

Request for Proposal (RFP)



Issued by
Office of the Ohio Consumers' Counsel (OCC)
10 West Broad Street, Suite 1800
Columbus, Ohio 43215

**Request for Proposal (RFP) for Rate Design/Rate Structure/Allocation
Consultant for AEP Ohio's Retail Stability Rider Proceeding**

**RFP Number: 2014-03
Issued: February 21, 2014**

**REQUEST FOR PROPOSAL
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Attachment:

Affirmation and Disclosure Form Executive Order 2011-12K

PART ONE: EXECUTIVE SUMMARY

Purpose. This is a Request for Proposal (“RFP”) issued by the Office of the Ohio Consumers’ Counsel (“OCC”) to solicit bids from Independent Contractors for rate design/rate structure/allocation work to be performed in American Electric Power Company’s (“AEP or AEP Ohio”) anticipated “Retail Stability Rider” case. That case, not filed to date, is expected to be filed in the near term. In that case AEP Ohio is expected to request the Public Utilities Commission of Ohio (“PUCO”) authority to collect revenues sufficient to amortize its capacity cost deferrals.

AEP Ohio’s capacity cost deferrals arise from two cases: Case No. 10-2929-EL-UNC and 11-346-EL-SSO. In Case No. 10-2929-EL-UNC, the PUCO found that AEP Ohio’s fully embedded cost of capacity was \$188.88 per MW-day. Nonetheless it ordered AEP-Ohio to charge marketers the RPM (Reliability Pricing Model in the PJM region) based market price for capacity. The PUCO ordered the discount to the marketers (difference between fully embedded cost of capacity and the market based price for capacity) to be collected from third parties. In Case No. 11-346-EL-SSO, the PUCO determined that the third parties paying for the marketers’ discount would be AEP-Ohio’s distribution customers. AEP was permitted to defer (with carrying charges) the differential between embedded cost and RPM. Part of the deferrals are currently being collected (\$1/ MWH) through the Retail Stability Rider approved in that case. AEP was told by the PUCO that any deferrals remaining after the term of its electric security plan (“ESP”) should be amortized over a three year period unless otherwise ordered. The PUCO also ordered that to allow for accurate deferral calculations, AEP-Ohio should maintain its actual monthly shopping percentages on a month by month basis. The PUCO noted that all determinations for future recovery of the deferral shall be made following AEP-Ohio’s filing of its actual shopping statistics.

The PUCO also ordered the Retail Stability Rider (“RSR”) to be collected as a non-bypassable rider to recover charges per KWH by customer class, as proposed by AEP. Although OCC argued that non-shopping residential customers (non-cost causers) should not pay for the capacity cost deferral, the PUCO did not adopt OCC’s position. (Residential customers have the lowest shopping per class of any AEP Ohio customers. Additionally, the residential customer’ shopping to date has been lower than that originally projected by AEP Ohio.) This issue has been appealed to the Ohio Supreme Court by OCC. The appeal is pending.

Background. The OCC plays an integral part in Ohio's government and economy by fulfilling its role as the advocate agency for residential utility consumers. Established in 1976, the OCC's services for Ohio consumers include advocacy on their behalf on issues involving the affordability and quality of their utility services. OCC also provides education for consumers regarding their utility services.

The law governing the agency's activities is contained in Chapter 4911 of the Ohio Revised Code.

PART TWO: GENERAL INSTRUCTIONS

Calendar of Events. The schedule for this RFP and the work to be addressed is given below. The OCC reserves the right to change this schedule as needed.

Firm Dates

RFP Issued:

February 21, 2014

Bid Due Date/Time:

March 7, 2014 2:00p.m.

Estimated Dates

Contract Award:

March 14, 2014

Contract End Date

June 30, 2014

Contacts. The following individual will represent the OCC as the primary contact for matters relating to all aspects of the RFP and during the contract negotiation/award process and subsequent invoicing.

