Note: Order No. 888 does not apply to Alaska). The industry has begun to move away from a vertically integrated monopoly regulated structure. At the federal level, new requirements for "comparable" transmission access and non-discriminatory availability of real-time network information are promoting competition in general. Concomitantly, 45 states have adopted or are considering changes in the way consumers receive electric service, including the introduction or examination of retail competition and consumer choice. Although FERC Order No. 888 does not cover Alaska, Alaska is interested in new business structure and benefits that might arise out of restructuring.

Whether such restructuring efforts will produce sustained, sustainable consumer benefits is unresolved. The form, scope, and substance of the individual state programs vary widely from state to state, as does the relative degree of enthusiasm for large-scale restructuring of the industry. Other countries have made considerable progress on this issue, however, to the extent states have adopted programs, those programs are for the most part in the inception stage. Inadequate time has elapsed to provide an empirically sound basis for assessing long-term public interest benefits available from any particular restructuring effort.

Against this backdrop, issues concerning competition and deregulation have come before the Legislature and the Alaska Public Utilities Commission (APUC). Though not physically interconnected to the Lower 48 grid, Alaska is not insulated from the social and political forces driving review and revision elsewhere in the country. These forces have begun to move policy makers in the State to review and consider the present condition of the electric industry in Alaska, the possibilities of change in the industry structure here, and the prospects for public interest benefits flowing from whatever course might be chosen.

It is imperative that Alaska's utility structure be properly evaluated in comparison to the more cohesive infrastructures, technology options, and generation providers available in the Lower 48. In short, if beneficial to Alaska in all or in part, it is important to establish a restructuring template for Alaska that ensures economic benefits to its citizens while ensuring against harm to consumers who don't have the market strength to protect their financial interests.

APUC, which has formal jurisdictional oversight over all electric utilities and utility services in the state, has been engaged for several years in various adjudications, which to some degree have impacted electric industry and market restructuring issues. More recently, the APUC inaugurated dockets focused on:

- a) power pooling and dispatch planning among the Railbelt¹ electric utilities (DOCKET U-97-140); and

¹ "Railbelt" utilities referenced in this RFP refer to the interconnected utilities of Chugach Electric Association, Inc.

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- b) a more general rulemaking inquiry into electric restructuring issues (DOCKET R-97-10).

Both dockets raise a wide range of issues with broad potential impacts upon the public as well as industry. APUC activity is now paralleled by legislative action. Pursuant to House Concurrent Resolution 34 (Attachment 8), the Legislature has established a Joint Committee on Electric Utility Restructuring (Joint Committee) to examine various restructuring and competition issues. The Joint Committee must submit its recommendations to the 21st Legislature.

2. Synopsis

The Alaska Legislature represents all classes of electric consumers in the State of Alaska. The APUC is the primary state regulatory agency whose decisions regarding electric utilities can affect all classes of electric consumers. Consumer-owned electric utilities provide electric service to most of the state's more than 600,000 residents.

The electric system in Alaska is physically isolated from those of the contiguous states; the social, economic and political considerations underlying electric industry restructuring initiatives in other states have begun to be considered in Alaska. APUC and the Legislature are examining the present condition of and possible alternatives for the electric industry in the state. The APUC has before it Docket U-97-140 that will result in a preliminary study of power pooling and central dispatch planning for the integrated portion of Alaska's electric network (the "Railbelt" area). The Legislature has appointed a Joint Committee on Electric Utility Restructuring to recommend to the 21st Alaska Legislature (convenes January 19, 1999) whether and how to implement electric utility restructuring in Alaska.

3. Statement of Work

3.1. Introduction

The Legislature and the APUC seek to retain the services of a qualified professional consultant or consulting firm to assist in evaluating the risk/rewards and cost/benefits associated with competition in the electric utility industry in Alaska. Familiarity with current industry structures, practices and technology, and with ongoing developments in electric restructuring at the state and federal level is essential. Deliverables include written analyses, publishable reports, ancillary materials and presentations to the Alaska Legislature. Because of the timeline established by the state, time is of the essence with respect to milestones and deliverables.

(Chugach); Golden Valley Electric Association, Inc. (GVEA); Homer Electric Association, Inc. (HEA); Matanuska Electric Association, Inc. (MEA); the Municipality of Anchorage d/b/a Municipal Light and Power Department (ML&P) and City of Seward, Seward Electric Utilities Division (SES). Alaska Electric Generation & Transmission Cooperative, Inc. (AEG&T), is a wholesale supplier.

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It is required that the Consultant closely adhere to the timeline provided in the body of this RFP. The draft report must be available by March 31, 1999, for public review and presentation to the Joint Committee some time around April 19, 1999, in Juneau Alaska.

The funding available for the contract resulting from this RFP shall not exceed \$200,000. Funding is being provided through the APUC contractual funds and the Contract will be administered by the APUC.

3.2. *Scope of Work*

The Consultant shall provide a quantitative analysis for each type of utility market in Alaska. As indicated in the Fact Sheet (Attachment 9), Alaska has a diverse electric utility market. This study shall separately analyze Alaska's interconnected "Railbelt" market and all other electric markets outside of the Railbelt. In its final report, the Consultant may recommend additional or other market segmentation. The study shall assume that transmission and distribution systems will have open access tariffs and will be economically regulated as to rates, terms, and conditions of service.

3.2.1. General Statements

Economic Assessment: The Consultant is to provide an economic/engineering assessment that will address the risk/reward and cost/benefit of wholesale and retail competition in each type of Alaska electric market. Assess rate impacts and both direct and indirect economic impacts. Also assess the economic impact of new technological advancements.

Market Concentration: The Consultant shall address whether competition in the wholesale or retail markets will increase or decrease the number of service providers. If competition and deregulation increase market power or barriers to entry what are the ways to mitigate them?

Role of APUC in Restructuring: The Consultant shall discuss role of the APUC in the transition toward a competitive electric market. The Consultant shall also discuss any State or Federal Laws that are an impediment to implementing competitive electric service or are a barrier to entry of valid market participants.

The Consultant shall be guided by its work on the General Statements made above to analyze the following areas:

3.2.1.1. Retail Customer Choice

Lessons from other states and countries that are relevant to Alaska
Pilot program (EARLIEST DELIVERABLE)

3.2.1.2. Wholesale Competition

Effectiveness of competition in existing and alternative market structures

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3.2.1.3. Network Integrity

Possible handling of peak load times
Black & Veatch Study of Power Pooling/Central Dispatch Planning Study

3.2.1.4. Consumer protection and Universal Service

Power Cost Equalization (PCE)
Provider of Last resort
Assess potential problems related to cherry-picking

3.2.1.5. Stranded Costs due to restructuring

Transmission lines (state ownership)
Wholesale contracts
Tax-free and Municipal Bond Impacts of restructuring
Revenue implications for local government

Attachment 10 is a listing of the Issues/Scenarios developed during the Joint Committee's public meeting process. The listing is to provide additional background for the categories listed above.

3.3. Modeling Guidelines

This section provides the guidelines for the Consultant concerning modeling guidelines to be used in preparing bids.

3.3.1. Base Case

The Consultant is required to develop base cases representing the current status absent any change in regulatory scenarios. It is mandatory that the base cases be developed so that all alternative regulatory scenarios can be projected until 2016². Generally, the base case assumes the continuation of existing rate base rate of return regulation. Utilities continue to own existing power plants and continue to finance and build own generation to meet load growth.

In addition, as part of the base case it is mandatory that the Consultant identify any problems or constraints with the operation of the existing wholesale market.

3.3.2. Sensitivity Analysis

For the competitive market scenario, the Consultant must address the impacts of the following alternative assumptions:

- a) High, medium and low load forecast
- b) High, medium and low fuel prices

² This is the same planning horizon used in Black & Veatch's Alaska Power Pool Study.

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STANDARD PROPOSAL INFORMATION (continued)

4. Deliverables

The following is to be provided by the Consultant as part of this project.

4.1. Written Report

As directed by the State, produce a final and comprehensive written report reflecting the Consultant's conclusions and reasoning concerning the above requirements. The final report should include written analyses, publishable reports, and ancillary materials, all of which become the property of the State of Alaska. One hundred bound copies of the report shall be provided and delivered to the distribution list to be provided. The entire report shall be provided in Adobe Acrobat electronic format for posting on the APUC's and the State's WEB page.

4.2. Peer Group Review

The Consultant shall assemble and consult with a peer group, consisting of three members, who are not employees, contractors, or otherwise connected with the Consultant, regarding the written report. The State shall approve all members of the peer review team. Along with the draft report, the Consultant shall provide the State with a copy of written remarks from members of the peer group.

4.3. Presentation

As a part of the contract, the Consultant must be available to present the report to the Joint Committee, to testify before the Joint Committee and other committees of the Alaska Legislature in Juneau, and the Commission in Anchorage on this matter through December 1999.

4.4. Pilot Project

The Consultant shall analyze the proposed Pilot Program filed with the APUC in its Docket U-98-114³. The Consultant shall comment and recommend any changes to the proposed model to establish a market structure that is compatible with the Anchorage area. The mechanics of the model should then be scrutinized so that the results of the pilot program will emulate the results that can be expected if the entire Anchorage market were opened to this market structure. The Consultant should list pitfalls and assess the sensitivity of the pilot program as well as recommend any legislative initiative that will be required to implement the pilot program.

³ Entitled: *In the Matter of the Application by AURORA POWER RESOURCES, INC. To Establish a Pilot Program To Allow the Limited Competitive Sale of Electric Power in CHUGACH ELECTRIC ASSOCIATION, INC., and MUNICIPAL LIGHT & POWER Service Areas*

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4.5. Timeline

<u>Step</u>	<u>Day #</u>	<u>Date</u>	<u>Description</u>
1.	1	6-Jan-99	Anticipated Contract start date
2.	23	29-Jan	Data Collection
3.	44	19-Feb	Benchmark Existing Operation
4.	51	26-Feb	Model Wholesale Market
5.	58	5-Mar	Model Retail Market
6.	65	12-Mar	Pilot Program Design Recommendation Delivered
7.	72	19-Mar	Cost/Benefit Analysis
8.	84	31-Mar	Draft report delivered
9.	97	13-Apr	End of Public Comment Period
10.	98-109	Mid Apr	Legislative Hearing(s)
11.	117-129	Early May	APUC Hearing
12.	176	30-June-99	Final Report Due

Payment will be based upon completion of steps 2 through 8 and 12. A 10% withholding on payment will be kept if the Consultant falls behind the above schedule.

5. Proposer Qualifications

5.1. Minimum requirements

The following are the minimum requirements that Consultants must meet to bid on this RFP.

5.1.1. Balance:

Consultant must have a balanced viewpoint on the issue of electric utility restructuring.

5.1.2. Alaska Hire

Consultant should actively pursue partnerships with Alaska businesses (if not an Alaska business) and be licensed to do business in Alaska.

5.1.3. Consultant Resources

Consultant must have sufficient resources (personnel, software and hardware) to effectively process, analyze and evaluate significant amounts of raw data. Multiple sources of data may be offered and disparate forms, protocols, etc., can be anticipated. Some data may be proprietary, confidential or otherwise privileged in source or character, requiring the ability to handle such data in a conforming manner and to effectively control and limit the exposure or dissemination of such data.

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5.1.4. Experience

Consultant must demonstrate experience in electric industry matters, generally, and with knowledge of the current condition of restructuring elsewhere. Economics experience is mandatory. Engineering experience is highly desirable. The Consultant must be familiar with all aspects of policy formulation, from data gathering, to data analysis, to evaluation, to policy development and exposition. The Consultant must also be familiar with emerging technical, operational and financial issues (e.g., ISO functionality, securitization, power marketing, etc.).

5.1.5. Availability

Consultant must be readily available to the Legislature and the APUC during the course of the project for discussion and advice. This includes formal and informal meetings, and may involve consultation with the Joint Committee from time to time. The Consultant may be required to interact with individual legislatures, but will not be required to engage in individual member's projects or other matters outside the scope of this contract. The Consultant must be free of conflicts of interest at inception of work on this project and must remain so at all times until after termination of the contract.

5.1.6. Timeliness

The anticipated magnitude of the work effort and the limited, defined time period available to respond to the scope of the contract, places a premium on responsiveness to schedule. The Consultant will be expected to meet all deadlines and milestones established without sacrificing the accuracy, completeness and quality of the work product.

5.2. *Conflict of Interest*

Each proposal shall include a statement indicating whether or not the firm or any individual working on the contract has a possible conflict of interest that would affect the objectivity, analysis, and/or performance as required by the "Scope of Work" section of this RFP. This applies to the proposer, subcontractors and joint ventures. Any potential conflicts must be identified in the proposal. A waiver may be requested within 10 days of issuance of this RFP.

Additionally, a proposer, subcontractor or joint venture shall list any existing or previous contract(s) or association with a specific electric utility, class of electric utility customers or other party in a legal or regulatory proceeding in the Alaskan electric industry within the last 5 years.

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STANDARD PROPOSAL INFORMATION (continued)

6. Contracting Information

6.1. Issuing Agency's Mailing Address and telephone Number

The issuing office address and telephone number for this RFP is:

State of Alaska
Department of Commerce and Economic Development
Alaska Public Utilities Commission
1016 West 6th Avenue, Suite 400
Anchorage, AK 99501
Attn: Bob Lohr, Executive Director
Phone (907) 276-6222
Fax (907) 276-0160

The state assumes no liability for incorrect addresses, delivery of Letters of Intent or RFP packages by public or private carriers.

6.2. Contact Person

Any technical or procedural questions regarding this RFP, contract documents, or associated information should be addressed to **Diane Hunt** at the issuing agency's address.

6.3. Deadline for Receipt of Proposals

Proposals must be physically received by the issuing agency no later 4 p.m. November 23, 1998. Failure to meet the deadline will result in disqualification of the proposal without review. The state is not liable for delays caused by any public or private mail carrier.

Proposers must submit ten copies of their proposal to the issuing agency. Proposals may be mailed or hand delivered directly to the issuing agency. Faxed proposals are not acceptable. Proposals must be in a sealed envelope and clearly labeled as follows:

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CONFIDENTIAL:

DO NOT OPEN UNTIL November 24, 1998

State of Alaska
Department of Commerce and Economic Development
Alaska Public Utilities Commission

REQUEST FOR PROPOSAL IN RESPONSE TO: ASPS # [NOTE: INSERT ASPS NO.]

