

NORTH DAKOTA PUBLIC SERVICE COMMISSION

CONTRACT AMENDMENT

**Purchase of Service Contract
Amendment #: 1**

CONTRACT NUMBER PU-842-20

Case Nos. PU-20-425 & PU-21-93

This is made to amend contract # PU-842-20 (Contract) between the State of North Dakota, acting through its North Dakota Public Service Commission, Public Utilities Division (STATE) and PA Consulting Group, Inc., 1700 Lincoln Street, Suite 3550, Denver, CO, 80203 (CONTRACTOR).

The parties agree to the following terms and conditions and expressly agree that if any of the following terms and conditions conflict with any of the terms and conditions of the Contract, then, notwithstanding any term in the Contract, the following terms and conditions govern and control the rights and obligations of the parties.

The parties agree to amend the Contract as follows:

Scope of Work: Contract Section 1, Scope of Work. The Scope of Work is amended to add the following language:

CONTRACTOR agrees to perform the additional services outlined in Contractor's March 10, 2021 email to Victor Schock for Case No. PU-21-93. The additional services include: Review of testimony, Preparation of data requests, Review of data response from NSP, Analysis of modeling (similar to Repowering ADP but appears that the repowering is now the base case that the 120 MW is added to), Address the uniqueness of this "repowering" which is actually a purchase of new wind assets, Add additional testimony to cover the additional project.

Compensation: Contract Section 2, Compensation. The first sentence of the Compensation section is amended as follows:

STATE shall pay for the accepted services provided by CONTRACTOR under this Contract an amount not to exceed \$170,000.

All other terms of the Contract remain in effect.


This Contract Amendment is not effective until fully executed by all parties.

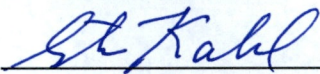
CONTRACTOR NAME:

STATE OF NORTH DAKOTA

PA Consulting Group, Inc.

Acting through its North Dakota Public Service Commission

By:  _____

By:  _____

Title: Member of PA's Management Group

Title: Steve Kahl, Executive Director

Date: March 16, 2021

Date: 3/24/21 _____



ALTERNATE PROCUREMENT REQUEST
 OFFICE OF MANAGEMENT AND BUDGET
 CENTRAL SERVICES - STATE PROCUREMENT OFFICE
 SFN 51403 (08-2018)

Submit via the Procurement Work Request System:
<https://www.nd.gov/omb/>
 Select OMB Apps Login

Agency/Institution Public Service Commission		Date of Request 3/10/2021	
Procurement Officer Jill Kringstad	Telephone Number 701-328-4020	Fax Number (701) 328-2133	Email Address jjkringstad@nd.gov
Description of Service or Commodity - Describe the intended purpose. (Include manufacturer, brand, model, and other identifiers.) See page 10 for detailed justification. (See attached)			
Procurement Type <input type="checkbox"/> Noncompetitive Procurement <input type="checkbox"/> Limited Competitive Procurement <input checked="" type="checkbox"/> Contract Amendment Exception <input type="checkbox"/> Purchase from another government entity's contract			
Total Cost, including all options for renewal or extension (e.g. \$10,000/yr with two renewal options = \$30,000) \$50,000			
<input checked="" type="checkbox"/> One-time Purchase <input type="checkbox"/> Recurring Purchase		If recurring, describe anticipated future purchases, including on-going maintenance.	

Non-Competitive Only

Contractor PA Consulting Group	Contact Person	Telephone Number	Fax Number	
Address	City	State	ZIP Code	
Indicate whether registration with the Secretary of State is required. See OMB Guidelines for Vendor Registration. <input type="checkbox"/> Yes <input type="checkbox"/> No				

Authority for Limited or Non-competitive Procurement

Competition can be limited under the following N.D.C.C. or N.D.A.C. provisions. Check the appropriate authority reference.

