

RFP: Rate Consulting Services:

Questions/**Answers:**

- 1) Can you confirm if this would be under the current consulting services contract AEG has or is it a new standalone contract?

Answer: This is a new standalone contract that will extend until 2022. The existing contract will expire on November 2019.

- 2) The RFP’s text gives the impression at one point that LIPA is seeking a law firm. Specifically, please see page 8, point 5 and p. 13, first paragraph of Section C. I presume that this is just a result of using an RFP template with this text, but want to confirm that you’re seeking an economic consulting firm (and not a law firm) for rate consulting purposes. Am I correct in this assumption?

Answer: Correct. LIPA is seeking consulting firms. Any reference to law firms is a typo.

- 3) On Page 3 of the RFP, in the first paragraph, it states “LIPA may select one or more law firms to provide the services.” *Can you confirm that this RFP is open to consulting firms or is it strictly limited to law firms?*

Answer: See response to Question 2.

- 4) On Page 7 of the RFP, it states “[e]ach contractor will be requested to provide resumes of available candidates, a plan for completing the work and an estimate of each consultant’s time.” *Could you elaborate on what is expected in terms of the planning and estimation of the work required under this RFP? Our understanding (from Section VI pages 6-7) is that this RFP seeks qualifications only, and no specific scope is contemplated (“Selection and award of a contract as a result of this RFP does not guarantee firm(s) any work over the term of the contract”). Is LIPA requesting pro-forma detail to the scope of services noted in Section V – Scope of Services?*

Answer: The preceding sentence says “In the event more than one contract is awarded, when the need arises LIPA will provide each selected contractor with a description of the services required and/or project and the scope of services and experience necessary.” We do not expect the consultant to provide a plan and estimate until after LIPA identifies a specific need and provides a description of a specific project to the winning consultants.

- 5) On Page 10 of the RFP, a table is provided to set out our proposed fee structure. *Can you confirm whether we are able to modify the table to reflect our firm’s consultant title structure?*

Answer: Please use the table below.

	Firm and Firm's Subcontractor's Titles	Firm and Firm's Subcontractor's Hourly Rates for the First Two Years of the Contract
1		
2		
3		
4		

5		
6		
7		
8		
9		
10		
Please provide a single hourly rate for each title. If your firm or subcontractor's firm has multiple rates for each title, provide each rate. Do not use the box to insert a range of rates. Use additional rows if required.		

6) On Page 13 of the RFP, LIPA states that “Joint proposals will not be accepted.” *Can you clarify whether that includes the use of subcontractors, particularly those retained to meet such requirements as the M/WBME and SDVOB participation goals?*

Answer: Subcontractors may be used.

7) How often does LIPA perform load research studies and update their cost of service analysis?

Answer: Approximately every 3 years.

8) When was the last cost of service study performed?

Answer: In 2015 for the Authority’s 2016-2018 rate case.

9) When was the last load research study performed?

Answer: Load research studies are conducted monthly on an ongoing basis.

10) How often does LIPA update its Public Power Model and will the selected consultant be responsible for updating the model, performing sensitivity studies and GAP analysis?

Answer: The “Public Power Model” refers to an approach for determining revenue requirements. It is not a model in the sense of a software tool. LIPA continually evaluates its revenue requirements and the selected consultant will need to understand the approach in order to provide advice and recommendations to the Authority. LIPA adopted the Public Power Model in its most recent Three Year Rate Plan (2016 – 2018) and further information can be found in the Direct Testimony of Thomas Falcone on the NY Department of Public Service Website, Matter No. 15-00262. The consultant would also be expected to understand the differences between the revenue requirements under the Public Power Model and Generally Accepted Accounting Principles (GAPP).

11) Does LIPA expect the selected consultant to perform other routine studies and reports, such as:

- a. Monthly rate and revenue reports

- b. Short term revenue and sales forecasts
- c. Special studies on topics of interest from either LIPA management or its Board

Answer: LIPA expects its service provider, PSEG Long Island, to routinely provide monthly rate and revenue reports and revenue and sales forecasts. However, LIPA may use the selected consultants to review and improve upon or supplement such studies and reports. LIPA expects to use the selected consultants for special studies and analysis regarding topics of interest to the LIPA management and/or its Board.

12) What percentage of the time does LIPA expect the consultant to be onsite at LIPA or at PSEG-LI?

Answer: When selected for a specific project, the winning consultants would be expected to spend significant time onsite at LIPA and PSEG-LI, but there is no specific expectation or requirement of onsite time as opposed to telecommuting.

13) Does LIPA expect the selected consultants to present reports to the Board or testify in its rate proceedings?

Answer: It is possible that the selected consultants will be asked to present reports to the Board or testify in LIPA's rate proceedings, but it is more likely that the consultants will be acting in a supporting role to the Authority Staff.

14) Is LIPA via PSEG Long Island utilizing commodity hedging strategies in order to protect its tariff adjustment exposure, notably the 2% of total revenue adjustment target limit to avoid any evidentiary process hearing?