For:
**Study of Electric Utility Industry
Restructuring in Alaska**

Attention: Diane Hunt
This proposal is submitted by: (Responding Proposer's Name)

6.4. Required Review of this RFP by Proposer

Proposers should carefully review this RFP for defects and questionable or objectionable materials. Proposer's comments concerning defects and questionable or objectionable material in the RFP must be made in writing and received by the issuing agency at least ten (10) days before the proposal submission deadline. This will allow time for an addendum to be issued if one is required. It will also help prevent the opening and the exposure of proposals upon which award cannot be made. Proposer's comments shall be sent to the issuing agency's contact person identified previously in this RFP (Item 5). A copy of the proposer's comments should be forwarded to Commissioner, Department of Administration, P.O. Box 110200, Juneau, Alaska 99811-0200.

6.5. Questions Received Prior to Opening of Proposals

All questions regarding this RFP should be directed to the contact person previously identified in this RFP. There are generally two types of questions. One involves directing the questioner to the specific section of the RFP where the answer may be found. Responses to these questions may be given over the telephone.

The second type of question involves clarifying or interpreting parts of the RFP. Proposers shall put these questions in writing and submit them to the Contact Person at least 10 days before the due date of proposal. Responses to these types of questions shall be provided to all potential proposers in a written addendum to the RFP.

6.6. Addenda to the RFP

Should the issuing agency consider it necessary to revise any part of this RFP significantly or lengthen or shorten the proposal deadline period, an addendum will be issued to all who were previously issued the RFP.

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6.7. Proposal Withdrawal and Correction

A proposal may be corrected or withdrawn by a written request received prior to the date of opening. (2 AAC 12.230)

6.8. Discussion with Responsible Offerors

AS 36.30.240 and 2 AAC 12.290 in their entirety, are incorporated into this RFP. As determined by the evaluation process, proposers reasonably susceptible of award may be offered the opportunity to discuss their proposal with the procurement officer or evaluation committee and the proposal may be adjusted as a result of the discussion. Proposers may also be allowed to submit a best and final proposal, as a result of the discussion. AS 44.62.310 does not apply to meetings with proposers conducted under this section.

6.9. Right of Rejection

The issuing agency of this RFP reserves the right to and may declare any proposal non-responsive that does not fully comply with and address all the terms and requirements of this RFP. (AS 36.30.250)

6.10. Authorized Signature

Proposals must be signed by an individual authorized to bind the proposer to its provisions. The proposal must remain valid for at least 90 days from the proposal receipt deadline.

6.11. Noncollusion

The individual signing the proposal also certifies that under penalty of perjury that the price submitted was independently arrived at without collusion.

6.12. Disclosure of Proposal Contents

All proposals and other material submitted become the property of the state and may be returned only at the state's option. All proposal information will be held in confidence until the issuance of the Notice of Intent to Award. Thereafter, proposals will become public information. (AS 09.25.110 and AS 36.30.230)

6.13. Estimated Timeline of RFP Process

This schedule is for informational purposes only, as some actual dates may vary depending on the response to this RFP. It is unlikely, however, that a contract will be awarded before January 6, 1999.

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<u>Step</u>	<u>Day #</u>	<u>Date</u>	<u>Description</u>
1.	1	22-Oct-98	Advertisement submittal for the Alaska Administrative Journal.
2.	1-5	27-Oct	Publish newspaper advertisement.
3.	8	30-Oct	RFP available.
4.	18-20	9-Nov	Significant questions received ten days after RFP is available, but no later than ten (10) days before the proposal submission deadline.
5.	21	12-Nov	Send RFP Addendum to all potential proposers in response to significant questions received.
6.	30	23-Nov	Deadline for submitting proposals.
7.	31	24-Nov	Opening of proposals.
8.	31-45	7-Dec	Evaluation committee review.
9.	49	11-Dec	Issue Notice of Intent to Award.
10.	50-60	21-Dec	Grievance period.
11.	62-68	29-Dec	Contract negotiations; Execute contract.
12.	70	31-Dec	Consultant approval and signature.
13.	75	5-Jan-99	Department approval and signature.
14.	76	6-Jan	Contract start date.

6.14. Solicitation/Advertising:

Public notice has been provided in accordance with AS 36.30.210(c), 44.62.175 and 2 AAC 12.220. The RFP has been advertised in the Alaska Administrative Journal, the Anchorage Daily News, Fairbanks News Minor, Juneau Empire, and the Alaska Journal of Commerce.

The state assumes no liability for incorrect addresses, delivery of Letter of Interest, or RFP packages by public or private carriers.

6.15. Preproposal Conference:

A preproposal conference will not be held unless extensive questions arise regarding the RFP.

6.16. News Releases:

News releases pertaining to this RFP and resulting contract may not be made without prior written approval of the issuing office.

6.17. Incurred Costs:

No costs incurred by the proposer in preparation of the proposal, including travel and personal expenses may be charged as an expense of performing the contract. The state shall not be subject to

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payment for cost incurred for proposal preparation or contract preparation as a result of valid and legal termination of this RFP or termination of the contract resulting from the award of this RFP.

6.18. Multiple Proposals:

The issuing agency will not accept multiple proposals from the same proposer.

6.19. Alaska Business License:

All proposers, including joint ventures, MUST have a valid Alaskan Business License at the time designated for opening of the proposals (AS 36.30.210(e)). One of the following forms of evidence must be included in the proposal:

- a. a canceled check for the business license fee;
- b. a copy of a business license application with a receipt date stamp from the state's business license office;
- c. a receipt from the state's business license office for the license fee;
- d. a copy of the proposer's valid business license; or
- e. a sworn notarized affidavit that the proposer has applied and paid for a business license.

6.20. Other Licenses and Registrations:

All proposers are required to hold any and all necessary applicable professional licenses and registrations required by Alaska Statute. Proof of professional licenses is required with the proposal. Obtaining and ensuring compliance to all licensing and registering requirements is the complete responsibility of the proposer.

For more information on professional licenses, contact the Department of Commerce and Economic Development (DCED), Division of Occupational Licensing, P.O. Box 110806, Juneau, AK 99811-0806 or phone (907) 465-2534. For more information on corporate registrations, contact the DCED, Division of Banking, Securities and Corporations, P.O. Box 110807, Juneau, AK 99811-0807 or phone (907) 465-2530.

6.21. ADA Requirements:

If an alternative form of the RFP is required, notify the contact person previously identified or if using a telecommunications device for the deaf (TDD), please contact the department at (907) 465-5437 and leave a message. See Appendix A of the Standard Agreement Form for Federal Equal Employment Opportunities compliance requirements.

6.22. Federal Requirements:

It is the responsibility of the proposer to indicate within their proposal the applicability of any federal acts and requirements.

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6.23. *Alaska Bidder Preferences:*

There are two applicable Alaska Bidder Preferences. The first is a 5% reduction (for evaluation purposes only) to the proposed cost and the second is an evaluation factor (criteria) which will count for at least 10% of the total possible score.

The proposer must qualify under AS 36.30.170(b) and meet the requirements identified on the "Certificate of Qualification For the Alaska Bidder Preference" form included with this RFP as Attachment 6.

It is the responsibility of the proposer to ensure compliance with the requirements and to complete, sign, and include the Certificate in its proposal. The proposer's name on the proposal **MUST BE THE SAME** as the name appearing on the proposer's current Alaska Business License. (See Section 6.19)

6.24. *Notice of Intent to Award:*

After completion of the evaluation process, the issuing office will issue a Notice of Intent to Award to all proposers. This notice will contain the names and addresses of all proposers, including the intended recipients of the contract. See Attachment 7 of this RFP. (AS 36.30.365)

6.25. *Informal Debriefing:*

Any proposer may request and receive an informal debriefing after the Notice of Intent to Award is mailed out. The debriefing shall be limited to the offeror's proposal, concentrating on the areas considered deficient or inferior. The merits of other proposals will not be discussed.

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STANDARD PROPOSAL INFORMATION (continued)

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STANDARD CONTRACT INFORMATION AND PROVISIONS

1. **Contract Amount:** The maximum acceptable dollar amount for the completion of this project is \$200,000. Any proposal submitted which exceeds this maximum dollar amount shall be considered non-responsive and shall be rejected.
2. **Contract Term:** All work is to be completed by June 30, 1999.
3. **Contract For Multiple Years:** If the contract crosses fiscal years, the continuance of the contract is subject to the availability of appropriated funds.
4. **Joint Ventures:** Joint venturing is allowed.

The agency issuing the RFP grants the option to all proposers to submit their Proposal as a joint venture and the issuing agency reserves the right to contract with a joint venture if it is in the state's best interest.

To be considered a joint venture, there must be a community of interest in the purpose of the proposed Contract and an equal right for each firm to govern the conduct thereof. A written agreement, which specifically states each firm's responsibility; identifies the lead firm; designates the individual with signatory and negotiating authority; and is directly answerable and responsible for the proposed Contract is required. The agreement shall be signed by all firms comprising the joint venture and be included as an attachment to the Proposal.

When submitting a joint venture, the Alaska Business License Requirement applies to each firm comprising the joint venture, and the joint venture must also be licensed.

5. **Subcontractors:** Subcontracting is allowed. All Proposers shall include a subcontractor's list in their proposal with the complete name, the location of the place of business for each subcontractor, the work, and the percentage of work to be performed by each subcontractor per AS 36.30.210(a). All proposals shall include a copy of EACH subcontractor's Alaska Business License or one of the business license forms of evidence as listed in Section 6.19 of Standard Proposal Information of this RFP.

A subcontract shall not be transferred or otherwise assigned without prior written consent by the head of the issuing agency. All other conditions of AS 36.30.210(d) and AS 36.30.115(b) through (e) apply to all subcontractors.

6. **Contract Negotiations:** Upon completion of the evaluation process, contract negotiations will commence. It is anticipated that all contract negotiations will be held at the APUC's office in Anchorage.
7. **Failure to Negotiate:** If the selected proposer fails to provide the necessary information for negotiations in a timely manner, negotiate in good faith, or cannot perform the contract within the amount of budgeted funds available for the project and/or proposed by the

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STANDARD CONTRACT INFORMATION AND PROVISIONS (continued)

proposer, the issuing agency may terminate negotiations and negotiate with the next highest ranked proposer, or terminate award of the contract. (AS 36.30.360, 2 AAC 12.390 and 2 AAC 12.500.)

8. **Additional Terms and Conditions:** The issuing agency reserves the right to include additional terms and conditions during the contract negotiations. However, these terms and conditions must be within the scope of the original RFP and will be limited to cost, clarification, definition, and administrative and legal requirements.
9. **Incorporation of the RFP as Part of the Contract:** Provisions of this RFP, which are consistent with the Contract, shall become incorporated in the Contract by reference and constitute binding obligations of the parties.
10. **Incorporation of the Proposal as Part of the Contract:** The selected proposal or provisions of, shall become incorporated in the Contract by reference and constitute binding obligations of the parties.
11. **Contract Approval:** This RFP does not obligate the issuing agency or the selected proposer until a contract is signed and approved by both parties. If approved, it is effective from the date of final approval by the Commissioner of the Department of Commerce and Economic Development. The issuing agency shall not be responsible for work done, even in good faith, prior to final approval of the Contract.
12. **Performance Bonds and/or Surety Deposits:** The State reserves the right to require a performance bond or surety deposit to assure the Consultant's performance of all Contract provisions in a timely manner.
13. **Liquidated Damages:** The State reserves the right to require liquidated damages in the contract to assure the Consultant's performance of all Contract provisions in a timely manner.
14. **Indemnification:** The Consultant shall indemnify, save harmless and defend the state, its officers, agents and employees from all liability, including costs and expenses, for all actions or claims resulting from injuries or damages sustained by any person or property arising directly or indirectly as a result of any error, omission or negligent act of the Consultant, Subcontractor(s) or anyone directly or indirectly employed by them in the performance of this Contract.
15. **Insurance Requirements:** The Consultant must comply with Appendix B2 of the State's standard contract forms which requires proof of general liability, auto liability and workers' compensation insurance prior to contract approval. Appendix B2 also requires professional liability insurance. Failure to provide evidence of adequate coverage is a material breach and grounds for termination of the Contract.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

STANDARD CONTRACT INFORMATION AND PROVISIONS (continued)

A copy of the Appendix B2 is included with this RFP as Attachment 3. Any alteration must be approved by the Department of Administration, Division of Risk Management, prior to final contract approval.

16. **Standard Agreement Forms:** The selected proposer will be required to sign and comply with the "Standard Agreement Form," "Appendix A," "Appendix B2," for professional services. Copies are included as attachments to this RFP. If the potential proposer has concerns with the Standard Agreement Forms including Appendix B2, they may state their concerns in writing as part of their response. The State reserves the right to not award the contract to a proposer who will not agree to the terms and conditions of the Standard Agreement Form and appendices.
17. **Ownership of Documents:** This section applies to the terms and conditions as stated in Appendix A, Article 10, of the Standard Agreement Form which is attached to this RFP.
18. **Confidentiality:** The Consultant shall not, at any time, during or after the term of the Contract, without the State's written consent, disclose any information designated confidential by the State.
19. **Inspection and Reports:** This section applies to the terms and conditions as stated in Appendix A, Article 2, of the Standard Agreement Form which is attached to this RFP.
20. **Consultant's Records and State's Right To Audit:** The Consultant's books, correspondence, accounting procedures and records, information and or any other supporting evidence relating to the resulting Contract shall be open to inspection and subject to audit and/or reproduction during normal working hours.
21. **No Assignment or Delegation:** This section applies to the terms and conditions as stated in Appendix A, Article 6, of the Standard Agreement Form which is attached to this RFP.
22. **Notice of Amendment:** The Consultant shall notify the State in writing at least 30 days prior to the Contract expiration date of any known circumstances which may require an extension of the Contract completion date.
23. **Notices:** All written communication and billings to the State shall be addressed as follows:

State of Alaska
Department of Commerce and Economic Development
Alaska Public Utilities Commission
1016 West 6th Ave. Suite 400
Anchorage, AK 99501
Bob Lohr
Executive Director

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

STANDARD CONTRACT INFORMATION AND PROVISIONS (continued)

24. **Rejection of Work:** The Consultant shall be responsible for the quality, accuracy, and proper performance of the work identified in the Contract. The State may reject any work found to be defective or not in accordance with the specifications contained in this RFP, Consultant's proposal, and resulting Contract, regardless of the stage of completion and the time or place the error was discovered. The State may also reject defective work that has been previously approved because of an oversight during inspection/approval.
25. **Disputes:** This section applies to the terms and conditions as stated in Appendix A, Article 3, of the Standard Agreement Form which is attached to this RFP.
26. **Waiver:** The waiver by one party of any breach of the Contract, or the failure of one party to enforce any of the provisions, shall be limited to a particular instance. Neither party shall waive any future breaches or future provisions merely because a breach has been waived in a particular instance.
27. **Severability:** If any provision of the Contract is found to be invalid under, or contravene to the laws of any particular state, borough, or county, such contravention shall not invalidate the entire Contract. The Contract shall be construed as if the invalid provision is not contained in the Contract. AS 36.30.950
28. **Contract Termination:** In addition to the State having the right to cancel the resulting Contract due to the lack of appropriated funds, the State may, with a 30-day written notice, terminate the resulting Contract in whole or in part. The State is liable only for payment for services rendered before the effective date of termination.
29. **Vendor Tax ID Number:** A valid tax identification number must be provided to this department prior to or upon Contract approval. No payments will be made prior to receipt of the tax identification number and failure to provide a valid tax ID number may result in Contract cancellation.
30. **Payment of Taxes:** If it is discovered that the selected proposer is in arrears on taxes, the Contract shall not be awarded until the Alaska Department of Revenue notifies the State and approves of the payment provisions of the Contract.
31. **Media Announcements:** Any and all media announcements must be approved in advance by the State.
32. **Lobbying:** The State prohibits the Consultant from using any portion of the Contract amount for lobbying efforts.
33. **Americans With Disabilities Act of 1990:** The State complies with the Americans With Disabilities Act of 1990.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

PROPOSAL SUBMISSION CONTENT IN RESPONSE TO THIS RFP

All proposals submitted in response to this RFP must use the following outline format for their proposal(s).