- The commodity or service is available from only one source. [N.D.C.C. § 54-44.4-05 (2)(a)]
- The commodity or service is for experimentation or trial. [N.D.C.C. § 54-44.4-05 (2)(b)]
- No acceptable bid or proposal was received pursuant to a competitive bidding or competitive proposal process. [N.D.C.C. § 54-44.4-05 (2)(c) and N.D.A.C. § 4-12-11-08]
- Commodities are being purchased for over-the-counter resale. [N.D.C.C. § 54-44.4-05 (2)(d)]
- A used commodity is advantageous to the state and the commodity is available on short notice. [N.D.C.C. § 54-44.4-05 (2)(g)]
- The commodity is a component or replacement part for which there is not commercially available substitute and which can be obtained only from the manufacturer. [N.D.C.C. § 54-44.4-05 (2)(h)]
- Compatibility with equipment currently owned by the state is essential to the proper functioning of that equipment. [N.D.C.C. § 54-44.4-05 (2)(i)]
- The services or the circumstances are of such a nature that deviation from the procurement process is appropriate. [N.D.C.C. § 54-44.4-05 (2)(j)]
- Products or services exclusive to particular individuals or business entities are required, but competition for that proprietary product exists. [N.D.A.C. § 4-12-09-02 (1)(a)]
- Circumstances require that commodities or services be provided by vendors within a specific geographic area, such as equipment requiring local service, on-site service within a specific time, or delivery of ready mix concrete. [N.D.A.C. § 4-12-09-02 (1)(b)]
- It is determined that a competitive sealed bid or competitive sealed process is impracticable or not in the best interest of the state. [N.D.A.C. § 4-12-09-02 (1)(c)]
- The commodity or service is available from another government entity's contract. [N.D.C.C. § 54-44.4-13].

NOTE: Attach a copy of the contract. OMB State Procurement Office approval is required regardless of the dollar amount.

Justification and Supporting Documentation

Explain why a fully competitive procurement process is impracticable or not in the best interest of the state. Factual evidence must be provided, sufficient for the approver to independently determine that the justification is true and accurate. Factual evidence must be included or attached, such as written documents, reports, supporting data, affidavits, patent or copyright information, research or other information.

We would like to amend our contract for PU-20-425 to add the additional cost and scope of work from this proposal for several reasons. See attached Motion to Consolidate. We feel this is in best interest of State to comply for the reasons below:

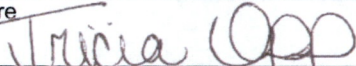
1. The proposal is less costly than what we would normally see when issuing an RFP for a standalone case such as this. The normal bidding range we see on this type of case is \$80-120k, whereas the quote from our vendor to make a contract amendment is \$50k.
2. The timeline for getting a contractor onboard with the RFP process is approximately 2 months from the date we issue the RFP. This is particularly concerning since per NDCC 49-05-16(2) we only have seven months from the date of filing to decide this type of case which would expire on May 13, 2021. If we were to issue an RFP for the new case, we would likely just be executing the contract by that date, and we normally need at least 1-2 months to issue discovery requests and draft testimony.
3. Even if we do go out for a new RFP on case PU-21-93, we assume the vendor would likely bid on that RFP as well and would already possess a significant competitive advantage that makes achieving an equal opportunity procurement impossible for other bidders.

Disapproval Consequences

What are the consequence(s), including a dollar estimate of the financial impact, if this request for limited competitive or non-competitive purchase is not approved?

Approximately \$30,000-\$70,000 dollars in increased cost and significant time constraints in order to meet deadlines in NDCC 49-05-16(2).

Instructions: Requests \$10,000 and over must be approved by the Office of Management and Budget, State Procurement Office. The Information Technology Department must approve all requests for information technology hardware, software, and services over \$25,000. If using federal funds or a grant, check whether the funding source has requirements for noncompetitive purchases.