Robin Tedrick

Records Management Coordinator

Office of the Ohio Consumers' Counsel

10 W. Broad Street, Suite 1800

Columbus, Ohio 43215

614-466-9591

E-mail: tedrick@occ.state.oh.us

Proposal Submission. Proposals are to be mailed or delivered to: Robin Tedrick, Office of the Ohio Consumers' Counsel, 10 W. Broad Street, Suite 1800, Columbus, Ohio 43215-3485. Proposals can be sent via mail or e-mail to tedrick@occ.state.oh.us. The deadline to submit proposals for this RFP is **March 7, 2014 2:00p.m.**

The OCC may reject any proposals or unsolicited proposal amendments that are received after the deadline. A prospective Independent Contractor that mails its proposal must allow for adequate mailing time to ensure its timely receipt.

Each prospective Independent Contractor must carefully review the requirements of this RFP and the contents of its proposal. All prospective Independent Contractor are on notice that the OCC will not be liable for any costs incurred by any prospective Independent Contractor in responding to this RFP, regardless of whether the OCC awards the contract through this process, decides not to go forward with the work, cancels this RFP for any reason, or contracts for the work through some other process or by issuing another RFP.

By submitting a proposal, the prospective Independent Contractor acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements. The prospective Independent Contractor also agrees that the contract will be the complete and exclusive statement of the agreement between the OCC and the Independent Contractor and will supersede all communications between the parties regarding the contract's subject matter.

The OCC may reject any proposal if the prospective Independent Contractor takes exception to the terms and conditions of this RFP, fails to comply with the procedure for participating in the RFP process, or the prospective Independent Contractor's proposal fails to meet any requirement of this RFP. The OCC may reject any proposal that is not in the best interest of the OCC to accept. Further, the OCC may decide not to do business with any of the prospective Independent Contractors responding to this RFP.

All proposals and other material submitted will become the property of the OCC and may be returned only at the option of the OCC. Proprietary information should not be included in a proposal or supporting materials because all proposals will be treated as a public record and the OCC will have the right to use any materials or ideas submitted in any proposal without compensation to the prospective Independent Contractor.

The OCC will retain all proposals, or a copy of them, as part of the contract file for at least five (5) years. After that retention period, the OCC may return, destroy, or otherwise dispose of the proposals or the copies.

Waiver of Defects. The OCC has the right to waive any defects in any bid or in the submission process followed by a prospective Independent Contractor. However, the OCC will only do so if it is in the best interest of the OCC and will not cause any material unfairness to other prospective Independent Contractors.

Amendments to Bids. Amendments or withdrawals of bids will be allowed if the amendment or withdrawal is received before the bid due date. No amendment or withdrawals will be permitted after the due date, except as expressly authorized by the OCC.

Amendments to the RFP. If the OCC decides to revise this RFP, amendments will be made available to all prospective Independent Contractors. When the OCC makes amendments to the RFP after bids have been submitted, the OCC will permit prospective Independent Contractors to withdraw or modify their bids.

Contract. If this RFP results in a contract award, the contract will include by reference this RFP, written amendments to this RFP, the prospective Independent Contractor's bid, and written, authorized amendments to the Independent Contractor's bid. It will also include any purchase orders and change orders issued under the Contract.

In addition, the prospective Independent Contractor will agree to abide by all laws, rules and directives of the State of Ohio, as they pertain to vendors doing business with the State of Ohio.

PART THREE: SCOPE OF WORK AND DELIVERABLES

This section describes the scope of work and what the selected Independent Contractor must deliver as part of the completed work (the "Deliverables") to meet the terms and conditions of a subsequent contract.

Scope of Work. The Independent Contractor will assist OCC with work on the Rate Design/Rate Structure/Allocation for AEP Ohio's Retail Stability Rider Proceeding.

Work Requirements and Deliverables. The Independent Contractor shall address the rate design, rate structure and allocation of AEP-Ohio's anticipated "Retail Stability Rider."