Required Proposal Format: Submit ten copies of the proposal. They are to be three-hole punched with printing on BOTH sides of the paper and pages numbered. A Table of Contents, which follows the format below and reflects page numbers, is also required.

The proposer MUST address ALL the items and IN THE ORDER reflected below.

1. **Introduction:** Provide a brief general discussion of the proposal, including the Proposer's name and address and whether this is a joint venture and if so with whom. If proposing a joint venture, the term "Proposer" is inclusive of all joint venturing firms.
2. **Minimum Requirements:** Provide a detailed and precise discussion, including SPECIFIC EXAMPLES, of meeting EACH of the minimum requirements established in Section 5.1 of the "Proposer Qualifications" section of this RFP, to be considered responsive to this RFP. Attach documentation substantiating that the proposer has complied with all of the minimum requirements as listed in the "Proposer Qualifications". Limit discussion only to the minimum requirements.
3. **Conflict of Interest:** Provide a detailed and precise listing of any potential conflicts of interest, with regard to Section 5.2 of the "Proposer Qualifications" section of the RFP.
4. **Methodology and Management Plan:** Provide a detailed discussion of the Proposer's understanding of the proposed contract and the approach and methods that the Consultant will use to accomplish the tasks as stated in the "Scope of Work" section of this RFP. Also, discuss in detail what will be performed; by whom, specific personnel or subcontractors, and in what sequence; how the various functions/responsibilities will be carried out and the interaction and communication between the issuing agency and proposer, or subcontractors. Be specific in addressing the various elements, functions and responsibilities in the order presented and outlined in the "Scope of Work" section of the RFP.
5. **Proposer's Organization, Experience, Performance Record and Resources:** Specifically discuss the Proposer's, including all joint venturer's, experience. (Do not include subcontractor's experience here, but include in Item 8 of this section.) If minimum requirements have been established, those shall be addressed in Item 2 of this section). The following shall be provided:
 - a. A detailed discussion of the Proposer's ownership, headquarters, branch or affiliate offices and length of time in business.
 - b. A detailed discussion of the Proposer' structure, size and capabilities/quantities available in terms of personnel and equipment. Indicate if the award of this contract

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

PROPOSAL SUBMISSION CONTENT IN RESPONSE TO THIS RFP (continued)

would require the acquisition of additional space, equipment, personnel or any other items. Be specific as possible, i.e., how much additional space, specific equipment, the number and function of additional employees, etc.

- c. A detailed discussion of the length of time in business, qualifications and experience relative to the services required for this proposed contract.
 - d. A detailed discussion and listing of current clients, brief description of services provided, approximate dollar amount of each account, and a contact name and phone number of at least three of whom may be contacted.
 - e. Discuss how the Proposer evaluates the effectiveness of its services.
 - f. Identify any distinct and substantive qualifications for undertaking the proposed contract, such as the availability of specialized equipment, awards and recognition received from similar services, or special approaches or concepts relevant to the required services.
 - g. Include any other information that is felt to be pertinent and you wish to provide.
 - h. Three references familiar with the Proposer's work that is similar to the work product requested by this RFP.
 - i. Brief synopsis of reports the Proposer's has produced relating to the electric industry in the last 5 years. Limit response to five pages. Indicate whether reports are publicly available. Copies may be requested for evaluation purposes.
6. **Project Manager:** Identify the responsibilities, percentage of time, and the individual who will be the Project Manager and will be working directly with the issuing agency

A resume, which includes at least three references with phone numbers, shall be provided. Resumes, which include non-relevant information, may detract from the proposal evaluation. A list of projects is not useful unless the individual's specific and relevant duties and responsibilities are identified.

The State reserves the right to approve or disapprove any change to the selected proposer's Project Manager. This ensures that an individual is not arbitrarily removed from the Contract. Personnel changes, which impact the Contract, may result in the cancellation of the Contract.

7. **Key Project Personnel:** Identify the responsibilities of and the key individuals who will be assigned to the proposed contract.

A resume, which includes at least three references with phone numbers, shall be provided. Resumes, which include non-relevant information, may detract from the proposal evaluation.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

PROPOSAL SUBMISSION CONTENT IN RESPONSE TO THIS RFP (continued)

Lists of projects are not useful unless the individual's specific and relevant duties and responsibilities are identified.

The State reserves the right to approve or disapprove any change in the selected proposer's project team members who are specifically offered in the proposal. This ensures those individuals with pertinent experience and vital skills are not arbitrarily removed from the Contract. Personnel changes, which impact the Contract, may result in the cancellation of the Contract.

8. **Subcontractors:** All the information that is required for the Proposer in Items 3 through 7 is required for ALL subcontractors. Throughout the proposal, subcontractor's experience and personnel shall be specifically identified in the appropriate section.

In response to this section, a list of all proposed subcontractors' names, addresses, a brief description of and percentage of work to be performed by each subcontractor shall be included. An Alaska Business License for each subcontractor must also be included as an appendix to the proposal. Failure to comply may result in the proposal being declared non-responsive and rejected.

9. **Peer Group Review:** Provide names resume, and biographies of each peer review panel member.
10. **Cost of Proposal:** By Alaska Statute, the cost of a proposal must be an evaluation factor. Provide the total cost for the work product outlined in this RFP. Include a payment schedule for the work activities indicated in Section 4.5 (Timelines) of this RFP. Also provide travel and per diem rates for travel to Juneau and Anchorage that is in addition to that discussed elsewhere in this RFP
11. **Other Pertinent Information:** Include any other information, which is pertinent in responding to this RFP.
12. **Alaska Business Licenses:** As discussed in Section 6.19 of the "Standard Proposal Information" section of this RFP, submission of proof of an Alaska Business License for the proposer (proposers if a joint venture) and all subcontractors is required. The proposer's name on the submitted proposal must be the same as appearing on the proposer's current Alaska business license.
13. **Other Licenses and Registrations:** As discussed in Section 6.20 of the "Standard Proposal Information" section of this RFP, submission of proof of all applicable professional licenses for the proposer and all subcontractors is required.
14. **Alaska Bidder Preference:** As discussed in Section 6.23 of the "Standard Proposal Information" section of this RFP, compliance with and the submission of the "Certificate of Qualification for the Alaska Bidder Preference" is required in order to obtain the preference, if it is applicable.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

PROPOSAL SUBMISSION CONTENT IN RESPONSE TO THIS RFP (continued)

The proposer's name on the submitted proposal must be the same as that appearing on the proposer's current Alaska business license.

15. **Joint Venture Agreement:** As discussed in Item 6 of the "Standard Contract Information" section of this RFP, a written agreement is required.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

PROPOSAL SUBMISSION EVALUATION CRITERIA

1. **Oral Presentation:** The issuing agency reserves the right to require an oral presentation. The entire evaluation committee must be present for all oral presentation. The cost will be borne by the proposer. AS 44.62.310 does not apply to meetings with proposers conducted under this section.
2. **Evaluation Factors:** Proposals will be evaluated in the manner discussed in the "Standard Proposal Information" section of this RFP. The following are the specific evaluation factors which will be used:

a. Methodology and/or Management Plan	25
b. Balanced viewpoint	5
c. Respondent's Organization, Experience, Performance Record and Resources	20
d. Project Manager and Key Project Personnel	5
e. Peer Group	5
e. Cost of Proposal	10
f. Alaska Bidder Preferences	10
Maximum Possible Points	100

3. **Evaluation of Proposals:** The procurement officer, or an evaluation committee consisting of the procurement officer and at least two state employees or public officials, shall evaluate the proposals. (2 AAC 12.260)

The evaluation will be based only on the evaluation factors and values stated above in this RFP. Evaluation factors not specified may not be considered. (AS 36.30.210(b) and AS 36.30.250(a))

4. **Cost Evaluation Formula:** Cost must be an evaluation factor unless the service sought is selected in accordance with AS 36.30.270(a) and (b).

The distribution of points based on price must be determined as follows per AS 36.30.040, .210, .250, and 2 AAC 12.260. For the purpose of evaluating cost, the proposed costs of an offeror who qualifies as an Alaska bidder under AS 36.30.170(b) shall be reduced by five percent (5%). The proposal with the lowest cost must receive the highest available rating allocated to the cost factor. The rating for each higher cost proposal must be determined using the following formula:

$$\frac{(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points of Cost})}{\text{Price of Each Higher Cost Proposal}} = \text{Points}$$

Guidelines Suggested by
Joint Committee on Electric Utilities Restructuring
for a Study
On Electric Utility Restructuring in Alaska

Background of Consultant:

Extensive experience with electric utility restructuring (international, national or state)
Engineering and economic capability
Balanced on issue of electric utility restructuring
Availability during study and reporting period
If not an Alaskan business, willing to partner with Alaskan businesses
Licensed to do business in Alaska

Scope of Study:

The main question to be addressed is the risk/reward and cost/benefit of wholesale and/or retail competition in the electric utility industry in Alaska. Initial emphasis of resources should be on the Alaska Railbelt.

Issues/Scenarios to be Addressed:

ALASKA

- Assess Alaska's unique situation regarding transmission grid.
- Assess competition potential on wholesale and retail level.
- Review nature of ownership of Alaska utilities with the public owning nearly all of the utilities either on a cooperative member basis or a municipally-owned basis - and its impact on restructuring.
- From restructuring experience in other jurisdictions, assess possible results of restructuring in Alaska.
- Assess impact and benefits that may accrue as result of restructuring, including changes that may eliminate or decrease the State subsidy provided under the Power Cost Equalization program.
- Assess State's exposure on Four-Dam Pool and other power generation and transmission lines, and contractual obligations State has to these projects.

STRANDED INVESTMENTS

- Identify investments that may be stranded by competition and how these costs should be recovered.
- Assess impact of State's ownership and financing of major transmission facilities and whether that ownership and financing impacts possible stranded investments.
- Assess the impacts on existing gas supply contracts and wholesale power contracts in a competitive wholesale market.

RELIABILITY/SAFETY

- Assess how to preserve reliability and safety under competition scenarios.

- Assess handling of peak loads (particularly in the winter) and how these loads would be serviced under competition.
- Assess spinning reserves and standby capacities in current and any restructured system.

AFFORDABILITY

- Assess low-income protection, universal service provisions, including provider of last resort, obligation to serve, and how these should be structured; e.g., telecommunications within Alaska is required to provide universal service.
- Define and assess potential problems related to cherry picking.
- Assess potential for mergers and acquisitions, and consolidation of various market segments (winding up with one major player in the area).

PILOT PROGRAM

- Assess whether one would work in Alaska, or in specific areas of Alaska.
- Suggest structure for acquisition of meaningful data.

CONSUMER EDUCATION

- Assess the issue of how to educate consumers under any restructuring plan and the anticipated cost of such a program.

FINANCIAL ISSUES

- Bonds: Assess any potential restructuring problems with tax-free and municipal bonds and/or outstanding federal loans.
- Taxes: Assess tax implications facing local and/or state government.
- Costs to government: Assess anticipated costs of instituting restructuring on state and local governments.
- Consumers: Assess potential bottom line for consumers, what percent of eventual savings to consumers will result from each of the options.
- Wholesale contracts: Assess how to deal with current long-term power purchase contracts; identify measures to ensure a level playing field.
- Reliability: Assess cost of maintaining spinning reserves and standby capacity and how payment for these systems should be addressed.
- Stability: Assess potential and impact of power suppliers/brokers financial insolvency or quitting the marketplace.

ALASKA LEGISLATURE

- Outline policy issues, possible statutory changes the Legislature may need to address.

ALASKA PUBLIC UTILITIES COMMISSION (APUC)

- Assess role of APUC in restructuring.
- Outline what regulatory measures the agency may need to address (e.g., transitional issues)
- Assess whether statutory changes are required to provide oversight of market players, i.e. currently power marketers may not be required to be certificated or registered with the APUC.

OTHER

- Incorporate, but not duplicate the work products from APUC Docket U-97-140, specifically the Black & Veatch study.
- When reviewing the existing system, consider that more than one competition scheme may be appropriate within the entire state.
- Look at whether or not the existing regulatory scheme is adequate to address any suggested direction for each market segment; if inadequate, identify regulatory oversight needed after restructuring.
- Look at how to make performance-based regulations.
- For each scenario assess the impact new technology has had, does have and could have on electrical systems.
- Discuss implied vs. explicit ratepayer subsidies: What are they? How are they impacted by restructuring?