Step #1		
Office of Management and Budget - State Procurement Office Approval (\$10,000 and over)		
Approving Official Name Tricia Opp	Telephone Number 701-328-1721	
Action <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Disapproved <input type="checkbox"/> Requested Further Justification - Date:		
<input type="checkbox"/> Requested Agency to send Notice of Intent to Make a Limited/Non-Competitive Purchase - Date:		
Comments Agency received a Motion to Consolidate cases. Case PU-20-425 was competitively procured via RFP 408.20.10.001 in October 2020 with PA Consulting the awarded vendor - see attached supporting documentation. The RFP also included a clause, item 4.08, for unanticipated amendments which notates "During the course of this contract, the contractor may be required to perform additional work. That work will be within the general scope of the initial contract..." The work being requested under case PU-21-93 is consistent with the above mentioned RFP. Approved per NDCC 54-44.4-05 (2)(j) ~ The services or the circumstances are of such a nature that deviation from the procurement procedure is appropriate.		
Signature 	Date 3/11/2021	If Recurring, Expiration Date NA- One Time

Step #2 (if required)		
Information Technology Purchases only		
Information Technology Department Approval (Over \$25,000)		
State Procurement will forward to: ITDProcurement@nd.gov		
Approving Official Name	Telephone Number	
Action <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved <input type="checkbox"/> Requested Further Justification - Date:		
ITD Review Considerations: Is the product or service consistent with the agency's strategic IT plan and compliant with North Dakota Enterprise Architecture Standard STD-ITD-001? <input type="checkbox"/> Yes <input type="checkbox"/> No		
ITD Reviewer Comments		
Signature		Date

Schock, Victor F.

From: Jim Heidell <Jim.Heidell@PACONSULTING.COM>
Sent: Wednesday, March 10, 2021 9:16 AM
To: Schock, Victor F.
Cc: Matt Mooren; Charles Janecek
Subject: RE: PU-21-____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

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Victor,

We estimate the cost at \$50K. We reviewed the application and determined that the work for this ADP is essentially cut in half as a result of consolidation. Therefore, we took half of the \$100K for the last ADP, Heartland Divide.

The scope includes:

- Review of testimony
- Preparation of data requests
- Review of data response from NSP
- Analysis of modeling (similar to Repowering ADP but appears that the repowering is now the base case that the 120 MW is added to)
- Address the uniqueness of this "repowering" which is actually a purchase of new wind assets
- Add additional testimony to cover the additional project

Please let us know if you have any questions. (I will be sending some suggested data requests later today.)

Kind regards,

Jim

From: Schock, Victor F. <vschock@nd.gov>
Sent: Tue 09 March 2021 9:02 AM
To: Jim Heidell <Jim.Heidell@PACONSULTING.COM>
Subject: RE: PU-21-____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

Hi Jim,

That should be sufficient.

We have visited with our procurement office and they think we can possibly do an alternate procurement process for this addition. I need to provide the full details to them before they can approve it.

If we are able to do this new case as an addition to our existing contract, can you give me a quote for the additional amount and scope PA would need?

Thanks,

Victor Schock

From: Jim Heidell <Jim.Heidell@PACONSULTING.COM>
Sent: Wednesday, March 3, 2021 7:32 PM
To: Schock, Victor F. <vschock@nd.gov>
Subject: RE: PU-21-_____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

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I found out a little bit more but let me know if that is sufficient; PA worked for Allete between September 2020 and early February 2021 regarding assessing potential technology investment opportunities for the unregulated business across the U.S. energy markets.

Jim

From: Schock, Victor F. <vschock@nd.gov>
Sent: Wed 03 March 2021 10:30 AM
To: Jim Heidell <Jim.Heidell@PACONSULTING.COM>
Subject: RE: PU-21-_____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

Hi Jim,

I appreciate the feedback on this. I am researching our options with procurement. Can you find out a bit more about the Allete work? Just the project or type of work and the date range. I am thinking its fine, but better to disclose it just incase.

Thanks,

Victor Schock

From: Jim Heidell <Jim.Heidell@PACONSULTING.COM>
Sent: Wednesday, March 3, 2021 11:17 AM
To: Schock, Victor F. <vschock@nd.gov>
Subject: RE: PU-21-_____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

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Victor,

One other point to consider. I don't believe there is any conflict of interest but I want to note the following. PA, but not the team that works for Advocacy Staff, did some work for Allete. My understanding is that it was some strategy work. However, it did not involve the wind units that will be sold to NSP. If you think there is the potential for a conflict then I can find out more PA's work for Allete.

