

REQUEST FOR PROPOSALS

THE VERMONT DEPARTMENT OF PUBLIC SERVICE (“DEPARTMENT” OR “DPS”) IS SEEKING EXPERT CONSULTING ASSISTANCE.

THE DEPARTMENT SEEKS TO HIRE A CONSULTANT TO PROVIDE POLICY, TECHNICAL, ANALYTICAL AND DRAFTING ASSISTANCE TO THE DEPARTMENT DURING THE COURSE OF A MULTI-PARTY COLLABORATIVE BETWEEN THE DEPARTMENT AND A NUMBER OF VERMONT ELECTRIC UTILITIES. THE COLLABORATIVE WILL ADDRESS AND ATTEMPT TO ACHIEVE AGREEMENT ON A WIDE VARIETY OF ISSUES RELATING TO THE DEVELOPMENT OF A COMPREHENSIVE APPROACH TO CONDUCTING LEAST COST TRANSMISSION AND DISTRIBUTION PLANNING, OR, MORE PARTICULARLY, “DISTRIBUTED UTILITY PLANNING” (“DUP”).

Date issued: March 8, 2001.

Questions concerning and responses to this request for proposals (“RFP”) should be directed to:

Aaron Adler, Special Counsel
Vermont Department of Public Service
112 State Street, Drawer 20
Montpelier, VT 05620-2601
Phone (802) 828-4011
FAX (802) 828-2342
email: adler@psd.state.vt.us

Questions should be sent via e-mail by March 16, 2001. Answers to questions sent by March 16, 2001 will be posted by March 23, 2001 at the website address below.

Assistance in gaining access to copies of standard state contract provisions is available from:

Tom Franks
Vermont Department of Public Service
Energy Efficiency Division
112 State Street, Drawer 20
Montpelier, VT 05620-2601
Phone (802) 828-4035
FAX (802) 828-2342
email: franks@psd.state.vt.us

INDICATION OF INTENTION TO BID DUE BY: Friday, March 16, 2001

PROPOSAL DUE BY: Noon, Friday, April 6, 2001

One paper version of Proposal(s) must be delivered to the Department of Public Service.

Submission by email is also required: To Tom Franks at franks@psd.state.vt.us.

I. INTRODUCTION

Pursuant to an agreement between the Department, Vermont's electric utilities, and other parties, on September 30, 1999, the Vermont Public Service Board ("PSB" or the "Board"), the quasi-judicial commission which regulates utilities in Vermont, opened Docket 6290, entitled "Investigation into the establishment of guidelines for distributed utility planning by Vermont electric distribution utilities."

The Department is a separate agency from, and represents the public interest before, the Board. DPS drafted and has advocated the establishment of DUP guidelines, under which electric utilities would develop and implement cost-effective energy efficiency and local generation solutions as part of a least-cost approach to addressing transmission and distribution constraints.

Over the course of the docket, the Department and Vermont's electric utilities have held collaborative sessions and negotiations concerning DUP. To date, these activities have resulted in a "Phase I Stipulation" between the Department and the following electric utilities: Central Vermont Public Service Corporation, the City of Burlington Electric Department, Citizens Utilities Company, Inc.; Green Mountain Power Corporation; the Vermont Electric Cooperative, Inc.; Vermont Marble Power Division of Omya, Inc.; and the Washington Electric Cooperative, Inc.

Under the Phase I Stipulation, DPS and the other signatories agreed to an initial set of DUP guidelines, initial DUP work by the electric utilities, and participation in a "Phase II collaborative" to address implementation details. The Phase II collaborative could result in proposed revisions to the initial DUP guidelines.

The Phase I Stipulation includes associated bilateral agreements, initial DUP guidelines, and a work plan for the Phase II collaborative. The documents comprising the Phase I Stipulation are on the DPS website: <http://www.state.vt.us/psd/ee/DUP/DUPHome.htm>.

A Board hearing officer recently issued a recommendation that the Board approve the Phase I Stipulation. As of the issuance of this RFP, the full Board has not approved the Phase I

Stipulation. In the event that the Board disapproves or modifies the Phase I Stipulation, the Department reserves the right to withdraw or re-issue this RFP, or to provide bidders with an opportunity to supplement their bids, as it deems appropriate.