Study of Electric Utility
Restructuring in Alaska

Request For Proposal

from the:

Legislative Joint Committee on Electric Restructuring
and the
Alaska Public Utilities Commission

November 16, 1998
ASPS # 99-0014

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ATTACHMENTS

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**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL**

1. General Information

1.1. Purpose of the Request For Proposal

The Alaska Legislature and the Alaska Public Utilities Commission (APUC) seek to retain the services of a qualified professional consultant or consulting firm to assist in evaluating the risk/rewards and cost/benefits associated with competition in the electric utility industry in Alaska. Familiarity with current industry structures, practices and technology, and with ongoing developments in electric restructuring at the state and federal level is essential. Deliverables include written analyses, publishable reports, ancillary materials and presentations to the Alaska Legislature. Because of the timeline established by the state, time is of the essence with respect to milestones and deliverables.

It is required that the Consultant closely adhere to the timeline provided in the body of this RFP. The draft report must be available by March 31, 1999, for public review and presentation to the Alaska State Legislature some time around April 19, 1999, in Juneau Alaska.

The funding available for the contract resulting from this RFP shall not exceed \$200,000. Funding is being provided through the APUC contractual funds and the Contract will be administered by the APUC.

1.2. Alaska Business License:

All proposers, including joint ventures, MUST have a valid Alaskan Business License at the time designated for opening of the proposals (AS 36.30.210(e)). One of the following forms of evidence must be included in the proposal:

- a. a canceled check for the business license fee;
- b. a copy of a business license application with a receipt date stamp from the state's business license office;
- c. a receipt from the state's business license office for the license fee;
- d. a copy of the proposer's valid business license; or
- e. a sworn notarized affidavit that the proposer has applied and paid for a business license.

1.3. Other Licenses and Registrations:

All proposers are required to hold any and all necessary applicable professional licenses and registrations required by Alaska Statute. Proof of professional licenses is required with the proposal. Obtaining and ensuring compliance to all licensing and registering requirements is the complete responsibility of the proposer.

For more information on professional licenses, contact the Department of Commerce and Economic Development (DCED), Division of Occupational Licensing, P.O. Box 110806, Juneau, AK 99811-0806 or phone (907) 465-2534. For more information on corporate registrations, contact the DCED,

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL
(continued)**

Division of Banking, Securities and Corporations, P.O. Box 110807, Juneau, AK 99811-0807 or phone (907) 465-2530.

1.4. Minimum requirements

The following are the minimum requirements that Consultants must meet to be responsive to this RFP.

- a) Must have demonstrated economics and engineering experience.
- b) Must have been in business as an economics or engineering consulting firm for at least two years.
- c) Must have conducted a study in a price range of approximately \$200,000 for an electric public utility or electric utilities.

1.5. Conflict of Interest

Each proposal shall include a statement indicating whether or not the firm or any individual working on the contract has a possible conflict of interest that would affect the objectivity, analysis, and/or performance as required by the "Scope of Work" section of this RFP. This applies to the proposer, subcontractors and joint ventures. Any potential conflicts must be identified in the proposal. A waiver may be requested within 10 days of issuance of this RFP.

Additionally, a proposer, subcontractor or joint venture shall list any existing or previous contract(s) or association with a specific electric utility, class of electric utility customers or other party in a legal or regulatory proceeding in the Alaskan electric industry within the last 5 years.

1.6. Issuing Agency and Contact Person

The issuing office address and telephone number for this RFP is:

State of Alaska
Department of Commerce and Economic Development
Alaska Public Utilities Commission
1016 West 6th Avenue, Suite 400
Anchorage, AK 99501
Attn: Bob Lohr, Executive Director
Phone (907) 276-6222
Fax (907) 276-0160

The state assumes no liability for incorrect addresses, delivery of Letters of Intent or RFP packages by public or private carriers.

Any technical or procedural questions regarding this RFP, contract documents, or associated information should be addressed to **Diane Hunt** at the issuing agency's address.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL
(continued)**

1.7. Deadline for Receipt of Proposals

Proposals must be physically received by the issuing agency no later 4 p.m. December 9, 1998. Failure to meet the deadline will result in disqualification of the proposal without review. The state is not liable for delays caused by any public or private mail carrier.

Proposers must submit ten copies of their proposal to the issuing agency. Proposals may be mailed or hand delivered directly to the issuing agency. Faxed proposals are not acceptable. Proposals must be in a sealed envelope and clearly labeled as follows:

**CONFIDENTIAL:
DO NOT OPEN UNTIL December 10, 1998**

State of Alaska
Department of Commerce and Economic Development
Alaska Public Utilities Commission

REQUEST FOR PROPOSAL IN RESPONSE TO: ASPS # 99-0014

For:
**Study of Electric Utility
Restructuring in Alaska**

Attention: Diane Hunt
This proposal is submitted by: (Responding Proposer's Name)

1.8. Proposers Review and Substantive Questions

Proposers should carefully review this RFP for errors, questionable or objectionable materials, and items requiring clarification. Proposers shall put these comments and/or questions in writing and submit them to the issuing agency's contact person at least ten days before the due date of proposals. This will allow time for an addendum to the RFP to be issued, if required, to all recipients of the initial RFP.

1.9. Questions Received Prior to Opening of Proposals

If questions received involve no more than directing the questioner to a specific section of the RFP, questions may be responded to verbally, and do not require a written addendum.

1.10. Addenda to the RFP

The issuing agency reserves the right to issue written addendums to revise or clarify the RFP, respond to questions, and/or extend or shorten the due date of proposals.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL
(continued)**

1.11. Preproposal Conference:

A preproposal conference will not be held unless extensive questions arise regarding the RFP.

1.12. Cancellation Of The RFP

The issuing agency retains the right to cancel the RFP process if it is in the State's best interest. The issuing agency shall not be responsible for costs incurred by proposers for proposal preparation. (AS 36.30.350)

1.13. Proposal Withdrawal and Correction

A proposal may be corrected or withdrawn by a written request received prior to the date of opening proposals. (2 AAC 12.230)

1.14. Multiple Proposals:

The issuing agency will not accept multiple proposals from the same proposer.

1.15. Disclosure of Proposal Contents

All proposals and other material submitted become the property of the state and may be returned only at the state's option. All proposal information will be held in confidence until the issuance of the Notice of Intent to Award. Thereafter, proposals will become public information. (AS 09.25.110 and AS 36.30.230)

1.16. Retention of Proposals

All proposals and other material submitted become the issuing agency's property and may be returned only at the issuing agency's option.

1.17. Cost Of Proposal Preparation

Any and all costs incurred by proposers in preparing and submitting a proposal are the proposers' responsibility and shall not be charged to the issuing agency or reflected as an expense of the resulting contract.

1.18. Solicitation/Advertising:

Public notice has been provided in accordance with AS 36.30.210(c), 44.62.175 and 2 AAC 12.220. The RFP has been advertised in the Alaska Administrative Journal, the Anchorage Daily News, Fairbanks Daily News-Miner, Juneau Empire, and the Alaska Journal of Commerce.

**DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL
(continued)**

1.19. Alternative Form

If an alternative form of the RFP is required, notify the contact person previously identified or if using a telecommunications device for the deaf (TDD), please contact the department at (907) 465-5437 and leave a message.

1.20. Delivery of Materials

The issuing agency assumes no responsibility or liability for the transmission, delay, or delivery of materials by either public or private carriers.

1.21. Media Announcements

Any and all media announcements pertaining to this RFP require the issuing agency's prior written approval.

1.22. Other Governmental Requirements

It is the responsibility of the proposer to indicate within their proposal the applicability of any other federal, state, municipal, or other governmental statutes, regulations, ordinances, acts, and/or requirements.

1.23. RFP Is Not A Contract

This RFP does not obligate the issuing agency or the selected proposer until a contract is signed and approved by both parties. If approved, it is effective from the date of final approval by the Commissioner of the Department of Commerce and Economic Development. The issuing agency shall not be responsible for work done, even in good faith, prior to final approval of the proposed contract.

1.24. Statewide Standard Terms and Conditions

The successful proposer is expected to comply with the Statewide contractual terms and conditions attached to this RFP and titled:

- 1.24.1. Standard Agreement Form;
- 1.24.2. Appendix A - General Provisions
- 1.24.3. Appendix B1 - Indemnity and Insurance

1.25. DCED Standard Terms and Conditions

The successful proposer is expected to comply with the Department of Commerce and Economic Development's (DCED) standard terms and conditions. All of the terms and conditions may not be applicable to this proposed contract. If there is a conflict between the DCED standard terms and conditions and this RFP, the RFP supersedes until an actual contract exists. The attachments are titled:

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- 1.25.1. Appendix C - Scope of Services
- 1.25.2. Appendix D - Financial Considerations

1.26. Concerns With Standard Terms and Conditions

If a proposer has concerns with either the Statewide or DCED Standard Terms and Conditions, they should put their comments and/or questions in writing and submit them to the issuing agency's contact person at least ten days before the due date of proposals. This will allow time for an addendum to the RFP to be issued, if required, to all recipients of the initial RFP.

The issuing agency reserves the right to not award or cancel the award of the contract to a proposer who will not agree to all the standard terms and conditions.

1.27. Performance Bonds and/or Surety Deposits

The issuing agency reserves the right to require a performance bond or surety deposit to assure the Contractor's performance of all contract terms and conditions.

1.28. Liquidated Damages

The issuing agency reserves the right to require liquidated damages to assure the Contractor's performance of all contract terms and conditions.

1.29. Additional Terms and Conditions

The issuing agency reserves the right to include additional terms and conditions during contract negotiations. However, these terms and conditions must be within the scope of the original RFP and will be limited to price, clarification, definition, and administrative and legal requirements.

1.30. Contract Negotiations

Upon completion of the evaluation process, contract negotiations will commence. If the selected proposer fails to provide the necessary information for negotiations in a timely manner, negotiate in good faith, or cannot perform the contract within the amount of funds available for the project and/or as proposed, the issuing agency may terminate negotiations and negotiate with the next highest ranked proposer, or terminate award of the contract. The issuing agency shall not be responsible for costs incurred by the proposer resulting from contract negotiations.

1.31. Estimated Timeline of RFP Process

This schedule is for informational purposes only, as some actual dates may vary depending on the response to this RFP. It is unlikely, however, that a contract will be awarded before January 6, 1999.

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<u>Step</u>	<u>Day #</u>	<u>Date</u>	<u>Description</u>
1.		22-Oct-98	Advertisement submittal for the Alaska Administrative Journal.
2.		27-Oct	Publish newspaper advertisement.
3.	1	16-Nov	RFP available.
4.	11-13	27-Nov	Significant questions received ten days after RFP is available, but no later than ten (10) days before the proposal submission deadline.
5.	14	30-Nov	Send RFP Addendum to all potential proposers in response to significant questions received.
6.	23	9-Dec	Deadline for submitting proposals.
7.	24	10-Dec	Opening of proposals.
8.	31	17-Dec*	Interview Top Three Candidates
9.	24-38	24-Dec	Evaluation committee review.
10.	42	28-Dec	Issue Notice of Intent to Award.
11.	48	4-Jan-99	Grievance period.
12.	55	11-Jan	Contract negotiations; Execute contract.
13.	57	13-Jan	Consultant approval and signature.
14.	62	15-Jan	Department approval and signature.
15.	63	18-Jan	Contract start date.

* Contingent upon availability of evaluation committee

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2. Historical Information Pertinent To The Proposed Contract

The electric utility industry is undergoing significant, evolutionary changes in the Lower 48 states. These changes have resulted in part from the Energy Policy Act of 1992 and Order No. 888 of the Federal Energy Regulatory Commission (FERC) in derivative proceedings (Note: Order No. 888 does not apply to Alaska). The industry has begun to move away from a vertically integrated monopoly regulated structure. At the federal level, new requirements for "comparable" transmission access and non-discriminatory availability of real-time network information are promoting competition in general. Concomitantly, 45 states have adopted or are considering changes in the way consumers receive electric service, including the introduction or examination of retail competition and consumer choice. Although FERC Order No. 888 does not cover Alaska, Alaska is interested in new business structure and benefits that might arise out of restructuring.

Whether such restructuring efforts will produce sustained, sustainable consumer benefits is unresolved. The form, scope, and substance of the individual state programs vary widely from state to state, as does the relative degree of enthusiasm for large-scale restructuring of the industry. Other countries have made considerable progress on this issue, however, to the extent states have adopted programs, those programs are for the most part in the inception stage. Inadequate time has elapsed to provide an empirically sound basis for assessing long-term public interest benefits available from any particular restructuring effort.

Against this backdrop, issues concerning competition and deregulation have come before the Legislature and the APUC. Though not physically interconnected to the Lower 48 grid, Alaska is not insulated from the social and political forces driving review and revision elsewhere in the country. These forces have begun to move policy makers in the State to review and consider the present condition of the electric industry in Alaska, the possibilities of change in the industry structure here, and the prospects for public interest benefits flowing from whatever course might be chosen.

It is imperative that Alaska's utility structure be properly evaluated in comparison to the more cohesive infrastructures, technology options, and generation providers available in the Lower 48. In short, if beneficial to Alaska in all or in part, it is important to establish a restructuring template for Alaska that ensures economic benefits to its citizens while protecting against harm to consumers who don't have the market strength to protect their financial interests.

APUC, which has formal jurisdictional oversight over all electric utilities and utility services in the state, has been engaged for several years in various adjudications, which to some degree have impacted electric industry and market restructuring issues. More recently, the APUC inaugurated dockets focused on:

- a) power pooling and dispatch planning among the Railbelt¹ electric utilities (DOCKET U-97-140); and

¹ "Railbelt" utilities referenced in this RFP refer to the interconnected utilities of Chugach Electric Association, Inc. (Chugach); Golden Valley Electric Association, Inc. (GVEA); Homer Electric Association, Inc. (HEA); (continued)

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- b) a more general rulemaking inquiry into electric restructuring issues (DOCKET R-97-10).

Both dockets raise a wide range of issues with broad potential impacts upon the public as well as industry. APUC activity is now paralleled by legislative action. Pursuant to House Concurrent Resolution 34 (Attachment 8), the Legislature has established a Joint Committee on Electric Utility Restructuring (Joint Committee) to examine various restructuring and competition issues. The Joint Committee must submit its recommendations to the 21st Legislature.

2.1. Synopsis

The Alaska Legislature represents all classes of electric consumers in the State of Alaska. The APUC is the primary state regulatory agency whose decisions regarding electric utilities can affect all classes of electric consumers. Consumer-owned electric utilities provide electric service to most of the state's more than 600,000 residents.