Deliverable 1

The Independent Contractor will assess and analyze AEP Ohio's proposed retail stability rider focusing on, among other things, the rate design, rate structure, and allocation proposed. The Independent Contractor shall provide technical and policy assistance to OCC in this respect so that OCC can formulate and support a position on rate design, rate structure, and allocation of the retail stability rider that is fair and reasonable for the residential customer class. Cost causation concepts should be considered in developing the rate design, rate structure, and allocation of the retail stability rider to residential customers.

Deliverable 2

The Independent Contractor will provide technical support on related issues for the discovery process in the proceeding, including:

- a. Preparing discovery requests;
- b. Reviewing responses to OCC's and other parties' discovery;
- c. Attend any depositions scheduled as required by OCC's lead attorney (Such depositions may require travel).

Deliverable 3

The Independent Contractor will provide written testimony (direct, and/or rebuttal) and appear before the PUCO to defend his/her testimony. In the event there is no evidentiary hearing, the Independent Contractor will be expected to assist OCC in drafting comments or responsive pleadings pertaining to his/her recommendations on rate design, rate structure, and allocation of AEP Ohio's retail stability rider.

The Independent Contractor will provide technical assistance, when expressly requested by OCC's Lead Attorney, for the legal preparation involved in the proceeding including an analysis of written and oral testimony of other witnesses (AEP, PUCO Staff, and other intervenors) to assist with cross examination. The Independent Contractor will provide technical assistance needed for any pre-hearing or settlement conferences. The Independent Contractor will provide technical assistance, when requested, as needed throughout the case and subsequent to the hearing, in order to prepare post-hearing briefs and evaluate issues for possible rehearing and/or appeals including, but not limited to, evaluation of issues raised in the PUCO's Opinion and Order.

PART FOUR: BID REQUIREMENTS

Bid Format. Each bid must include sufficient data to allow the OCC to verify the total cost for the work and all of the prospective Independent Contractor's claims of meeting the RFP's requirements. These instructions describe the required format for a responsive bid. The prospective Independent Contractor may include any additional information it believes is relevant.

1. **Independent Contractor Profile.** Each bid must include a general profile of the prospective Independent Contractor's relevant experience working on projects similar to this work. In the **Independent Contractor Profile**, or in **Personnel Profile Summaries** (see below), details on prior and current similar and/or relevant work projects should be provided, including the scope of such work and clients. While detail is generally preferred on an Independent Contractor's most recent work, Independent Contractors are encouraged to provide detail on relevant work in Ohio.

The profile must also include the prospective Independent Contractor's legal name, address, and telephone number; home office location; date established; ownership (such as public firm, partnership, or subsidiary); firm leadership (such as corporate officers or partners); total number of employees nationwide and in Ohio; the percentage of women employees nationwide and in Ohio; the percentage of minorities nationwide and in Ohio; number of employees to be engaged in tasks directly related to the work; and any other background information the prospective Independent Contractor believes would be useful during the bid evaluation process.

2. **Work Plan.** The prospective Independent Contractor must fully describe its approach, methods, and specific work steps for doing the work and producing the **Work Requirements and Deliverables** set forth in Part Three of this RFP. The OCC encourages responses that demonstrate a thorough understanding of the nature of the work and what the Independent Contractor must do to get the work done well. The prospective Independent Contractor must also provide a complete and detailed description of the way it will do the work that addresses the areas of concern identified below. The OCC seeks insightful responses that describe proven, state-of-the-art methods. Recommended solutions should demonstrate the prospective Independent Contractor's ability to quickly undertake and successfully complete the required tasks.

The prospective Independent Contractor's work plan must clearly and specifically identify key personnel assignments, by individual, as to who would be addressing the deliverables set forth in Part Three of this RFP.