The Phase II collaborative will represent a significant undertaking, likely to last six months or more,¹ during which the Department and various electric utilities will attempt to work through and reach agreement on DUP implementation issues and methodologies and potentially revisions to the initial DUP guidelines. Matters on which agreement is not reached during the collaborative will be subject to subsequent litigation before the Board.

Through this RFP, the Department seeks expert assistance with respect to its participation in the Phase II collaborative. As discussed below, the Department may use the same expert for any subsequent related litigation.

II. TASKS

The selected consultant(s) will provide policy, analytical, technical, and drafting services to the DPS in its participation in the Phase II DUP collaborative.

The work of the Phase II DUP collaborative is set out in the document entitled “Work Plan for Docket 6290 Phase II Collaborative on Distributed Utility Planning,” which is incorporated by reference and available on the DPS website at:

<http://www.state.vt.us/psd/ee/DUP/DUPHome.htm>

The selected consultant(s) may be assigned to assist with respect to any and all tasks listed in that document. Specific direction on which tasks to perform, and when, will be provided by DPS over the course of the collaborative. Bidders should assume that their assignment will include assistance to the DPS on all tasks listed in the work plan.

As assigned by the DPS, the selected consultant(s) will attend meetings of the Phase II collaborative or subcommittees thereof. Bidders should assume that they will attend 24 of such meetings in Vermont.

Depending on the course and outcome of the Phase II collaborative, it may be necessary to amend the contract with the selected consultant(s). For example, the collaborative participants may determine to address areas not discussed in the work plan and those areas may require

¹The Phase I Stipulation contained an end date of February 1, 2001 for the Phase II collaborative. Due to the timing of Board approval of that stipulation, parties will be negotiating a new end date for proposal to the Board.

expert assistance. In addition, later in the docket it may be necessary for the selected consultant(s) to testify as an expert witness in support of agreements reached in the collaborative or for the Department in litigation on DUP matters not resolved by agreement.

III. GENERAL REQUIREMENTS

The Consultant(s) hired must meet the following requirements.

1. Consultant(s) must possess and demonstrate significant, in-depth knowledge and experience in the areas addressed by the above-referenced Phase II work plan.
2. Consultant(s) must be fully conversant with current theory and practice of least-cost utility planning generally and DUP specifically.
3. Consultant(s) must possess and demonstrate significant, in-depth knowledge of the electric utility industry.
4. Consultant(s) must possess and demonstrate significant experience as an expert witness in regulatory proceedings.
5. Consultant(s) must not be currently employed by any person or company which sells, transmits, or distributes electricity or natural gas in Vermont.
6. Consultant(s) must be available to start work immediately with respect to the Phase II collaborative and be available as required during at least the next two years following inception of the contract.²

IV. FORMAT OF THE PROPOSAL

Following an introduction, the format of the proposal generally should track the format of the above-referenced Phase II work plan. Bidders should address each area of the work plan, identifying the individual(s) proposed to work on that area, summarizing relevant qualifications, and detailing expected costs and person hours.

In addition, each bid should include the following in separate sections:

²A two-year period is estimated at this time because the duration of the collaborative is not yet known, the issues are complex and could take significant time, and litigation could ensue following completion of the collaborative.

Qualifications:

Identification and description of the experience and qualifications of all individuals the Bidder proposes to use to provide services. A clear description of experience that may be of particular relevance to this effort as well as resumes should be provided.

If the Bidder proposes to use multiple individuals, the Bidder should identify a “liaison” person to coordinate directly with the DPS. In such case, the Bidder should propose and discuss how this coordinating role will work and her/his qualifications and availability for this function.

Where a “team” that has worked together in the past is a part of the proposal, relevant experience of that “team” should be described and discussed.

References:

Bidders must provide three references both for each individual and firm included in the proposal.

Costs:

Each Bid should state the hourly rate of each individual to be used.