Answer: LIPA utilizes commodity hedging strategies in order to mitigate volatility of power supply costs but such strategies are not specifically intended to protect against tariff adjustment exposure.

15) Given the monthly rate adjustment mechanism in place, is it contemplated that the Rates Advisor will work with the responsible parties at LIPA overseeing PSEG Long Island to review and present monthly adjustment recommendations and results?

Answer: As explained the response to Question 11, LIPA expects the selected consultants' work to be concentrated on special projects rather than routine reporting.

16) Given the need to keep LIPA abreast of and favorably positioned with respect to emerging rate issues, including real-time and dynamic rate-making and design, does LIPA currently have or is it intending to obtain, real-time metering and data analysis tools (e.g., AMI, Energy IP, etc.) in order to support real-time metering and demand response programs?

Answer: LIPA has completed installation of its AMI communications network and data management system. It's rollout of AMI meters is in progress. LIPA anticipates that PSEG Long Island will implement data analysis tools consistent with the availability of this additional load data, but advice from the consultant on the best practices in these areas may be requested by the Authority.

17) Is LIPA also intending to support and therefore develop rates to enable the direction of rate design contemplated under the New York REV Program, either voluntarily or under a committed Program schedule?

Answer: LIPA intends to seek recommendations from the selected consultants regarding rates that support and are consistent with the principals espoused in the New York REV Initiative.

18) Does LIPA have a preference for New York State-based and large public power organizations with respect to the assessment of emerging and best practices in rate design, particularly at the distribution level?

Answer: Yes, LIPA is particularly interested in learning about and potentially implementing the best practices among organizations that are most similar to, and therefore most relevant to, itself. New York state utilities and large public power utilities anywhere in the country share similarities to LIPA, but we are also interested in other utilities that might have relevance.

19) On Page 14 of the RFP, it states: “For purposes of this solicitation, LIPA hereby establishes an overall subcontracting goal of 30%; 15% for Minority-Owned Business Enterprises (“MBE”) participation and 15% for Women-Owned Business Enterprises (“WBE”) participation. While there are no Minority and Women Owned Business Enterprise (“M/WBE”) participation goals in this RFP, Respondents are encouraged to use M/WBEs in connection with their proposed project.” Also it states “... Respondents are encouraged to use SDVOBs in connection with their proposed project.”

- *Can you confirm there is no threshold RFP requirement to propose the use of M/WBEs or SDVOBs in connection with the proposed project?*

Answer: There is a 30% MWBE goal in this RFP and a 6% SDVOB Goal in this RFP. The second sentence referenced in Question 19 was included in the RFP in error.

- *To the extent there is no threshold RFP requirement and a proposer elects not to use M/WBEs or SDVOBs in connection with the proposed project, can you clarify the applicability, if any, of Appendix B?*

Answer: There is a goal requirement for MWBE and SDVOB based on availability. You must follow all requirements in Appendix B and complete all forms required. If no goals can be met based on availability, you must follow waiver guidelines outlined in Appendix B.

20) On Page 12 of the RFP, under Evaluation Criteria, criteria #5 states “The firm’s overall diversity and commitment to equal opportunity programs, MWBE and SDVOB”. *If there is no MWBE or SDVOB participation goals in this RFP (Page 14), how will LIPA apply criteria #5?*

Answer: See response to Question 19. MWBE goals are 30% for this RFP. SDVOB goals are 6% for this RFP. Please complete all forms and the Diversity Practices Questionnaire.

21) On Page 12 of the RFP, it states “The non-cost criteria listed above will be given more consideration than the cost criteria in LIPA’s evaluation of proposals”. *Can you confirm that “cost” in this context is the “fee structure” (e.g., hourly rates) and the other requirements in Section 9.B. Cost of the RFP?*

Answer: Confirmed.

22) Please clarify which documents mentioned in the RFP are required to be submitted simultaneously with our proposal and which are required to be submitted afterward?

Answer: The following documents must be submitted with the proposal: (1) MacBride Fair Employment Principles; (2) Non-Collusive Bidding Certification; (3) Contractor Disclosure of Prior Non-Responsibility Determinations; (4). Contingent Fee Certification; (5) NYS Vendor Responsibility Questionnaire (please find the form here <http://www.osc.state.ny.us/vendrep/> and include a copy in your firm's proposal); (6). MWBE Diversity Questionnaire and (7) Workforce Employment Utilization; (8) SDVOB Participation; (9) a copy of your firm's Affirmative Action Policy; (10) a schedule of hourly fees and costs; (11) a brief sample bill; (12) a representative project profile that states the typical percentage contribution to hours by each member of the project team, and (13) a statement accepting the terms and conditions in LIPA's Standard Consulting Agreement posted on the RFP web site or, alternatively, identifying any exceptions taken to the terms and conditions.

After contracts have been awarded, the winning bidders may from time to time be provided with specific project descriptions and asked to submit (1) resumes of available candidates, (2) a plan for completing the work and (3) an estimate of each consultant's time.