The electric system in Alaska is physically isolated from those of the contiguous states; the social, economic and political considerations underlying electric industry restructuring initiatives in other states have begun to be considered in Alaska. APUC and the Legislature are examining the present condition of and possible alternatives for the electric industry in the state. The APUC has before it Docket U-97-140 that will result in a preliminary study of power pooling and central dispatch planning for the integrated portion of Alaska's electric network (the "Railbelt" area). The Legislature has appointed a Joint Committee on Electric Utility Restructuring to recommend to the 21st Alaska Legislature (convenes January 19, 1999) whether and how to implement electric utility restructuring in Alaska.

Attachment 9 is a listing of the Issues/Scenarios developed during the Joint Committee's public meeting process. The listing is included for informational purposes to provide additional background for the items included in the scope of work.

(continued)

Matanuska Electric Association, Inc. (MEA); the Municipality of Anchorage d/b/a Municipal Light and Power Department (ML&P) and City of Seward, Seward Electric Utilities Division (SES). Alaska Electric Generation & Transmission Cooperative, Inc. (AEG&T), is a wholesale supplier.

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3. Scope Of Work Pertinent To The Proposed Contract

3.1. Location of Work

All work shall be performed, completed and managed at the primary location(s) of the contractor.

3.2. Proposed Contract Amount

The maximum acceptable dollar amount for the completion of this project is \$200,000. Any proposal submitted which exceeds this maximum dollar amount shall be considered non-responsive and shall be rejected.

3.3. Contract Term

The contract term is from the date of signature by the Commissioner through December 31, 1999; however, all reports are due as specified in section 3.5.5 of this RFP.

3.4. General Responsibilities

The Consultant shall provide a quantitative analysis for each type of utility market in Alaska. Alaska has a diverse electric utility market. This study shall separately analyze Alaska's interconnected "Railbelt" market and all other electric markets outside of the Railbelt. In its final report, the Consultant may recommend additional or other market segmentation.

Consultant must be readily available to the Legislature and the APUC during the course of the project for discussion and advice. This includes formal and informal meetings, and may involve consultation with the Alaska State Legislature from time to time. The Consultant may be required to interact with individual legislators, but will not be required to engage in individual member's projects or other matters outside the scope of this contract. The Consultant must be free of conflicts of interest at inception of work on this project and must remain so at all times until after completion of the contract.

The anticipated magnitude of the work effort and the limited, defined time period available to respond to the scope of the contract, places a premium on responsiveness to schedule. The Consultant will be expected to meet all deadlines and milestones established without sacrificing the accuracy, completeness and quality of the work product.

3.4.1. General Statements

Economic Assessment: The Consultant is to provide an economic/engineering assessment that will address the risk/reward and cost/benefit of wholesale and retail competition in each type of Alaska electric market. Assess rate impacts and both direct and indirect economic impacts. Also assess the economic impact of new technological advancements.

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Market Concentration: The Consultant shall address whether competition in the wholesale or retail markets will increase or decrease the number of service providers. If competition and deregulation increase market power or barriers to entry what are the ways to mitigate them?

Role of APUC in Restructuring: The Consultant shall discuss role of the APUC in the transition toward a competitive electric market. The Consultant shall also discuss any State or Federal Laws that are an impediment to implementing competitive electric service or are a barrier to entry of valid market participants.

The Consultant shall be guided by its work on the General Statements made above to analyze the following areas:

3.4.1.1. Retail Customer Choice

Lessons from other states and countries that are relevant to Alaska
Pilot program (EARLIEST DELIVERABLE)

3.4.1.2. Wholesale Competition

Effectiveness of competition in existing and alternative market structures

3.4.1.3. Network Integrity

Possible handling of peak load times
Black & Veatch Study of Power Pooling/Central Dispatch Planning Study

3.4.1.4. Consumer protection and Universal Service

Power Cost Equalization (PCE)
Provider of Last resort
Assess potential problems related to cherry-picking

3.4.1.5. Stranded Costs due to restructuring

Transmission lines (state ownership and financing)
Wholesale contracts
Impacts of restructuring on tax-free and municipal bonds
Revenue implications for local government

3.4.2. Modeling Guidelines

This section provides the guidelines for the Consultant concerning modeling guidelines to be used in preparing proposals. The study shall assume that transmission and distribution systems will have open access tariffs and will be economically regulated as to rates, terms, and conditions of service.

3.4.2.1. Base Case

The Consultant shall develop base cases representing the current status absent any change in regulatory scenarios. The base cases shall be developed so that all alternative regulatory scenarios

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can be projected until 2016². Generally, the base case assumes the continuation of existing rate base rate of return regulation. Utilities continue to own existing power plants and continue to finance and build own generation to meet load growth.

In addition, as part of the base case the Consultant shall identify any problems or constraints with the operation of the existing wholesale market.

3.4.2.2. Sensitivity Analysis

For the competitive market scenario, the Consultant shall address the impacts of the following alternative assumptions:

- a) High, medium and low load forecast
- b) High, medium and low fuel prices

3.5. Deliverables

The following are to be provided by the Consultant as part of this project.

3.5.1. Written Report

As directed by the State, produce a final and comprehensive written report reflecting the Consultant's conclusions and reasoning concerning the above requirements. The final report should include written analyses, publishable reports, and ancillary materials, all of which become the property of the State of Alaska. One hundred bound copies of the report shall be provided and delivered to the distribution list to be provided. The entire report shall be provided in Adobe Acrobat electronic format for posting on the APUC's and the State's WEB pages.

3.5.2. Peer Group Review

The Consultant shall assemble and consult with a peer group, consisting of three members, who are not employees, contractors, or otherwise connected with the Consultant, regarding the written report. The State shall approve all members of the peer review team. Along with the draft report, the Consultant shall provide the State with a copy of written remarks from members of the peer group.

3.5.3. Presentation

As a part of the contract, the Consultant must be available to present the report to the Alaska State Legislature, to testify before the Alaska State Legislature and other committees of the Alaska Legislature in Juneau, and the Commission in Anchorage on this matter through December 1999.

² This is the same planning horizon used in Black & Veatch's Alaska Power Pool Study.

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3.5.4. Pilot Project

The Consultant shall analyze the proposed Pilot Program filed with the APUC in its Docket U-98-114³. The Consultant shall comment and recommend any changes to the proposed model to establish a market structure that is compatible with the Anchorage area. The mechanics of the model should then be scrutinized so that the results of the pilot program will emulate the results that can be expected if the entire Anchorage market were opened to this market structure. The Consultant should list pitfalls and assess the sensitivity of the pilot program as well as recommend any legislative initiative that will be required to implement the pilot program.

3.5.5. Timeline

<u>Step</u>	<u>Day #</u>	<u>Date</u>	<u>Description</u>
1.	1	18-Jan -99	Anticipated Contract start date
2.	11	29-Jan	Data Collection
3.	32	19-Feb	Benchmark Existing Operation
4.	39	26-Feb	Model Wholesale Market
5.	46	5-Mar	Model Retail Market
6.	53	12-Mar	Pilot Program Design Recommendation Delivered
7.	60	19-Mar	Cost/Benefit Analysis
8.	72	31-Mar	Draft report delivered
9.	85	13-Apr	End of Public Comment Period
10.	84-95	Mid Apr	Legislative Hearing(s)
11.	103-115	Early May	APUC Hearing
12.	163	30-June-99	Final Report Due
13.	347	31-Dec-99	Available for Consultation for this time period

3.6. Consultant's Compensation

Payment will be based upon completion of steps 8 and 12 above for the following expenses. A 10% withholding on payment will be kept if the Consultant falls behind the above schedule.

Direct Expenses: Reimbursement by the issuing agency of direct expenses, as identified in the Consultant's proposal, and actually incurred by the Contractor in performance of the Contract. There shall be no markup or increase to direct expenses and any discounts received by the Contractor shall be passed on to the issuing agency. Direct expenses vary, depending

³ Entitled: *In the Matter of the Application by AURORA POWER RESOURCES, INC. To Establish a Pilot Program To Allow the Limited Competitive Sale of Electric Power in CHUGACH ELECTRIC ASSOCIATION, INC., and MUNICIPAL LIGHT & POWER Service Areas*

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on the nature of the proposed contract. Some typical examples of direct expenses are long distance telephone calls, faxes, postage, printing, reproduction, and specific travel.

Services Fees: Payment by the issuing agency for time spent by the Contractor in performance of the Contract. This includes but is not limited to daily and hourly fees and/or rates for individuals as identified in the consultant's proposal.

Other Fees and/or Rates: Payment by the issuing agency for other services based on specific fees and/or rates identified in the consultant's proposal.

Indirect Expenses: Indirect expenses, indirect rates, and/or a markup of direct expenses are not allowable or reimbursable under the proposed contract.

Indirect expenses vary, depending on the nature of the proposed contract. Some typical examples of indirect expenses are payroll and travel for administrative personnel, office space, equipment, local telephone, and insurance.

Renewal Options: If the proposed contract is renewed, all fees and/or rates would remain the same throughout the life of the proposed contract.

3.7. Joint Ventures

Joint venturing shall be allowed. If allowed and proposed by the proposer, a Joint Venture Agreement as discussed in the "Proposal Content and Requirements" section of this RFP is required.

3.8. Subcontractors

Subcontracting shall be allowed. If subcontracting is allowed and proposed by the proposer, the information as discussed in the "Proposal Content and Requirements" section of this RFP is required.

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4. Proposal Content and Requirements

All proposals submitted in response to this RFP must use the following outline format for their proposal(s).

4.1. Required Proposal Format

Submit ten copies of the proposal. They are to be three-hole punched with printing on BOTH sides of the paper and pages numbered. A Table of Contents, which follows the format below and reflects page numbers, is also required. The proposal, including all attachments, shall be limited to 50 pages of text and illustrations.

The proposer MUST address ALL the items and IN THE ORDER reflected below.

4.2. Introduction

Provide a brief general discussion of the proposal, including the Proposer's name and address and whether this is a joint venture and if so with whom. If proposing a joint venture, the term Proposer is inclusive of all joint venturing firms.

4.3. Minimum Requirements

Provide a detailed and precise discussion, including SPECIFIC EXAMPLES, of meeting EACH of the minimum requirements established in Section 1.4 "General Information" of this RFP, to be considered responsive to this RFP. Attach documentation substantiating that the proposer has complied with all of the minimum requirements as listed in the "Proposer Qualifications". Limit discussion only to the minimum requirements.

4.4. Conflict of Interest

Provide a detailed and precise listing of any potential conflicts of interest, with regard to Section 1.5 "General Information" of the RFP.

4.5. Methodology and Management Plan

Provide a detailed discussion of the Proposer's understanding of the proposed contract and the approach and methods that the Consultant will use to accomplish the tasks as stated in the "Scope of Work" section of this RFP. Also, discuss in detail what will be performed; by whom, specific personnel or subcontractors, and in what sequence; how the various functions/responsibilities will be carried out and the interaction and communication between the issuing agency and proposer, or subcontractors. Be specific in addressing the various elements, functions and responsibilities in the order presented and outlined in the "Scope of Work" section of the RFP.

The Consultant must have a balanced viewpoint on the issue of electric utility restructuring.

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The Consultant must also have sufficient resources (personnel, software and hardware) to effectively process, analyze and evaluate significant amounts of raw data. Multiple sources of data may be offered and disparate forms, protocols, etc., can be anticipated. Some data may be proprietary, confidential or otherwise privileged in source or character, requiring the ability to handle such data in a conforming manner and to effectively control and limit the exposure or dissemination of such data.

Provide names resume, and biographies of each peer review panel member.

4.6. *Proposer's Organization, Experience, Performance Record and Resources*

Specifically discuss the Proposer's, including all joint venturer's, experience. (Do not include subcontractor's experience here, but include in item 4.11 of this section.) If minimum requirements have been established, those shall be addressed in Item 4.3 of this section). The following shall be provided:

- a. Consultant must demonstrate experience in electric industry matters, generally, and with knowledge of the current condition of restructuring elsewhere. Economics experience is mandatory. Engineering experience is highly desirable.
- b. The Consultant must be familiar with all aspects of policy formulation, from data gathering, to data analysis, to evaluation, to policy development and exposition. The Consultant must also be familiar with emerging technical, operational and financial issues (e.g., ISO functionality, securitization, power marketing, etc.).
- c. A detailed discussion of the Proposer's ownership, headquarters, branch or affiliate offices and length of time in business.
- d. A detailed discussion of the Proposer' structure, size and capabilities/quantities available in terms of personnel and equipment. Indicate if the award of this contract would require the acquisition of additional space, equipment, personnel or any other items. Be specific as possible, i.e., how much additional space, specific equipment, the number and function of additional employees, etc.
- e. A detailed discussion of the length of time in business, qualifications and experience relative to the services required for this proposed contract.
- f. A detailed discussion and listing of current clients, brief description of services provided, approximate dollar amount of each account, and a contact name and phone number of at least three of whom may be contacted.
- g. Discuss how the Proposer evaluates the effectiveness of its services.
- h. Identify any distinct and substantive qualifications for undertaking the proposed contract, such as the availability of specialized equipment, awards and recognition

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received from similar services, or special approaches or concepts relevant to the required services.

- i. Include any other information that is felt to be pertinent and you wish to provide.
- j. Three references familiar with the Proposer's work that is similar to the work product requested by this RFP.
- k. Brief synopsis of reports the Proposer's has produced related to the electric industry in the last 4 years. Limit response to five pages. Indicate whether reports are publicly available. Copies may be requested for evaluation purposes.

4.7. Project Manager

Identify the responsibilities, amount of time and the individual who will be the Project Manager leading the project and working directly with the issuing agency.

A resume, which includes at least three references with phone numbers, shall be provided. Irrelevant resume information may detract from the proposal evaluation. A list of projects is not useful unless the individual's specific and relevant duties and responsibilities are identified.

The State reserves the right to approve or disapprove any change to the selected proposer's Project Manager. This ensures that an individual is not arbitrarily removed from the Contract. Personnel changes that negatively impact project performance may result in the cancellation of the Contract.

4.8. Key Project Personnel

Identify the responsibilities, amount of time, of the key individuals who will be assigned to the proposed contract.

A resume, which includes at least three references with phone numbers, shall be provided. Irrelevant resume information may detract from the proposal evaluation. A list of projects is not useful unless the individual's specific and relevant duties and responsibilities are identified.

The State reserves the right to approve or disapprove any change in the selected proposer's project team members who are specifically offered in the proposal. This ensures those individuals with pertinent experience and vital skills are not arbitrarily removed from the Contract. Personnel changes that negatively impact project performance may result in the cancellation of the Contract.

4.9. Other Pertinent Information

Include any other information, which is pertinent in responding to this RFP.

