



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
 PSC12530

PAGE
 1

ADDRESS CORRESPONDENCE TO ATTENTION OF
 FRANK WHITTAKER
 304-558-2316

VENDOR

RFQ COPY
 TYPE NAME/ADDRESS HERE

SHIP TO

PUBLIC SERVICE COMMISSION
 201 BROOKS STREET

 CHARLESTON, WV
 25301 340-0323

| DATE PRINTED | TERMS OF SALE | SHIP VIA | F.O.B. | FREIGHT TERMS |
|--------------|---------------|----------|--------|---------------|
| 02/21/2012 | | | | |

BID OPENING DATE: 02/29/2012 BID OPENING TIME 01:30PM

| LINE | QUANTITY | UOP | CAT. NO. | ITEM NUMBER | UNIT PRICE | AMOUNT |
|--|----------|-----|----------|-------------|------------|--------|
| ***** ADDENDUM NO. 2 ***** | | | | | | |
| THIS ADDENDUM IS ISSUED TO: | | | | | | |
| 1) EXTEND THE BID OPENING DATE AND TIME TO: 02/29/2012 AT 1:30 PM | | | | | | |
| 2) PROVIDE THE ATTACHED TECHNICAL QUESTIONS & ANSWERS. | | | | | | |
| ***** END ADDENDUM NO. 2 ***** | | | | | | |

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

| | | |
|-----------|-----------|-----------------------------------|
| SIGNATURE | TELEPHONE | DATE |
| TITLE | FEIN | ADDRESS CHANGES TO BE NOTED ABOVE |

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
5. Payment may only be made after the delivery and acceptance of goods or services.
6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).

ADDENDUM 2

PSC12530

**CONSUMER ADVOCATE DIVISION
PUBLIC SERVICE COMMISSION
PSC CASE NO. 11-1775-E-P
APPALACHIAN POWER COMPANY
AND WHEELING POWER COMPANY**

RESPONSE TO QUESTIONS:

- Q.1. Regarding the RFQ's requirement that the consultant to be able to coordinate and incorporate recommendations from multiple witnesses testifying on behalf of the CAD, can you please describe/identify the subject matter area that those witnesses will be working on?
- A.1. The CAD is not able to identify the subject matter that will be addressed by other witnesses. At a minimum, the CAD's Director will submit testimony concerning policy issues involved with the merger.
- Q.2. What does the CAD expect the duration of the merger proceeding to be?
- A.2. No procedural schedule has been set. Various parties have submitted proposed schedules to the Commission (See PSC's website).
- Q.3. Will consultants to be able to access historical production cost and financial data for each utility, and their parent company and affiliates if necessary, in order to conduct detailed IRP analyses.
- A.3. It is difficult to know beforehand the scope of discovery that will be permitted. The Commission generally allowed a very liberal discovery.
- Q.4. Does the CAD expect production cost and market modeling to be conducted as part of the IRP scope for the chosen consultant?

Addendum 2

PSC12530

Page 2

- A.4. The analysis must be sufficiently robust as to allow the CAD to examine a variety of supply-side and/or demand/side resource options. If the consultant can accomplish that goal without hourly production cost and market modeling, then such modeling is not necessary.
- Q.5. Will the requested IRP-for Apco on a stand-alone basis and for Apco and Wpco on a merged-basis be used to support more than just the merger review proceeding? If so, please identify the other existing or anticipated proceedings that the requested IRP analysis would address.
- A.5. AEP will be filing a number of petitions with the Federal Energy Regulatory Commission (See p. 4 of the December 16, 2011 Petition in Case No. 11-1774-E-P). The IRP analysis may or may not be useful for those proceedings.
- Q.6. What specific output(s) does the CAD require or expect from the IRP analysis requested?
- A.6. The CAD cannot pre-judge the specific output. The analysis must be sufficiently robust as to allow the CAD to examine a variety of supply-side and/or demand/side resource options.
- Q.7. Is there an incumbent consulting firm that the CAD works with for similar scopes of work? If so, please identify that consultant.
- A.7. No.
- Q.8. In order to submit a qualified bid for this RFQ, are bidders required to demonstrate capability and experience in: Power market modeling? Production cost modeling?
- A.8. Bidders should be familiar with power market and production cost modeling. As noted above, the CAD is not specifically requiring that such modeling is performed.

Addendum 2
PSC12530
Page 3

Q.9. The CAD requested IRP analysis for Apco stand-alone and then with Apco and Wpco merged. Is an IRP for Wpco on a stand-alone basis also required or preferred?

A.9. Although a stand-alone IRP for Wpco is not required, the consultant will need to be familiar with Wpco's current purchased power contract with Ohio Power Company. The consultant will also need to be able to compare the likely future costs to Wpco under the purchased power contract with the cost of serving Wpco's customers as part of the merger.

Q.10. Is there a resource plan for Wpco that makes it unnecessary to conduct a separate IRP for Wpco? If so, can you post a link to this plan?