23) What is the approximate date by which LIPA intends to have a consulting firm retained and under contract to be available to conduct the type of work specified in the Request for Proposal (RFP)?

Answer: LIPA intends to select winning firms by August, 2017. The LIPA Board of Trustees will then vote at its September 27th meeting to approve the selections and authorize the CEO to execute contracts with the selected firms. Once the contracts are executed, approval by the OSC can take up to 90 additional days. Thus work will likely not commence until January 2018.

24) Can LIPA please provide a description of the specific Rate Consulting Services it currently plans to request from the successful Proposer(s) during the first two years of the contract term?

Answer: During the first two years of the contract term, LIPA expects to request (1) analysis of the industry best practices in rate design; (2) support in designing modern rates consistent with the New York REV Initiative or in analyzing rates designs proposed by the Authority's service provider, PSEG Long Island, and (3) assistance in preparing for future rate cases.

25) Please explain the nature and level of interaction expected between the successful Proposer(s) providing the Rate Consulting Services to LIPA and the staff members of PSEG Long Island.

Answer: The successful proposers' primary point of contact will be LIPA's Director of Rates and Regulation. Interaction with PSEG Long Island staff may also occur but is not expected to be significant.

26) Referring to page 14, Part C – Participation of Minority and Women-Owned Business Enterprises (MWBE) of LIPA's RFP, it states that, "for purposes of this solicitation, LIPA hereby establishes an overall subcontracting goal of 30%; 15% for Minority-Owned Business Enterprises ("MBE") participation and 15% for Women-Owned Business Enterprises ("WBE") participation." Then in the next paragraph, the RFP states that, "While there are no Minority and Women Owned Business Enterprise ("M/WBE") participation goals in this RFP, Respondents are encouraged to use M/WBEs in connection with their proposed project." Can LIPA please clarify if there are any specific M/WBE participation goals that must be satisfied under this project and contract? If

there are no such participation goals, is the referenced language simply meant to encourage Proposers to utilize such staff resources on specific project activities, where feasible based on the nature of the assistance requested by LIPA, and if a M/WBE firm is available that possesses the appropriate experience and capabilities, to participate in the project?

Answer: See response to Question 19. There is a 30% MWBE goal requirement in this RFP. The second sentence referenced in your question was included in error.

- 27)** Referring to page 14, Part D – Participation of Service Disabled Veteran Owned-Businesses (SDVOB) of LIPA’s RFP, it states that, “For purposes of this solicitation, LIPA hereby establishes an overall subcontracting goal of 6%. Respondents are encouraged to use SDVOBs in connection with their proposed project.” Can LIPA please explain the meaning of the phrase, “encouraged to use” as it relates to the participation of a SDVOB in this project?

Answer: There is a 6% SDVOB Goal in this RFP where feasible and based on availability.

- 28)** If the Proposer already has a currently-effective Consulting Agreement in place with LIPA, can that same Agreement be used as the contracting basis for this project? If not, will it be acceptable to utilize the same terms and conditions contained in that Agreement in a new Consulting Agreement between LIPA and the Proposer?

Answer: A new contract will be executed under this RFP, as the existing contracts will expire in November 2019. LIPA will give consideration to terms and conditions agreed to in previous contracts but cannot guarantee that the same terms and conditions will be agreed to and accepted by the Office of the State Comptroller for purposes of this RFP.

- 29)** Referring to page 9, Part A, 9 (a) of the RFP – which states in part, “state whether your firm represents any publicly-owned or investor-owned electric utility, independent power producer, natural gas supplier, or natural gas transmission company. If so, state the name of each such client and the nature of your representation.” Is this disclosure requirement limited to representation for Rate Consulting Services, as described in the RFP, or any and all services that may be provided by the firm? Further, is this disclosure requirement limited to current representation or does it include any and all prior representation?

Answer: This requirement is limited to current representation but is not limited to rate consulting services. We are seeking to understand the respondent’s familiarity with other utilities and any potential conflicts with other utilities.

- 30)** On page 8, item #5 states: “describe the qualifications and the expected services to be provided by each attorney...” Is this supposed to state “attorney,” or was “consultant” or a similar term intended to be used?

Answer: Consultant

- 31)** The RFP (page 10) provides a three-row table for submitting hourly rates. Must we fit our rate structure to these three categories or can we provide our full rate structure?

Answer: Please see answer to question 5.

- 32)** How are hourly rates for subcontractors, including MBE, WBE and SDVOB subcontractors to be shown?

Answer: See table for question 5.

- 33)** Clarification needed: LIPA establishes an overall subcontracting goal of 30%; 15% for Minority-Owned Business Enterprises (“MBE”) participation and 15% for Women-Owned Business

Enterprises (“WBE”) participation. While there are no Minority and Women Owned Business Enterprise (“M/WBE”) participation goals in this RFP, Respondents are encouraged to use M/WBEs in connection with their proposed project.

Answer: Please see response to question 19. There is a 30% MWBE goal requirement in this RFP. The second sentence referenced in your question was included in error.