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4.10. Price of Proposal

Based on the requirements of this RFP and the proposer's proposal, proposers are to submit a detailed budget reflecting the following:

Direct Expenses: Direct expenses incurred by the Contractor in performance of the proposed contract. Examples of direct expenses are long distance phone calls, courier services, travel expenses, and subcontractors.

Service Fees and/or Rates: For the Project Manager, all key personnel, and any other staff identified and/or associated with the performance of the proposed contract identify the number of days and/or hours, multiplied by the applicable fees and/or rates so that a price for each individual is reflected.

Other Fees and/or Rates: Identify any other specific fees and/or rates and/or compensation methods to be used in performance of the proposed contract.

Total Proposed Price: Using the identified direct expenses, fees, and rates; provide a total price for the performance of the proposed contract.

4.11. Subcontractors

If proposing a subcontractor, the Consultant should actively pursue partnerships with Alaska businesses (if not an Alaska business). All the information that is required for the Proposer in Items 4.4 through 4.9 is required for ALL subcontractors. Throughout the proposal, subcontractor's experience and personnel shall be specifically identified in the appropriate section.

In response to this section, a list of all proposed subcontractors' names, addresses, a brief description of and percentage of work to be performed by each subcontractor shall be included.

A subcontract shall not be transferred or otherwise assigned without prior written consent by the head of the issuing agency. All other conditions of AS 36.30.210(d) and AS 36.30.115(b) through (e) apply to all subcontractors.

4.12. Joint Venture Agreement

If proposing a joint venture, the Consultant should actively pursue partnerships with Alaska businesses (if not an Alaska business). In addition to *identifying the joint venturers and their employees throughout each element* (IE. Minimum Requirements, Conflict of Interest, Management Plan and Methodology, Organization, Proposer's Experience, Project Manager and Key Personnel, and Price) *of the proposal*, a written Joint Venture Agreement must be included in the proposal.

The Agreement must specifically state each firm's responsibility; identify the lead firm; and designate the individual with signatory and negotiating authority and who is responsible for the proposed contract. The Agreement shall be signed by all firms comprising the joint venture and be

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included with the proposal. To be considered a joint venture, there must be a community of interest in the proposed contract and an equal right for each firm to govern. This is applicable only if joint ventures are allowable under this RFP.

When submitting a joint venture, the Alaska Business License Requirement applies to *each* firm comprising the joint venture.

4.13. Alaska Business Licenses

As discussed in Section 1.2 "General Information" of this RFP, submission of proof of an Alaska Business License for the proposer (proposers if a joint venture) and all subcontractors is required. The proposer's name on the submitted proposal must be the same as appearing on the proposer's current Alaska business license.

4.14. Other Licenses and Registrations

As discussed in Section 1.3 "General Information" of this RFP, submission of proof of all applicable professional licenses for the proposer and all subcontractors is required.

4.15. Alaska Bidder Preference

Compliance with and the submission of the Certificate of Qualification for the Alaska Bidder Preference is required in order to obtain the preference, if it is applicable.

The proposer's name on the submitted proposal must be the same as that appearing on the proposer's current Alaska business license.

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5. Review of Proposals

5.1. Responsiveness

Prior to evaluation, each proposal shall be reviewed to determine whether or not it is responsive. Non-responsive proposals shall be eliminated and will not be evaluated. (AS 36.30.350 and 2 AAC 12.870) Factors that may result in a proposal being declared nonresponsive are:

- 5.1.1. Not meeting the Alaska Business License (ABL) requirement.
- 5.1.2. Not meeting other licenses and registrations if required.
- 5.1.3. Not providing evidence of meeting the Minimum Requirements.
- 5.1.4. Substantive and material conflicts of interest which were not declared and/or were declared and determined to be significant enough that the issuing agency requested the potential proposer not submit a proposal.
- 5.1.5. Substantive and material noncompliance to requirements of the RFP proposal submission guideline.
- 5.1.6. Not providing a price.

5.2. Evaluation Process

The procurement officer, or an evaluation committee consisting of at least three state employees or public officials, shall evaluate responsive proposals. Each proposal shall be independently evaluated by each member of the evaluation committee. (2 AAC 12.260)

The evaluation will be based on the evaluation factors and values stated in this RFP. Discussions, presentations, and/or site inspections, if held, may result in individual evaluation committee members changing their scores. Evaluation factors not specified in this RFP may not be considered per AS 36.30.210(b) and AS 36.30.250(a).

5.3. Evaluation Factors

As required by 2 AAC 12.260(b), the evaluation factors and the value of each are:

a. Methodology and/or Management Plan and Peer Group	30
b. Respondent's Organization, Experience, Performance Record and Resources	20
c. Project Manager and Key Project Personnel	20
d. Cost of Proposal	20
e. Alaska Bidders Preference (Considered by reducing proposal price by 5%)	
f. Alaska Offerors Preferences	<u>10</u>
Maximum Possible Points	100

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5.4. Cost Evaluation Formula

Price as an evaluation factor is required by 2 AAC 12.260 unless the services sought are architectural, engineering, or for land surveying and therefore fall under AS 36.30.270(a) and (b). The proposal with the lowest price, after all preferences are applied, shall receive the maximum points. The points allocated to each of the higher priced proposals shall be determined using the following formula:

$$\frac{(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points of Cost})}{\text{Price of Each Higher Cost Proposal}} = \text{Points}$$

5.5. Alaska Bidder Preferences:

A 5% reduction (for evaluation purposes only) to the proposal's price is applied per AS 36.30.250(b) and 2 AAC 12.260(d) if a proposer qualifies as an Alaska bidder as defined by AS 36.30.170(b). It is the proposer's responsibility to complete, sign and return the "Certificate of Qualification for the Alaska Bidder's Preference form with their proposal.

An Alaskan bidder is a person who:

- holds a current Alaska business license;
- submits a bid for goods, services, or construction under the name that appears on the person's current Alaska business license;
- has maintained a place of business for the six (6) month period immediately preceding the date of the bid;
- is incorporated or qualified to do business under the laws of the state, is a sole proprietorship, and the proprietor is a resident of the state or is a partnership, and all partners are residents of the state; and
- is a member of a joint venture composed entirely of ventures that qualify as an Alaskan bidder as defined above.

5.6. Alaska Offeror's Preference

Ten percent of the maximum possible score, if a numerical rating system is used, is assigned to the evaluation factor of Alaska Offeror's Preference as required by 2 AAC 12.260(e). To be eligible, a proposer must first qualify for and comply with every aspect of the Alaska Bidder Preference.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL
(continued)

5.7. Other Preferences

It is the proposer's responsibility to submit whatever evidence is necessary to verify the proposer's claim to additional preferences. These preferences may or may not be applicable to proposals. Some of the other preferences are:

Employment Programs	AS 36.30.250(b)	AS 36.30.170
Disabled Owner and/or Employees	AS 36.30.250(b)	AS 36.30.170(e)-(f)
Alaska Products	AS 36.30.170(b)	AS 36.30.328
Alaska Forest Products	AS 36.30.170(b)	AS 36.30.322
Recycled Paper	AS 36.30.170(b)	AS 36.30.339(a)
Agriculture & Fisheries	AS 36.15.050	

5.8. Discussions

AS 36.30.240 and 2 AAC 12.290 in their entirety, are incorporated into this RFP. As determined by the evaluation process, proposers reasonably susceptible of award may be offered the opportunity to discuss their proposal with the procurement officer or evaluation committee and the proposal may be adjusted as a result of the discussion. Proposers may also be allowed to submit a best and final proposal, as a result of the discussion.

5.9. Presentations

The issuing agency reserves the right to require an oral presentation. As determined by the evaluation process, proposers reasonably susceptible of award may be afforded the opportunity to give an oral presentation. If so afforded, proposers will be notified in writing of the presentation's requirements, date, time, location, and amount of time allowed for the presentation and/or questions and answer period. Time frames will be strictly enforced.

The entire evaluation committee must be present for oral presentations. All costs associated with an oral presentation shall be borne by the proposer.

5.10. Public Meetings

According to AS 36.30.230 and AS 36.30.240 open meeting requirements of AS 44.62.310 do not apply to the evaluation process.

5.11. Notice Of Intent To Award

After completion of the evaluation process, the issuing agency will issue a Notice of Intent to Award containing the names and addresses of all proposers and the intended recipient of the contract to all proposers. A copy of the form is attached to this RFP. (AS 36.30.365)

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSAL
(continued)

5.12. Informal Debriefing

Any proposer may request and receive an informal debriefing after the Notice of Intent to Award is mailed out. The debriefing shall be limited to the offeror's proposal, concentrating on the areas considered deficient or inferior. The merits of other proposals will not be discussed.

**DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
PROFESSIONAL SERVICES CONTRACT**

ATTACHMENTS

- | | |
|---------------|---|
| Attachment 1: | Standard Agreement Form |
| Attachment 2: | Appendix A (back of the Standard Agreement Form) |
| Attachment 3: | Appendix B1 |
| Attachment 4: | Appendix C |
| Attachment 5: | Appendix D |
| Attachment 6: | Certification of Qualification for Alaska Bidder Preference |
| Attachment 7: | Notice of Intent to Award |
| Attachment 8: | House Concurrent Resolution No. 34 |
| Attachment 9: | Guidelines Suggested by Joint Committee |

STANDARD AGREEMENT FORM

1. Agency Contract Number	2. ASPS Number 99-0014	3. Financial Coding	4. Agency Assigned Encumbrance Number
5. Vendor Number		6. Alaska Business License Number	

This contract is between the State of Alaska,

7. Department of Commerce and Economic Development	Division Alaska Public Utilities Commission	hereafter the State, and
8. Contractor		hereafter the Contractor

Mailing Address	Street or P.O. Box	City	State	ZIP + 4
-----------------	--------------------	------	-------	---------

9.

ARTICLE 1.	Appendices: Appendices referred to in this contract and attached to it are considered part of it.
ARTICLE 2.	Performance of Service
2.1	Appendix A (General Provisions). Articles 1 through 14, governs the performance of services under this contract.
2.2	Appendix B sets forth the liability and insurance provisions of this contract.
2.3	Appendix C sets forth the services to be performed by the contractor.
ARTICLE 3.	Period of performance: The period of performance for this contract begins upon signature by the and ends
ARTICLE 4.	Considerations:
4.1	In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not to exceed in accordance with the provisions of Appendix D.
4.2	When billing the State, the contractor shall refer to the Authority number of the Agency Contract Number and send the billing to:

10. Department of Commerce and Economic Development	Attention: Division of Alaska Public Utilities Commission
Mailing Address 1016 West Sixth Avenue, Suite 400, Anchorage, AK 99501-1963	Attention:

11. CONTRACTOR		13. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the variety, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.815-.820. Other disciplinary action may be taken up to and including dismissal.	
Name of Firm			
Signature of Authorized Representative	Date		
Typed or Printed Name of Authorized Representative			
Title	Employer ID No. (EIN) or		
12. CONTRACTING AGENCY		Signature of Head of Contracting or designee	Date
Department/Division DCED/Alaska Public Utilities Commission	Date		
Signature of Project Director		Typed or Printed Name Deborah B. Sedwick	
Typed or Printed Name of Project Director Robert A. Lohr		Title Commissioner	
Title Executive Director			

NOTICE: This contract has no effect until signed by the head of contracting agency or designee.

**APPENDIX A
GENERAL PROVISIONS**

Article 1. Definitions.

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and for which the Commissioner or Authorized Designee acted in signing this contract.

Article 2. Inspection and Reports.

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The Contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

Article 3. Disputes.

- 3.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30.620-632.

Article 4. Equal Employment Opportunity.

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, physical handicap, age, sex, marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of the contract.

Article 5. Termination.

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

Article 6. No Assignment or Delegation.

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

Article 7. No Additional Work or Material.

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

Article 8. Independent Contractor.

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

Article 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

Article 10. Ownership of Documents.

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

Article 11. Governing Law.

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

Article 12. Conflicting Provisions.

Unless specifically amended and approved by the department of Law the General Provisions of this contract supersede any provisions in other appendices.

Article 13. Officials Not to Benefit.

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

Article 14. Covenant Against Contingent Fees.

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, contingent fee, or brokerage except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage, or contingent fee.

APPENDIX B¹ INDEMNITY AND INSURANCE

Article 1. Indemnification

The contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the contractor under this agreement. The contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the contractor and the independent negligence of the contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. Contractor and Contracting agency, as used within this and the following article, include the employees, agents, and other contractors who are directly responsible, respectively, to each. The term independent negligence is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2. Insurance

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a 30-day prior notice of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.

2.1. Workers' Compensation Insurance: The contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including, but not limited to, Federal U.S.L.&H. and Jones Act requirements. The policy must waive subrogation against the State.

2.2. Commercial General Liability Insurance: covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

2.3. Commercial Automobile Liability Insurance: covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

**DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
PROFESSIONAL SERVICES CONTRACT**

APPENDIX C

SERVICES TO BE PERFORMED

Article C-1. General: [Consultants Name], hereafter referred to as the "Contractor," shall perform the below described services for the Department of Commerce and Economic Development, Alaska Public Utilities Commission, hereafter referred to as the "Client."

Article C-2. Responsibilities: Responsibilities include those discussed in the Request For Proposal (RFP) issued by the Client; proposal submitted by the Contractor; and any additional responsibilities identified in this Contract

Article C-3 . Multiple Projects and Assignments: If the Client requires the services of the Contractor on an as-needed basis, the Contractor shall submit a detailed cost estimate using Appendix E or a similar format. All direct expenses, estimated time frame, individuals assigned, and any and all costs of the project are to be identified. Work shall not commence until the Contractor receives the Client's written approval.

Article C-4. Project Manager & Key Personnel: The following personnel, as identified in the Contractor's proposal, are considered essential in performing the work under this Contract:

<u>Name</u>	<u>Title/Function</u>
Person A	President
Person B	Project Manager

The Contractor shall not make personnel changes without submitting written justification to the Client and receiving the Client's written approval. The Contractor shall provide copies of any and all required licenses, certifications and any other requirements concerning personnel changes.

Article C-7. New and Unused: All products, materials, supplies or equipment supplied by the Contractor in the performance of this Contract, shall be new, unused, and of the latest manufacture, edition, version, or model.

Article C-8. Continuing Guarantee: Upon expiration of this Contract, the Contractor is obligated to fulfill its responsibilities until warranty, guarantee, maintenance and/or parts availability have completely expired.

