

Responses to Questions regarding RFP-PSC-GAS-2010-1  
October 22, 2010

The following questions were submitted by potential bidders for the above-referenced Request for Proposals. *Responses in italics beneath each question.*

- A. It appears to me that you are seeking more than legal expertise, and are looking for a consultant that can provide a technical, "number-crunching" analysis of a rate case application. Is that correct?

*Yes, the Commission is seeking consulting services in the nature of accounting, economic or other technical ratemaking expertise.*

- B. In the General section of the Scope of Work (page 7 of the RFP) it says "The vendor will assist...following issues: Cost of Service, Cost Allocation, Rate Design or Return on Equity." With respect to return on equity, it is usually addressed within the larger issue of rate of return calculation. Can a vendor develop a proposal to provide expertise in rate of return calculation, or should the proposal be directed solely at return on equity?

*Yes, a vendor may develop a proposal to provide expertise on the overall rate of return, including return on debt as well as return on equity.*

- C. After reviewing the Nebraska PSC's RFP for assistance with natural gas rate cases and other related matters, I have the following questions for you.

1. If the bidder is comprised of a joint venture of two different consulting firms, does one firm have to be the primary contractor and the other a subcontractor?

*If the bidder is comprised of a joint venture of two different consulting firms, one need not necessarily be the primary contractor, but both firms must be represented and identified in the RFP response. More than one contract could ultimately be awarded, if warranted by the fact that separate firms provide expertise on different issues. Alternatively, if the bidders desire, a contract could be awarded to a primary contractor with the other as a subcontractor.*

2. If a primary contractor is required, does a subcontractor have to comply with statutory registration requirements as well?

*If a contract is awarded only to a primary contractor, then the primary contractor would be responsible for complying with statutory registration requirements.*

3. The RFP's Glossary of Terms limits the definition of Confidential and Proprietary Information to trade secrets, academic and scientific research as well as other information that would give advantage to business competitors. The RFP requires bidders to identify specific, named competitors who would be advantaged by the release of such information. Since the Corporate Overview section on page 15 of the RFP requires financial statements, banking, and other information that will allow the PSC to ascertain the viability or stability of the bidder, can the bidder classify this information as Confidential to preclude public disclosure of such information if the bidder is a privately held corporation?

*Yes, the bidder can classify financial statements and other information required on page 15 of the RFP as confidential, but must comply with Attorney General Opinions 92068 and 97033 as described in the definition of "Confidential Information" found in the RFP on pages 3-4.*

4. Should the Cost Proposal consist of an estimate of total hours to assist the PSC in its adjudication of entire rate case or gas cost review filing based on the bidder's past experience in such cases or just a listing of proposed personnel and their hourly rates? Without an actual filing with known parameters, such an estimate would have to be a straw man proposal using an estimate of hours by Scope of Work task. Phase 1 – Review of Filing under both Rate Cases and Gas Cost Reviews states that the vendor will submit a budget related to the Scope of Work required by the PSC after reviewing the application and prefiled testimony.

*The RFP does not state that straw man proposal is required.*

5. If a straw man proposal is required, should the total estimated price within the Cost Proposal consist of separate estimates for assistance with Rate Cases, Gas Cost Reviews, and Other services requested by the PSC under the Scope of Work?

*N/A*

6. Can the straw man Cost Proposal be based on a range of hours for each Scope of Work area?

*N/A*

7. Should the bidder's Cost Proposal for Other services consist of only proposed personnel and their hourly rates since the prospective scope of services will be determined after consultation with the PSC?

*The Cost Proposal for Other Services need only include prospective personnel and hourly rates.*

8. Should the bidder's Technical and Cost Proposals specify which of the following issue(s) it intends to assist the PSC with under the Scope of Work – General: Cost of Service, Cost Allocation, Rate Design, or Return on Equity?

*Yes, based upon the bidder's response, the RFP reviewers need to be able to ascertain whether a bidder would be able to provide service for all, some or one of the issues listed on page 7 of the RFP under "Scope of Work, 1. General".*

D. I have two questions regarding the aforementioned RFP:

1. The first paragraph on page 7 of the RFP references "cost of service". Does the use of the term "cost of service" here refer to the analysis of a utility's (1) revenue requirement (i.e., rate base and operating revenues/expenses) or (2) cost of service in relation to the rate design ?

*The term "cost of service" refers to the revenue requirement.*

2. What is the typical time-frame for rate cases (i.e, from the time they are filed until the order is issued)?

*A rate case may take from 210 to 270 days from date of filing to final order, under the State Natural Gas Regulation Act.*

E. A few initial questions regarding your RFP:

1. Who is the current consultant to the Commission?

*GDS Associates, Inc.*

2. Is the current consultant on the bidders' list for this RFP?

Yes.

3. To how many firms/individuals was the RFP sent?

*Notice of the RFP was sent to twenty-nine (29) firms or individuals.*

4. If a subcontractor has a formal relationship with a bidder (e.g., a part-time employee), is that person considered a subcontractor for the purpose of the RFP?

*A part-time employee would not necessarily be considered a subcontractor for purposes of the RFP; however, if responsibility for a particular task is delegated solely and exclusively to a person or entity that is not an employee of the bidder, that person or entity would likely be a subcontractor for purposes of the RFP.*

5. Can fee schedules be designated as "confidential"?

*A bidder could designate a fee schedule as confidential, but must comply with Attorney General Opinions 92068 and 97033 as described in the definition of "Confidential Information" found in the RFP on pages 3-4.*

6. It is not clear from the RFP if the consultant will advise the Commission on filed testimony, etc. or be required to provide testimony. It appears that the former is the case with respect to rate applications and the latter with respect to PGA filings. Would you be so kind as to clarify?

*With respect to rate applications, a consultant will not file testimony, but will advise the Commission and staff on the testimony filed by the parties. With respect to Gas Cost Adjustment filings, a consultant may be required to file testimony.*