A.10. There is no Wpco plan that the CAD is aware of.

Q.11. We are aware that Apco filed an IRP in Virginia on 9/1/2011.

Q.11a. Will the Apco IRP be part of the record in the merger proceeding?

A.11.a. It is uncertain at this time. Virginia is not currently part of the record.

Q.11b. Does the scope of work include a review or critique of the Apco IRP in addition to or in lieu of the IRP analysis requested in the RFQ?

A.11b. The CAD would expect the consultant to be familiar with the Virginia IRP and be able to address why his or her analysis differs.

Q.11c. Does the CAD expect to intervene in the VA 2011 IRP proceeding?

A.11c. No.

Q.11d. Does the scope of this RFQ include the selected bidder providing support for intervention in the VA 2011 IRP proceeding?

A.11d. No

Addendum 2
PSC12530
Page 4

Q.12. Will the CAD consider proposals that outline alternative analysis techniques other than creating an independent IRP for Apco and Wpco?

A.12. No. If the question is intended to determine whether or not the consultant is required to "start from scratch" in order to produce an independent IRP, the CAD accepts that the consultant will utilize significant portions of the IRP's produced by AEP.

Q.13. Does the CAD require as part of the analysis a baseline case for Wpco assuming no merger occurs?

A.13. The CAD believes some baseline analysis for Wpco is necessary to analyze the impacts of the potential merger.

Q.14. What are the specific issues and items that are needed from the IRP analysis by the CAD in WV case to evaluate the merger?

A.14. The CAD is unable to pre-determine the issues and items needed from the IRP analyses.

Q.15. What are the details of the current arrangement to provide Wpco's power supply needs and what are the details of the contract (term, price, full requirement, etc)?

A.15. Please refer to the filings in Docket No. ER10-275 from the FERC's website.

Q.16. Have Apco and Wpco performed IRP's in prior years? Why is the PSC requesting that these IRP's be prepared by an independent third party? If we propose using the same underlying IRP computer model as was used by Apco/Wpco, would we be able to review and/or utilize their input files?

A.16. AEP prepares Integrated Resource Plans for its Eastern utilities on an annual basis. The requirements of Apco and Wpco are contained in those Plans. The CAD is requesting an IRP to be prepared by a third party in order to evaluate the impacts of the Apco/Wpco merger under a variety of supply and demand scenarios. The consultant would be able to review AEP's input files, but it is uncertain whether the consultant would be permitted to use AEP's model.

Addendum 2

PSC12530

Page 5

Q.17. Is there a statutory requirement for an independent IRP with regard to mergers? If so, how can we find those statutes?

A.17. No.

Q.18. IRP reports can be brief summary-level documents or provide considerable detail on input assumptions, intermediate calculations and results. What level of detail should we assume? Will PSC staff provide direction regarding the key issues they would like us to address?

A.18. The IRP must be sufficiently robust as to allow the CAD to examine a variety of supply-side and/or demand/side resource options. The CAD will provide direction on key issues.

Q.19. Is there a schedule for this case? What level of assistance should we assume for the hearing portion of this case?

A.19. No procedural schedule has been established. Proposed schedules have been submitted to the (See PSC's website), but the Commission has not issued an order. The consultant will be required to appear at the hearing and to assist the CAD in preparing cross examination of other witnesses. The CAD does not expect the consultant's time at the hearings in Charleston to exceed 2 or 3 days.

Q.20. Will answers to questions from all bidders be posted on the PSC website? Please confirm our bid due February 15, 2012 at 1:30 p.m.

A.20. No. Technical questions will be submitted to Frank Whittaker in the WV Purchasing Division (per instructions in the RFQ) and technical questions will be addressed by Addendum. The bid opening due date has been changed to February 23, 2012 at 1:30 p.m.

Addendum 2
PSC12530
Page 6

- Q.21. We understand that the schedule for testimony by other parties in PSC Case No. 11-1775-E-P is yet to be determined, but that Staff has proposed that testimony will be due five months after the Companies file supplemental direct testimony. With reference to schedule milestones in PSC Case No. 11-1775-E-P, when will the winning bidder need to complete the two IRPs (for Apco on a standalone basis and for Wpco and Apco on a merged basis)? When will testimony on those IRPs by the winning bidder be due?
- A.21. Until the Commission establishes a procedural schedule, the CAD cannot determine when testimony on the IRPs will be due.
- Q.22. Has either of the two companies produced an IRP since 2009, and, if so, will that material be available to the winning consultant?
- A.22. Yes. AEP produces an annual IRP for all of its generating utilities. The CAD cannot determine how much of the data underlying these IRPs will be available through discovery.
- Q.22a If not, will the winning consultant have the opportunity to obtain relevant resource planning data and assumptions from the two companies via discovery.
- A.22a See response to Q.22 above.
- Q.22b If not, are relevant recent resource planning data and assumptions available from West Virginia state government agencies &/or other groups (e.g., the American Council for an Energy-Efficient Economy, or other non-government organizations)?
- A.22b The CAD is unaware of what data other organizations and/or agencies have available.
- Q.23. Has either of the two companies produced a load forecast since 2009, and, if so, will that material be available to the winning consultant?
- A.23. Yes. Load forecasts are produced as part of the IRPs referred to in the response to Q.22 above. As to data availability, see response to Q.22 above.