Article C-9. Other Governmental Requirements: The Contractor shall comply with all federal, state, municipal, or other governmental statutes, regulations, ordinances, acts, and/or requirements.

Article C-10. Rejection of Work: The Contractor shall be responsible for the quality, accuracy, and proper performance of the work identified in the Contract. The Client may reject any work found to be defective or not in accordance with this Contract, regardless of the stage of completion and the time or place the error was discovered. The Client may also reject defective work that has been previously approved because of an oversight during inspection/approval.

Article C-11. Media Announcements: Any and all media announcements pertaining to this Contract require the Client's prior written approval.

Article C-12. Written Communication: All written communication and invoices to the Client shall be addressed as identified on the Standard Agreement Form, Item 10.

Article C-13. Contract Amendments: Either party shall notify the other immediately of any known circumstances which may require an amendment. This Contract shall only be changed or modified by the execution of a written amendment, signed by all parties.

**DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
PROFESSIONAL SERVICES CONTRACT**

SERVICES TO BE PERFORMED (continued)

Article C-14. Confidentiality: The parties shall not, at any time, during or after the term of the Contract, disclose trade secrets or other proprietary data deemed confidential by both the Contractor and Client.

Article C-15. Default: In case of default by the Contractor, for any reason whatsoever, the Client may procure the goods or services from another source and hold the Contractor responsible for any resulting excess cost and may seek other remedies under law or equity. Failure to perform and/or comply with each of the Articles under this Contract constitutes a material breach and may result in termination of the Contract.

Article C-16. Waiver: The waiver by one party of any breach of the Contract, or the failure of one party to enforce any of the provisions, shall be limited to a particular instance. Neither party shall waive any future breaches or future provisions merely because a breach has been waived in a particular instance.

Article C-17. Severability: If any provision of the Contract is found to be invalid under, or contravene to the laws of any particular state, borough, or county, such contravention shall not invalidate the entire Contract. The Contract shall be construed as if the invalid provision is not contained in the Contract. AS 36.30.950

Article C-18. Entire Agreement: By reference, the Request for Proposals issued by the Client; the Contractor's proposal; the Standard Agreement Form and Appendix A, B, C, and D are incorporated into this Contract. This incorporates the entire understanding, and each party acknowledges that there are no other warranties, representations, covenants, or understandings of any kind, matter or description whatsoever, between the parties.

Article C-19. Conflicting Provisions: In the event of any conflicting provisions, the order of procedure for resolving any conflict shall be:

- First, Standard Agreement Form, Appendix A and Appendix B;
- Second, Appendix C, Appendix D, and other appendices;
- Third, proposal submitted by the Contractor; and
- Fourth, Request For Proposals (RFP) issued by the Alaska Public Utilities Commission

**Department of Commerce and Economic Development
Professional Services Contract**

Appendix D - Financial Considerations

Article D-1. Initial Amount and Term: The initial amount shall not exceed \$. The initial term is from the date of signature by the Commissioner of the Department of Commerce and Economic Development to _____.

Article D-2. Renewal Amount and Term: (Not Applicable)

Article D-3. Total Amount and Term: The total amount of the Contract if renewed, shall not exceed \$ _____. [Note: Insert ASPS, project or proposal amount] and extend beyond _____.
[Note: Insert expiration date of last renewal option]

[Note: Use this if using D-5 and D-6.] The Client reserves the right to increase or decrease the Contract's initial and/or renewal amounts, so long as the aggregate Contract amount is not exceeded.

All amounts include all direct expenses, rates, fees, and any and all costs associated with the performance of this Contract.

Article D-4. Contract Minimum: There are no guaranteed minimum amounts and the specific dollar amount available in any given period shall be at the Client's discretion.

[Note: D-5, D-6 and/or D-7 may not be applicable, usually for project-by-project, depending upon the Scope of Work.]

Article D-5. Budget: If the Contractor submitted a budget, the Contractor shall abide by that budget. Budgeted amounts may be changed upon all parties mutual consent, so long as the net effect to the Contract is zero.

Article D-6. Compensation - Fee: If the Contractor submitted rates and/or fees in their proposal, the Contractor shall abide by those, and are the rates that shall be used throughout the entire contract period; Those rates and/or fees are:

<u>Name and/or Title</u>	<u>[Note: Insert Hourly or Daily] Fee</u>
Person A	\$00.00
Person B	\$00.00
Person C	\$00.00

Article D-7. Compensation - Direct Expenses: [Note: Delete this section if direct expenses are not to be reimbursed.] If the Contractor submitted a budget identifying direct expenses, the Client shall reimburse the Contractor for reasonable direct expenses; The Contractor and the Client mutually agree that the direct expenses listed below shall be reimbursable. An administrative increase of direct expenses is not allowable. Any discounts received by the Contractor shall be passed on to the Client. Examples of direct expenses are:

Contractor's Name _____
Request for Proposal _____

Contractor's Initials (Optional) _____
Client's Initials (Optional) _____
Attachment 5

**Department of Commerce and Economic Development
Professional Services Contract**

Appendix D - Financial Considerations (continued)

[Note: List expenses.]

Article D-8. Tax Identification Number: The Contractor shall provide a valid federal Employee Identification Number (EIN) or Social Security Number (SSN) to the Client prior to or upon approval of the Contract. The Client shall withhold payment until a valid federal tax identification number is received and failure to provide one may result in Contract cancellation.

Article D-9. Submission of Invoices: The Contractor shall submit an invoice to the Client to the address identified on the Standard Agreement Form, Item 10, on a **[Note: Insert weekly or monthly or whatever]** basis. Invoices shall itemize **[Note: Delete the next reference to direct expenses if not allowed in D-7.]** direct expenses, including supporting documentation; and identify each individual, hours spent by each individual, and the billing rate and/or fee each individual.

Article D-10. Cancellation For Lack of Funds: This Contract may be canceled at any time due to the lack of appropriated funds.

[Note: Delete D-11 if Direct Expenses will not be reimbursed. See D-7.]

Article D-11. Unallowable Expenses: The below costs are unallowable as compensation or reimbursement under this Contract:

Advertising for the promotion of the Contractor.

Bad debts, including expenses of collection.

Bidding, proposal and contract negotiation expenses.

Bonuses, commissions, similar compensation under any other name, compensation to an employee in excess of reasonable compensation, or compensation in connection with negotiating or obtaining a contract or a modification to a contract with the Client.

Contingency reserves and provisions.

Dividend provisions or payments and, in the case of sole proprietors and partners, distribution of profits.

Entertainment expenses. All entertainment expenses are disallowed without regard to the purpose. State employees are not to be entertained by the Contractor for any business or social purpose.

Fines and penalties, including assessed interest, resulting from violation of, or failure of, the Contractor to comply with federal, state, or local laws, regulations, or ordinances.

Indirect expenses, indirect rates, and/or a markup of direct expenses are not allowable or reimbursable under the contract. Indirect expenses vary, depending on the nature of the contract. Some typical examples of indirect expenses are payroll and travel for administrative personnel, office space, equipment, local telephone, and insurance.

Contractor's Name _____
Request for Proposal

Contractor's Initials (Optional) _____
Client's Initials (Optional) _____
Attachment 5

**Department of Commerce and Economic Development
Professional Services Contract**

Appendix D - Financial Considerations (continued)

Insurance premiums such as life, auto, general liability, professional liability and self-insurance reserves.

Interest, however represented, bond discounts and expenses, and costs of financing and refinancing operations.

Legal, accounting, and consulting services and related costs incurred in connection with the preparation and/or issuance of prospectuses, stock rights; organizing or reorganizing; prosecution or defense of antitrust suits, patent infringement litigation, claims of the Contractor against the State, and litigation contesting actions or proposed actions of the State against the Contractor.

Lobbying efforts.

Losses, including litigation expenses, counsel fees and settlements, on, or arising from the sale, exchange, or abandonment of capital assets, including investments; losses on other Contracts, including the Contractor's contributed portion under cost-sharing Contracts; losses in connection with price reduction to and discount purchases by employees and others from any source; losses where such losses are compensated for by insurance, or would have been compensated by insurance required by law or by this Contract but which the Contractor failed to procure or maintain through its own fault or negligence; losses resulting from willful misconduct or lack of good faith on the part of any of the Contractor's directors, corporate officers, or a supervising representative of the Contractor.

Maintenance, depreciation, and other costs incidental to the Contractor's idle or excess facilities (including machinery and equipment) other than reasonable standby facilities.

Membership in trade, business, and professional organizations.

Precontract costs.

Research and development costs.

Taxes, fees, and charges in connection with financing, refinancing, or refunding operations, including the listing of securities on exchanges; federal taxes on net income and excess profits; and special assessments on land which represent capital improvements; and taxes on accumulated funding deficiencies of, or prohibited transactions.

Travel expenses which are not pre-approved, exceed the allowable items as discussed elsewhere in this Contract, and travel for State of Alaska employees.

STATE OF ALASKA

DEPARTMENT OF COMMERCE and ECONOMIC DEVELOPMENT

CERTIFICATE OF QUALIFICATION FOR ALASKA BIDDER PREFERENCE AS 36.30.170(b)

Complete Only One of
the Following:

Request for Proposal ASPS #
99-0014

Invitation to Bid #

Business Name

Business Address

I certify under penalty of perjury that the above business qualifies for the Alaska Bidder Preference under the following conditions:

1. holds a current valid Alaska Business License (a copy must be attached);
2. submits a bid for goods, services, or construction under the name as appearing on the person's current Alaska Business License;
3. has maintained a place of business within the state staffed by the bidder or an employee of the bidder for a period of six months immediately preceding the date of the bid;
4. is incorporated or qualified to do business under the laws of the state, is a sole proprietorship, and the proprietor is a resident of the state or is a partnership, and all partners are residents of the state; and
5. if a joint venture, is composed entirely of ventures that qualify under (1) to (4) of this subsection.

Federal Employer Identification Number (EIN) OR
Social Security Number (SSN)

Alaska Business License Number and
Expiration Date

Authorized Signature(s)

Printed Name

This Certificate must be included in your bid or proposal to be considered for the preference.

NOTICE OF INTENT TO AWARD

1. Name of Program, Project, or Service (Use RFP Title)		2. Date Issued
3. Authority Number(s)	4. Name of Procurement Officer	
This is notice of the State's intent to award a contract. The offeror, identified here as the apparent successful offeror, is instructed not to proceed until a signed contract or other written notice of award is received from the State. A firm or person who proceeds prior to receiving a signed contract or other written notice of award does so at their own risk. AS 36.30.365. An offeror who wishes to protest this Notice of Intent must file a protest within ten (10) calendar days following the date this notice is issued. If the tenth day falls on a weekend or holiday, the last day of the protest period is the first working day following the tenth day. The protest shall be filed with the procurement officer in writing and include the following information: (1) the name, address, and telephone number of the protester; (2) the signature of the protester or the protester's representative; (3) identification of the contracting agency and the solicitation or contract at issue; (4) a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; and (5) the form of relief requested (AS 36.30.560 and AS 36.30.565).		
5. Name and Address of Apparent Successful Offeror		
6. Names and Addresses of All Other Respondents (in alphabetical order)		

NOTICE OF INTENT TO AWARD ENTRY DEFINITIONS

1. The name of the project, program, or service.
2. The issue date (issue date of form to all respondents).
3. The Authority to Seek Professional Services (ASPS) number assigned by the Department of Administration (DOA) for procurements over \$25,000.
4. Name of procurement officer. The person responsible for contractor selection. If there are appeals they should be addressed to this person.
5. Apparent successful offeror(s).
6. All other respondent's names.

CS FOR HOUSE CONCURRENT RESOLUTION NO. 34(L&C) am
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Amended: 4/27/98

Offered: 4/9/98

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

A RESOLUTION

1 Establishing a Joint Committee on Electric Utility Restructuring.

2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 WHEREAS electricity is among modern society's most basic requirements and
4 commodities; and

5 WHEREAS even other forms of infrastructure, such as water and waste water systems,
6 are largely dependent on electricity; and

7 WHEREAS the provision of adequate, reliable, and reasonably priced electrical energy
8 is essential to the daily functions, safety, and economic well-being of Alaskans, their local
9 communities, and the state; and

10 WHEREAS fundamental restructuring of the electric utility industry is now under
11 deliberation by the Congress and other states; and

12 WHEREAS electric utility restructuring is a highly complex issue, carrying with it
13 profound implications for all classes of electrical consumers; and

14 WHEREAS the implications and ramifications of such restructuring deserve detailed,
15 careful, and informed decision making by the Alaska State Legislature;

16 BE IT RESOLVED by the Alaska State Legislature that a Joint Committee on Electric
17 Utility Restructuring is established; and be it

1 **FURTHER RESOLVED** that the Speaker of the House of Representatives and the
2 President of the Senate shall determine an equal number of members of the House of
3 Representatives and of the Senate to serve on the joint committee, and that the Speaker of the
4 House of Representatives shall appoint the representatives to the committee and that the
5 President of the Senate shall appoint the senators to the committee; and be it

6 **FURTHER RESOLVED** that the presiding officer of each body shall apportion
7 minority members to the joint committee as provided in Rule 1(e), Uniform Rules of the
8 Alaska State Legislature, for standing committees; and be it

9 **FURTHER RESOLVED** that the joint committee may meet during and after the
10 Second Session of the Twentieth Alaska State Legislature and is terminated on the convening
11 of the First Session of the Twenty-First Alaska State Legislature; and be it

12 **FURTHER RESOLVED** that the joint committee shall provide to the legislature
13 written recommendations on whether and how to implement electric utility restructuring in
14 Alaska.

Guidelines Suggested by
Joint Committee on Electric Utilities Restructuring
for a Study
On Electric Utility Restructuring in Alaska

Note: This information is given as background information to the RFP and is for informational purposes only. This document is not part of the scope of work.

Background of Consultant:

Extensive experience with electric utility restructuring (international, national or state)
Engineering and economic capability
Balanced on issue of electric utility restructuring
Availability during study and reporting period
If not an Alaskan business, willing to partner with Alaskan businesses
Licensed to do business in Alaska

Scope of Study:

The main question addressed is the risk/reward and cost/benefit of wholesale and/or retail competition in the electric utility industry in Alaska. Initial emphasis of resources should be on the Alaska Railbelt.