3. **Personnel Profile Summaries.** Each bid must include a profile and/or resume that demonstrates the competency of the Independent Contractor by submitting the following information:
 - **Team Members Names**
 - **Experience and Qualifications.** Experience and qualifications relevant to this project.
 - **Dates of Employment.** The length of time the team members performed relevant work requiring the necessary technical expertise.
 - **Project Experience.** The work of the team members on projects of similar or greater size and scope.
4. **References.** The prospective Independent Contractor must include three references for which the prospective Independent Contractor has successfully provided services on projects that were

similar in their nature, size, and scope of work. These references must relate to work that was completed within the past five (5) years.

Note: Each reference must be willing to discuss the prospective Independent Contractor's performance with an OCC representative.

5. Cost Summary. Each prospective Independent Contractor must provide a cost summary table showing: (1) Team Members' names, (2) their hourly rates, (3) their estimated hours, and (4) total estimated project cost for the Work Requirements and Deliverables set forth in Part Three of this RFP.

- a) The OCC requires the inclusion of ALL expenses associated with this project within the hourly rates and hours used to determine the costs for the deliverables, thereby eliminating the need for expense billings. Items to be taken into consideration in determining the cost of each deliverable should include supplies and materials, transportation and per diems, copying and overnight mail charges, etc. The successful bidder will be responsible for direct payment to vendors for any requirements for overnight mail and any "on-site" photocopying charges.
- b) Independent Contractor may invoice only for actual work performed and documented.

6. The OCC will not be liable for any costs the prospective Independent Contractor does not identify in its bid.

7. The prospective Independent Contractor must complete the Standard Affirmation and Disclosure form attached to this RFP which addresses Executive Order 2011-12K, Governing the Expenditure of Public Funds on Offshore Services. This executive order states in part "...No State Cabinet Agency, Board or Commission ("Executive Agency") shall enter into any contract which uses any public funds within its control to purchase services which will be provided outside of the United States..." By the signature affixed to this response, the Bidder/Offeror affirms, understands and will abide by the requirements of Executive Order 2011-12K. If awarded a contract, the Bidder/Offeror becomes the Independent Contractor and affirms that both the Independent Contractor and any of its subcontractors shall perform no services requested under this Contract outside of the United States. To access the executed Executive Order, please visit: <http://procure.ohio.gov/pdf/EO201112K.pdf>.

8. Submit an original W9 form along with your response to this RFP so that, if a contract is awarded, the OCC can process any invoices submitted by your company. The Internet link to the form is: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>. The form must be signed and dated.

9. Submit a statement as part of your response to this RFP, affirming that you or members of your staff do not currently owe any money to the state of Ohio or have an unresolved finding for recovery from the Auditor of State as per Ohio Revised Code (ORC) 125.25. To access more information regarding ORC 125.25, please visit: <http://codes.ohio.gov/orc/125.25>.

10. Campaign Contribution. House Bill 694 requires that every contract for goods or services of more than \$500 must contain a certification signed by the contract recipient certifying that the recipient is in compliance with ORC 3517.13 Divisions (I) or (J) regarding limitations on political contributions. If awarded a contract, the Independent Contractor will certify that they are in full compliance with these Divisions of ORC 3517.13. For more information, please refer to <http://codes.ohio.gov/orc/3517.13>.

PART FIVE: EVALUATION OF BIDS

Evaluation of Bids. Generally, the evaluation process may consist of up to four distinct phases:

1. The Initial Review of all bids for defects
2. The Evaluation of the bids by the Evaluation Committee
3. Request for More Information (Interviews, Presentations, and Demonstrations)
4. Negotiations

It is within the purview of the OCC Evaluation Committee ("Committee") to decide whether phases three and four are necessary.

Rejection of Bid. The OCC may reject any bid that is not in the required format, does not address all the requirements of this RFP, or that the OCC believes is excessive in price or otherwise not in the best interest of the OCC to consider or to accept. In addition, the OCC may cancel this RFP, reject all the bids, and seek to do the work through a new RFP or other means.