Kind regards,

Jim

From: Jim Heidell
Sent: Tue 02 March 2021 2:08 PM
To: Schock, Victor F. <vschock@nd.gov>; Matt Mooren <Matt.Mooren@paconsulting.com>
Subject: RE: PU-21-_____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

Victor,

I only skimmed the application but a question and some thoughts.

The question: My interpretation is that this is essentially an ADP to purchase 120 MW of wind and not a repowering; is that your take?

While the application addresses repowering of 100 MW of wind from two facilities, my take on this is that this is actually a buy-out of the remaining two years of the existing PPAs and the purchase of the two wind projects once they have been repowered by Allete plus the addition of another 20 MW of greenfield that still needs some permits and final interconnection approval and costs.

I expect that there are a lot of efficiencies to consolidating this with one of the two existing ADPs in that NSP states they are using the same base case assumptions although the comment that they included the repowering makes me think the base case might have been modified to reflect the presumed outcome of approval of the wind repowerings.

Unfortunately, I don't think we can do this in the existing budget given the time to:

- 1) go through the application in detail,
- 2) ask data requests and review responses,
- 3) essentially address an issue that is not raised in the other two filings (The acquisition of new wind resources not required by the Google ESA), and
- 4) write associated testimony.

We are working in full swing on both ADP's this week. On Friday, I should have a better idea of where we are on budget for both projects and I will also think about the cost to complete. Perhaps it is in the application, but I have not yet determined if this acquisition is part of the assumptions in the IRP. Regardless, do you have a sense of how the Commissioners might feel about NSP moving bit-by-bit to opportunistically acquiring wind resources, presumably least cost, to build out to its renewable goals.

Anyway, just some initial thoughts and I will spend some more time in the application.

Kind regards,

Jim

From: Schock, Victor F. <vschock@nd.gov>
Sent: Tue 02 March 2021 1:25 PM
To: Jim Heidell <Jim.Heidell@PACONSULTING.COM>; Matt Mooren <Matt.Mooren@paconsulting.com>
Subject: FW: PU-21-_____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

Jim/Matt,

We received the attached ADP today along with a motion to consolidate the new ADP with PU-20-425. The commission has made no decisions on whether it will allow the consolidation or not, but wanted to get your take on adding this to our existing contract.

Would you be able to cover this additional resource under the existing contract amount? Assuming the preference would be for additional dollars, but that would likely need to come from a new RFP. I will certainly look into all options on my end, just wanted to give you an early heads up and ask that you think about this.

Thanks,

Victor Schock

From: beck.paul@dorsey.com <beck.paul@dorsey.com>

Sent: Tuesday, March 2, 2021 11:58 AM

To: -Info-Public Service Commission <ndpsc@nd.gov>

Cc: Schuh, John M. <jschuh@nd.gov>; Fahn, Patrick J. <pfahn@nd.gov>; Lein, Jerry R. <jlein@nd.gov>; Schock, Victor F. <vschock@nd.gov>; Hamre, John G. <jghamre@nd.gov>; Johnson, Brian L. <brljohanson@nd.gov>; dave.sederquist@xcelenergy.com; Amber.R.Hedlund@xcelenergy.com; simpser.zev@dorsey.com

Subject: PU-21-_____ - NSP Application for Advance Determination of Prudence - 120 MW Northern Wind

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To the Commission,

Attached for filing please find Northern States Power Company's initial application for an Advance Determination of Prudence for the 120 MW Northern Wind repowering. A CD containing these materials and paper copies of the public and non-public application and supporting testimony have been sent today by FedEx.

Please feel free to contact me with any questions or concerns.

Paul K. Beck
Associate



DORSEY & WHITNEY LLP
Suite 1500, 50 South Sixth Street | Minneapolis, MN 55402-1498
P: 612.492.6872 F: 952.516.5558 M: 612.501.6718

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