Issues/Scenarios to be Addressed:

ALASKA

- Assess Alaska's unique situation regarding transmission grid.
- Assess competition potential on wholesale and retail level.
- Review nature of ownership of Alaska utilities with the public owning nearly all of the utilities either on a cooperative member basis or a municipally-owned basis - and its impact on restructuring.
- From restructuring experience in other jurisdictions, assess possible results of restructuring in Alaska.
- Assess impact and benefits that may accrue as result of restructuring, including changes that may eliminate or decrease the State subsidy provided under the Power Cost Equalization program.
- Assess State's exposure on Four-Dam Pool and other power generation and transmission lines, and contractual obligations State has to these projects.

STRANDED INVESTMENTS

- Identify investments that may be stranded by competition and how these costs should be recovered.
- Assess impact of State's ownership and financing of major transmission facilities and whether that ownership and financing impacts possible stranded investments.
- Assess the impacts on existing gas supply contracts and wholesale power contracts in a competitive wholesale market.

RELIABILITY SAFETY

- Assess how to preserve reliability and safety under competition scenarios.
- Assess handling of peak loads (particularly in the winter) and how these loads would be serviced under competition.
- Assess spinning reserves and standby capacities in current and any restructured system.

AFFORDABILITY

- Assess low-income protection, universal service provisions, including provider of last resort, obligation to serve, and how these should be structured: e.g., telecommunications within Alaska is required to provide universal service.
- Define and assess potential problems related to cherry picking.
- Assess potential for mergers and acquisitions, and consolidation of various market segments (winding up with one major player in the area).

PILOT PROGRAM

- Assess whether one would work in Alaska, or in specific areas of Alaska.
- Suggest structure for acquisition of meaningful data.

CONSUMER EDUCATION

- Assess the issue of how to educate consumers under any restructuring plan and the anticipated cost of such a program.

FINANCIAL ISSUES

- Bonds: Assess any potential restructuring problems with tax-free and municipal bonds and/or outstanding federal loans.
- Taxes: Assess tax implications facing local and/or state government.
- Costs to government: Assess anticipated costs of instituting restructuring on state and local governments.
- Consumers: Assess potential bottom line for consumers. What percent of eventual savings to consumers will result from each of the options.
- Wholesale contracts: Assess how to deal with current long-term power purchase contracts; identify measures to ensure a level playing field.
- Reliability: Assess cost of maintaining spinning reserves and standby capacity and how payment for these systems should be addressed.
- Stability: Assess potential and impact of power suppliers/brokers financial insolvency or quitting the marketplace.

ALASKA LEGISLATURE

- Outline policy issues, possible statutory changes the Legislature may need to address.

ALASKA PUBLIC UTILITIES COMMISSION (APUC)

- Assess role of APUC in restructuring.
- Outline what regulatory measures the agency may need to address (e.g., transitional issues)

- Assess whether statutory changes are required to provide oversight of market players. i.e., currently power marketers may not be required to be certificated or registered with the APUC.

OTHER

- Incorporate, but not duplicate the work products from APUC Docket U-97-140, specifically the Black & Veatch study.
- When reviewing the existing system, consider that more than one competition scheme may be appropriate within the entire state.
- Look at whether or not the existing regulatory scheme is adequate to address any suggested direction for each market segment; if inadequate, identify regulatory oversight needed after restructuring.
- Look at how to make performance-based regulations.
- For each scenario assess the impact new technology has had, does have and could have on electrical systems.
- Discuss implied vs. explicit ratepayer subsidies: What are they? How are they impacted by restructuring?

SCOMM

109:6

FILE CONTENTS PAGE:

January 6, 1999 Agenda
January 4, 1999 DRAFT Report and Recommendations
January 6, 1999 DRAFT Partially Revised Report and Recommendations
December 3, 1998 news article, "Energy alliance fizzles"
September/October 1998 LEAP Letter
November 1998 article, "Electric Power: Cheap or Green"
December 1998 ARECA Newsletter
December 7, 1998, news article, "Boston Edison in \$950 million utility deal"
December 11, 1998, news article, "Utility officials don't want federal hand in
Deregulation"
December 15, 1998, news article, "British utility moves on Massachusetts"
December 15, 1998, news article, "Deregulation attracting U.K. to
U. S. electric industry"
December 16, 1998, news article, "Court Halts Plan Using PNM Lines"
December 18, 1998, news article, "Electric deregulation urged"
Week of December 21, 1998, news article, "MEA pursues Chugach as state's utilities
Brace for deregulation"
December 29, 1998, news article, "Power generator planned at refinery"

ALASKA STATE LEGISLATURE

Joint Committee on Electric Utility Restructuring

Senate Members:

Sentor Bert Sharp, Co-Chairman

Senator Loren Leman

Senator Robin Taylor

Senator Al Adams

Address: 119 N. Cushman, #201

Fairbanks, AK 99701-2879

Telephone: (907) 452-7885

FAX: (907) 456-4221



House Members:

Rep. Norman Rokeberg, Co-Chairman

Rep. Alan Austerman

Rep. Fred Dyson

Rep. John Davies

Address: 716 W. 4th Avenue, #640

Anchorage, AK 99501-2133

Telephone: (907) 269-0117

FAX: (907) 269-0119

AGENDA

January 6, 1999

- 1. Opening Remarks from Co-Chairmen**
- 2. Senator Leman – Report on RFP for Study**
- 3. Discussion and Preparation of Final Report of Joint Committee**

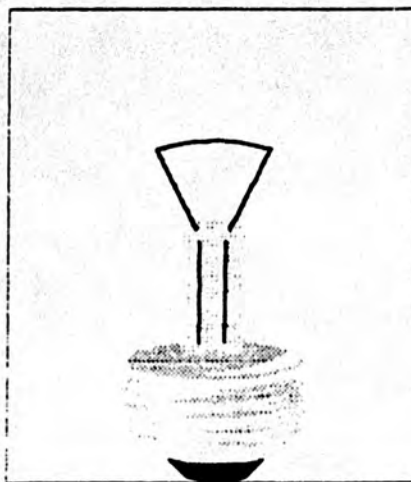
NOTE: For information of the general public, public participation was closed at last meeting. Any testimony will be by invitation only. As always, the public is invited to attend this public meeting.

DRAFT

DRAFT

DRAFT 01/04/99

*partially
approved
1/6/99 -
more revisions
coming.*



**REPORT AND RECOMMENDATIONS
ELECTRIC UTILITY RESTRUCTURING**

From

***Joint Committee on Electric Utility
Restructuring***

January 1999



Introduction

The Joint Committee on Electric Utility Restructuring was formed under House Concurrent Resolution 34. The Committee's pertinent task was to "provide to the legislature written recommendations on whether and how to implement electric utility restructuring in Alaska."

Committee members met and reviewed testimony (oral and written) from industry representatives, a consumer advocacy group, and concerned Alaskans and worked with the Alaska Public Utilities Commission to address the major issues concerning any plan for electric utility restructuring. Contained in this Report and Recommendation are: overview of the committee's work and recommendations to the 21st Alaska State Legislature concerning electric utility restructuring.

The backup documentation and files for the Joint Committee have been forwarded to the Legislative Reference Library for processing and storage. Those wishing to do further research regarding the Joint Committee's efforts may access files through that entity.

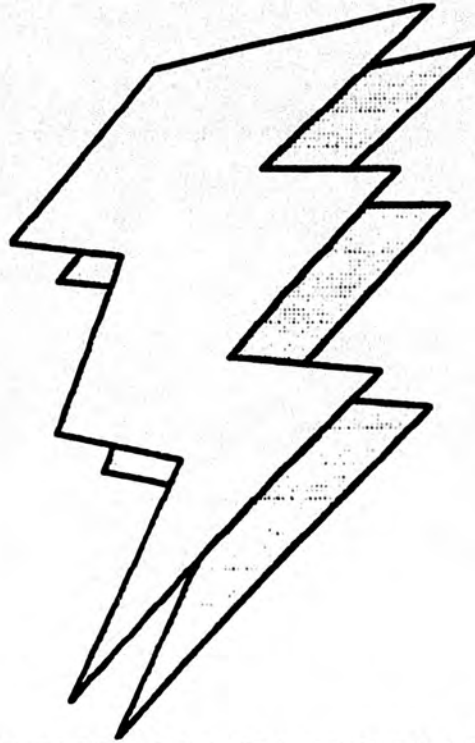
The Co-Chairmen wish to thank the committee members and all the interested Alaskans who took the time to participate in the hearings. We would also like to express our appreciation to APUC Chairman Commissioner Sam Cotten, Commissioner Dwight Ormquist, Commissioner Jim Posey and APUC staff members Bob Lohr and Paul Morrison who worked with the committee.

Senator Bert Sharp
Co-Chairman

Representative Norman Rokeberg
Co-Chairman

Joint Committee on Electric Utility Restructuring

LANGUAGE
TO BE
REVISED



**JOINT COMMITTEE ON ELECTRIC UTILITY
RESTRUCTURING
MEMBERS**

Senator Bert Sharp
Co-Chairman

Representative Norman Rokeberg
Co-Chairman

Senator Loren Leman
Senator Robin Taylor
Senator Al Adams

Representative Alan Austerman
Representative Fred Dyson
Representative John Davies

Committee Staff:
Committee Secretary:

Janet S. Seitz
Dianna Pree



MEETINGS

August 6, 1998	Anchorage
August 18, 1998	Anchorage
September 4, 1998	Anchorage (Subcommittee Meeting)
September 16, 1998	Fairbanks*
November 18, 1998	Anchorage
January 6, 1999	Anchorage

*The committee hearings were all recorded with the exception of the September 16th meeting in Fairbanks. The tape recorder malfunctioned at this meeting.

Teleconference sites on line for most hearings: Fairbanks, Juneau, Kenai, Matanuska-Susitna, Kodiak, Barrow (for September 16th hearing)



PERSONS TESTIFYING AT VARIOUS MEETINGS

Alaska Energy Associates: Robert Maxwell
Alaska Public Interest Research Group: Steve Conn
Alaska Public Utilities Commission: Commissioners Sam Cotten and Dwight Ormquist; Staff: Executive Director Bob Lohr, Paul Morrison.
Alaska Regional Hospital: Ernie Meier, President, Chief Executive Officer
Alaska Rural Electric Cooperative Association: Eric Yold, Executive Director; Dr. Peter Fox-Penner of The Brattle Group
Alaska Sales and Service: Ann Robinson
Anchorage Baptist Temple: Glenn Clary, Assistant Pastor
Aurora Power: Mary Ann Pease, Vice President; Robin Brena of Brena, Bell & Clarkson
Ausman, Earl
Barry, Mike
Beltrami, Vince
Black & Veatch: Myron Rollins
Copper Valley Electric Association: Robert A. Wilkinson, General Manager
Chugach Electric Association: Eugene Bjornstad, General Manager; Don Edwards, Counsel;
Enstar Natural Gas: Dick Barnes, President
Four-Dam Pool Purchasing Utilities: Robert A. Wilkinson
Giuchici, John
Golden Valley Electric Association (Fairbanks): Mike Kelly, President and Chief Executive Officer; Robert Hanson, Chief Operating Officer
Growth Resources: Dave Lappi, Chairman
Homer Electric: Norman Story, General Manager; Jim Patras
International Brotherhood of Electrical Workers: Gary Brooks, Business Manager
Jewel, Barbara
Kodiak Electric Association: Ed Kozak

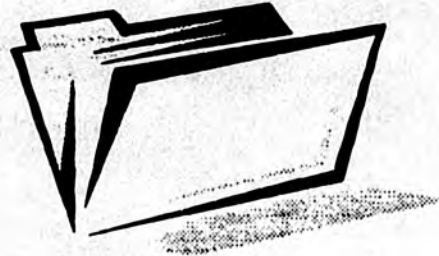
**Matanuska Electric Association: Bruce Scott, Consumer Relations
McKee, Charles**

**Municipal Light & Power (Anchorage): Meera Kohler, General Manager; Donn
Wonnell, Attorney.**

Signature Flight: Bruce Vergason, Plant Manager

Southeast Service Corporation: Ken Langsford, Facility Manager

Staudenmaier's Electric Merger Committee: Tom Staudenmaier



***PERSONS SUBMITTING WRITTEN
TESTIMONY (in addition to many of those
listed above)***

Anchorage Sand and Gravel Co., Inc.: Steven M. Lovs, Vice President/General
Manager
Best Western Barratt Inn: John J. Payne, General Manager
Bogan, Mary
Cartwright, Pierce Co., Inc.: Pierce Cartwright, Chairman
Davis, Paul
Doyle, Robert
Fancher, Will L.
Hallum, J. M.
Henke, Jerry
Henningsen, Richard S.
Hodge, Joseph
Indelible Ink: Stu Kingsley
International Brotherhood of Electrical Workers, Local 1547: Mike Notar,
Assistant Business Manager
Johnson, Alethea
Lang Consulting Henry P. Lang, Electric Utility Engineer
Marathon Oil Company: John A. Barnes, P.E., Alaska Region Manager
Miller, S. L.
O'Brien, Chris
Smith, Darrell F.
Squiers, Richard
Visual Information System: Donald B. Cassas
Weeks, Nadine
Westbrook Associates: William J. Westbrook, P.E.
Whitesides, Byron

ISSUES

Should Alaska permit competition among electric utilities? If so, how should such competition be structured?

DISCUSSION

History: The electric utility industry is undergoing significant changes in the forty-eight contiguous United States. Changes have resulted in part from the Public Utility Regulatory Policy Act of 1978 ("PURPA"), the Energy Policy Act of 1992, and Order No. 888 of the Federal Energy Regulatory Commission (FERC) (*Note: Order No. 888 does not apply to Alaska*). While "wholesale wheeling" has been authorized by the federal government, retail competition has not. "Wholesale wheeling" involves a system in which a distributor of power would have the option to buy its power from a variety of producers, and the producers would be able to compete to sell their power to a variety of distribution companies.¹ "Retail competition" would involve a system where more than one electric provider can sell to retail customers, and retail customers are allowed to buy from more than one provider.²

The industry has begun to move away from its traditional form (vertically integrated monopoly regulated structure) to more competitive structures. At the federal level, new requirements for new services are promoting competition in general. Many states have adopted or are considering changes in the way consumers receive electric service. (As of the first part of July, 13 states have passed restructuring legislation.) Although FERC Order No. 888 does not apply to Alaska, Alaska is interested in new business structures and benefits that might arise out of restructuring.

What is "restructuring" and what does it mean as opposed to "deregulation"? "Restructuring" is a term used to describe a method of allowing

¹ "Glossary", National Conference on State Legislature accessed through NCSL Web Site.

² Ibid.