

## REQUEST FOR PROPOSAL

To: Potential Bidders

From: Illona A. Jeffcoat-Sacco, Executive Secretary

Date: March 31, 2004

Re: Request for Proposal, Case No. PU-04-97

The North Dakota Public Service Commission is requesting written proposals from selected firms to assist commission staff in its investigation of Montana-Dakota Utilities Co.'s (MDU's) gas rate increase request. MDU seeks a 2.8% increase in overall natural gas rates. Most of the increase relates to increased costs pertaining to employee wages and benefits. MDU projects increased wages of 6.82% and 5.35%; medical and dental insurance of 23% and 8%; and pension expense of 246% and 85% for the projected years ending 2004 and 2005, respectively.

The commission seeks assistance in evaluating the overall reasonableness of employee compensation and applicable company decisions regarding wages and fringe benefits. The completion date for the investigation and written testimony is July 6, 2004. The technical hearing is scheduled for August 30-September 1, 2004.

The specific purpose is to investigate, analyze and provide testimony regarding the fairness and reasonableness of MDU's proposed labor costs. To accomplish this, the commission is requesting proposals for investigation, analysis and testimony to determine just and reasonable expenses for:

1. Salary Expense
2. Pension Expense
3. Medical Insurance
4. Supplemental Pension Expense for Key Employees
5. Other Labor Costs

Consulting duties include:

1. Professional analysis and review of the filing.
2. Prepare and conduct discovery as necessary.
3. Monthly progress reports of discovery, conclusions and recommendations.
4. Prepare and file written testimony.
5. Provide oral testimony.

6. Assist staff in preparing cross-examination of the witnesses of other parties to the proceeding.
7. Assist staff in the preparation of proposed findings of fact.

The staff may select firms to be interviewed. Selection will be based on an evaluation using the following criteria:

1. Quality of written proposal (5 points).
2. Capability, including personnel qualifications, experience, training, education, and performance record (20 points).
3. Understanding of the project (20 points).
4. Proposed work approach (10 points).
5. Price (45 points):
  - a. Lowest to 120% of lowest bid = 45 points
  - b. 121% to 130% of lowest bid = 44 points
  - c. 131% to 140% of lowest bid = 42 points
  - d. 141% to 150% of lowest bid = 38 points
  - e. 151% to 160% of lowest bid = 32 points
  - f. 161% to 170% of lowest bid = 24 points
  - g. 171% to 180% of lowest bid = 14 points
  - h. 181% to 190% of lowest bid = 2 points
  - i. 191% and over of lowest bid = 0 points

The written proposal should include a fixed price. While a proposal that encompasses all issues is preferred, the bidders may make proposals on individual issues or combinations of issues. **The proposal should include pricing by issue and a combined price for two or more issues.**

Resumes of those professionals directly providing services should be included along with examples of any past work similar to that required in this project. In addition, those who have not previously contracted should provide at least three client references.

Staff will make recommendations to the commission. The commission may consider hiring a consultant to perform any one of the identified tasks or portions of the identified tasks. The commission has the right to enter into competitive negotiations with qualified bidders for the purpose of selecting a consultant to perform all or a portion of the identified work. The commission retains the right to reject any and all proposals.

The successful contractor will be required to comply with all applicable Equal Employment Opportunity laws and regulations. All proposals shall include certification that they comply with applicable provisions of the Americans with Disabilities Act of 1991. A signed "Conflict of Interest Disclaimer" must accompany all proposals and will be made part of the final contract.

**Written proposals from qualified consultants will be accepted until the close of business April 12, 2004.**

Submit an original and five copies of proposals to:

Illona A. Jeffcoat-Sacco, Executive Secretary  
North Dakota Public Service Commission  
State Capitol, 12th Floor  
Bismarck, North Dakota 58505-0480

Sincerely,

Illona A. Jeffcoat-Sacco  
Executive Secretary