Policy Paper:

Bidders should provide a discussion (not more than seven pages) of their current thinking about DUP. Discussion should be from the perspective of a policymaker seeking to promote cost-effective energy efficiency and local generation as part of a least-cost approach to dealing with transmission and distribution constraints. The paper should discuss the Bidder’s understanding of what DUP is, the advantages and disadvantages of DUP, and existing barriers to DUP and methods for overcoming those barriers.

There are no “right” answers to this paper. The DPS offers it as an opportunity for Bidders to show “how they think” about DUP and its use in utility planning, and to provide a writing sample.

V. SELECTION CRITERIA

Selection will be made by the DPS. Selection of the consultant will be based on the following criteria:

Qualifications and experience. This criterion will be given the greatest weight. The descriptions of experience and resumes of relevant personnel will be of great importance.

- ' Ability to begin work immediately with DPS, and willingness to work with DPS in a flexible and timely manner.
- ' Cost: Clearly articulated and understandable cost proposal will be very important.
- ' Communication skills and understanding of subject matter, as demonstrated by policy paper and other portions of bid.
- ' (If appropriate) discussion of how any potential conflict of interest will be addressed.

VI. TERMS AND CONDITIONS

- ' DPS will retain the right to terminate work at any time.
- ' The Department seeks an ongoing relationship to a consultant or consultants with experience in the field who will be available for at least two years following inception of the contract.
- ' Ownership of work products will vest with the Department.
- ' Any work products will be delivered to the Department upon termination of the project.
- ' The DPS reserves the right to amend or cancel this RFP at any time if the best interest of the State requires such action.
- ' The DPS reserves the right to reject any or all proposals and to waive informalities and minor irregularities in proposals received and to accept any portion of a proposal if deemed in the best interest of the State.
- ' News releases pertaining to this RFP, contract award, or the Project shall NOT be made without prior written approval from the DPS.
- ' Selection of the winning bidder will be made based on the sole opinion of the DPS that the proposal submitted will be the most advantageous.
- ' The DPS reserves the right to make a selection without further discussion of proposals received. Therefore, it is important that each proposal be submitted in the most complete and accurate manner possible.
- ' The DPS reserves the right to cancel any contract resulting from this RFP, for cause, as will be defined in the Terms and Conditions of the final contract.
- ' The DPS assumes no liability in any fashion with respect to this RFP or any matters related thereto. All prospective service providers and their assigns or successors, by their participation in the RFP process, shall indemnify, save and hold the DPS and its employees and agents free

and harmless from all suits, causes of action, debts, rights, judgments, claims, demands, accounts, damages, costs, losses and expenses of whatsoever kind in law or equity, known and unknown, foreseen and unforeseen, arising from or out of this RFP and/or any subsequent acts related thereto, including but not limited to the recommendation of a service provider and any action brought by an unsuccessful prospective service provider.

VII. RELEVANT DOCUMENTS

The following documents may be found at the Vermont Department of Public Service Web Page at: <http://www.state.vt.us/psd/ee/DUP/DUPHome.htm>.

- ' This RFP
- ' The mailing list
- ' The Phase I Stipulation filed on September 22, 2000 in Docket 6290
- ' Attachment A to Phase I Stipulation, Docket 6290: Guidelines for Distributed Utility Planning ("DUP") (Sep. 22, 2000)
- ' Attachment B: Work Plan for Docket 6290 Phase II Collaborative on Distributed Utility Planning (Sep. 22, 2000)
- ' Bilateral agreements, filed in Docket 6290, between the DPS and, respectively, Central Vermont Public Service Corporation, the City of Burlington Electric Department.; Citizens Utilities Company, Inc.; Green Mountain Power Corporation; the Vermont Electric Cooperative, Inc.; Vermont Marble Power Division of Omya, Inc.; and the Washington Electric Cooperative, Inc.
- ' The Memorandum of Understanding filed in Docket 5980 on April 30, 1999 and approved by the Board on September 30, 1999. Bidders should particularly review paragraphs 28 through 42 and 49 through 52.

The above-listed documents are incorporated into this RFP by reference.