Addendum 2
PSC12530
Page 7

Q.23a If not, will the winning consultant have the opportunity to obtain relevant load forecast data and assumptions from the two companies via discovery?

A.23a See response to Q.22 above.

Q.23b If not, are relevant recent load forecast data and assumptions available from West Virginia State government agencies &/or other groups (e.g., the American Council for an Energy-Efficient Economy, or other non-government organizations)?

A.23b See response to Q.22 above.

Q.24. When do you expect the project to be awarded?

A.24. The bids will be reviewed, a selection made and the project will start as soon as the requirements of the State of West Virginia are met by the winning consultant.

Q.25. Do you have an estimated start date for this project?

A.25. No. The CAD would like the project to begin as soon as possible.

Q.26. Have Apco and Wpco performed IRPs (or have third parties performed IRPs for them) that were filed in West Virginia in prior years? Is the CAD requesting that these IRPs be prepared by an independent third party to address the request of Witness Potter in the Joint Petition for "the Commission to evaluate a possible merger" or for another reason? If we propose using the same underlying IRP computer model as was used previously would we be able to review and/or utilize the input files?

A.26. AEP prepares Integrated Resource Plans for its Eastern utilities on an annual basis. The requirements of Apco and Wpco are contained in those Plans. The CAD is requesting an IRP to be prepared by a third party in order to evaluate the impacts of the Apco/Wpco merger under a variety of supply demand scenarios. The consultant would be able to review AEP's input files, but it is uncertain whether the consultant would be permitted to use AEP's model.

Addendum 2

PSC12530

Page 8

Q.27. Why is the comparison between (1) Apco on a stand-alone basis versus (ii) Apco and Wpco on a merged basis? (The alternative would be (i) Apco and Wpco on a stand-alone basis versus (ii) Apco and Wpco on a merged basis.)

A.27. Since Wpco does not own generation, the CAD believes that the resource options for Wpco will be similar on a stand-alone basis as on a merged basis.

Q.28. Is there a statutory requirement for an independent third party IRP with regard to mergers? If so, where can we find those statutes?

A.28. No.

Q.29. Will PSC staff provide direction regarding the key background assumptions (AEP corporate reorganization, capital expenditures and retirements associated with environmental regulations, replacing the existing Interconnection (Pool) Agreement with a new Cost-Sharing Arrangement, etc.) we should use for the IRP?

A.29. The CAD can provide policy background but cannot provide detailed cost assumptions for the terms listed.

Q.30. IRP reports can be brief summary-level documents or provide considerable detail on input assumptions, intermediate calculations, and results. What level of detail should we assume? For example, Apco has filed an IRP with the Virginia State Corporation Commission (PUE-2011-00100) that is quite detailed cost assumptions for the items listed. Is this IRP document representative of the work product you desire?

A.30. The IRP must be sufficiently robust as to allow the CAD to examine a variety of supply-side and/or demand/side resource options. The CAD will provide direction on key issues.

Addendum 2

PSC12530

Page 9

- Q.31. Since the work tasks in the RFQ do not include AEP's corporate reorganization, capital expenditures and retirements associated with environmental regulations, or replacing the existing Pool (Interconnection) Agreement with a new Cost-Sharing Arrangement, should we assume that the consultant will not be required to address these evolving issues?
- A.31. The CAD expects the consultant to consider the potential impact of the items listed above in determining the appropriate demand side and supply side resources for Apco and Wpco.
- Q.32. Is there a schedule for this case? What level of assistance should we assume for the hearing portion of this case?
- A.32. No procedural schedule has been established. Proposed schedules have been submitted to the Commission (See PSC's website), but the Commission has not issued an order. The consultant will be required to appear at the hearing and to assist the CAD in preparing cross examination of other witnesses. The CAD does not expect the consultant's time at the hearings in Charleston to exceed 2 or 3 days.
- Q.33. Will answers to questions from all bidders be posted on the PSC website?
- A.33. No. Technical questions will be submitted to Frank Whittaker in the WV Purchasing Division (per instructions in the RFQ) and technical questions will be addressed by Addendum. The bid opening date has been changed to February 23, 2012 at 1:30 p.m.
- Q.34. In addition to providing expert IRP testimony and evaluating/discussing IRP testimonies by others, will other issues of corporate efficiencies, employment, etc. be addressed another party? Should we assume any Rebuttal, Answering, or Supplemental testimony?
- A.34. The consultant's testimony will not address corporate efficiencies, etc. that may arise from the merger. The consultant should assume the need to file direct and (possibly) rebuttal testimonies.