Clarifications: During the evaluation process, clarifications may be requested from any prospective Independent Contractor under active consideration and the clarification may give any prospective Independent Contractor the opportunity to correct defects in its bid. This may be done in cases where doing so would not result in an unfair advantage to the prospective Independent Contractor and the clarification is in the best interest of the OCC.

1. **Initial Review:** The bids will be reviewed for their timeliness, format, and completeness. Any late, incomplete, or incorrectly formatted bids may be rejected. Likewise, any defects may be waived or a prospective Independent Contractor may be allowed to submit a correction.

If a late bid is received, it will not be opened unless the prospective Independent Contractor has received prior OCC approval for a late bid for good cause shown.

All timely, complete, and properly formatted bids will be forwarded to the Evaluation Committee.

2. **Committee Evaluation of the Bids:** The Committee will evaluate each bid forwarded to it. The Committee may also have the bids or portions of them reviewed and evaluated by independent third parties or other OCC personnel with technical or professional experience that relates to the work or to the criteria used in the evaluation process. The Committee may adopt or reject any recommendations it receives from such reviews and evaluations. At any time during this phase, the Committee may ask a prospective Independent Contractor to correct, revise, or clarify any portions of its bid.

Contract Award. The OCC plans to tentatively award a Contract for this work on **March 14, 2014**. The OCC reserves the right to change the contract award date if it becomes necessary. The contract will be awarded to the Independent Contractor that demonstrates a clear understanding of OCC's expectations; can complete the scope of work and deliverables within the designated timeframe, and at the lowest or most competitive cost.

DEPARTMENT OF ADMINISTRATIVE SERVICES

STANDARD AFFIRMATION AND DISCLOSURE FORM

EXECUTIVE ORDER 2011-12K

Governing the Expenditure of Public Funds on Offshore Services

All of the following provisions must be included in all invitations to bid, requests for proposals, state term schedules, multiple award contracts, requests for quotations, informal quotations, and statements of work. This information is to be submitted as part of the response to any of the procurement methods listed.

CONTRACTOR/SUBCONTRACTOR AFFIRMATION AND DISCLOSURE:

By the signature affixed hereto, the Contractor affirms, understands and will abide by the requirements of Executive Order 2011-12K. If awarded a contract, both the Contractor and any of its subcontractors shall perform no services requested under this Contract outside of the United States.

The Contractor shall provide all the name(s) and location(s) where services under this Contract will be performed in the spaces provided below or by attachment. Failure to provide this information may subject the Contractor to sanctions. If the Contractor will not be using subcontractors, indicate "Not Applicable" in the appropriate spaces.

1. Principal location of business of Contractor:

(Address)

(City, State, Zip)

Name/Principal location of business of subcontractor(s):

(Name)

(Address, City, State, Zip)

(Name)

(Address, City, State, Zip)

2. Location where services will be performed by Contractor:

(Address)

(City, State, Zip)

Name/Location where services will be performed by subcontractor(s):

(Name)

(Address, City, State, Zip)

(Name)

(Address, City, State, Zip)

3. Location where state data will be stored, accessed, tested, maintained or backed-up, by Contractor:

(Address)

(Address, City, State, Zip)

Name/Location(s) where state data will be stored, accessed, tested, maintained or backed-up by subcontractor(s):

(Name)

(Address, City, State, Zip)

Contractor also affirms, understands and agrees that Contractor and its subcontractors are under a duty to disclose to the State any change in shift in location of services performed by Contractor or its subcontractors before, during and after execution of any Contract with the State. Contractor agrees it shall so notify the State immediately of any such change or shift in location of its services. The State has the right to immediately terminate the contract, unless a duly signed waiver from the State has been attained by the Contractor to perform the services outside the United States.

On behalf of the Contractor, I acknowledge that I am duly authorized to execute this Affirmation and Disclose form and have read and understand that this form is a part of any contract that Contractor may enter into with the State and is incorporated therein.

By: _____
Contractor

Print Name: _____

Title: _____

Date: _____