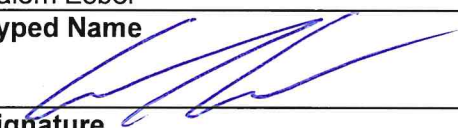


CONTRACT NUMBER PU-856-21

Administrator:	State of North Dakota Public Service Commission State Capitol - 12th Floor Bismarck, ND 58505-0480 (701) 328-2400
Date: <u>8/27/21</u>	Case No. PU-21-152
 Steve Kahl Executive Director	

Contractor		
PA Consulting Group, Inc.		
Name		
1700 Lincoln St, Suite 3550	Denver, CO 80203	720-566-9920
Address	City/State/Zip	Phone
Salem Esber	Member of PA's Management Group	
Typed Name	Title	
	August 9, 2021	
Signature	Date	

Agreement Information	
Contract No.:	<u>PU-856-21</u>
Start Date:	<u>Upon execution</u>
End Date:	<u>July 27, 2022</u>
Case No:	<u>PU-21-152</u>
Type of Contract:	<input checked="" type="checkbox"/> Fixed Price <input type="checkbox"/> Cost Reimb. <input type="checkbox"/> Unit Price <input type="checkbox"/> Other

Budget Information	
Cost Center:	<u>7300</u>
Services:	<u>Consulting Services</u>
Expenses:	<u>\$84,910.00</u>
Type of Contractor:	<input type="checkbox"/> Individual <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Public Agency <input type="checkbox"/> Nonprofit Organization <input type="checkbox"/> Other

This Contract is entered into between the State of North Dakota acting through the Public Service Commission (STATE) and PA Consulting Group, Inc. (CONTRACTOR). This contract consists of this sheet, general provisions and specific provisions.

PURCHASE OF SERVICE CONTRACT

The parties to this contract are 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).

1. SCOPE OF WORK

CONTRACTOR, in exchange for the compensation paid by STATE under this Contract, agrees to provide the services enumerated below. CONTRACTOR shall be registered with the North Dakota Secretary of State and the North Dakota State Procurement Office prior to Contract execution.

CONTRACTOR agrees to perform services per Section 3.01 Scope of Work and Section 3.05 Contract Schedule of RFP number 408.21.06.009, and as described in Section 3, pages 12 through 16 of the CONTRACTOR's July 14, 2021 response to RFP number 408.21.06.009. The written proposal provided by CONTRACTOR is attached to and incorporated into this agreement.

2. COMPENSATION

Contractual Amount

STATE shall pay for the accepted services provided by the CONTRACTOR under this Contract an amount not to exceed \$84,910.

The Contractual Amount is firm for the duration of the Contract and constitutes the entire compensation due CONTRACTOR for performance of its obligations under this Contract, unless amended, regardless of this difficulty, materials or equipment required, including fees, licenses, overhead, profit and all other direct and indirect costs incurred by CONTRACTOR, except as provided by an amendment to this Contract.

The STATE will make payments based on a monthly payment schedule. Each billing must consist of an invoice listing the contract number, hours worked at the contract rate, the staff person completing the work, and include a progress report. No payment will be made until the Project Manager has reviewed the progress report and approved the invoice.

Adam Renfandt – Project Manager
Public Utility Analyst – North Dakota Public Service Commission
600 E Boulevard Ave, Dept 408
Bismarck, ND 58505-0480
arenfandt@nd.gov
701-328-4153

Payment

1. Payment made in accordance with this Compensation section constitutes payment in full for the services and work performed and the deliverables and work(s) provided under this Contract and CONTRACTOR will not receive any additional compensation hereunder.

2. STATE will make every attempt to make payment under this Contract within thirty (30) calendar days after receipt of an approved invoice.
3. Payment of an invoice by STATE will not prejudice STATE's right to object to or question that or any other invoice or matter in relation to this contract. CONTRACTOR's invoice will be subject to reduction for amounts included in any invoice or payment made which are determined by STATE, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute allowable costs. At STATE's sole discretion, all payments shall be subject to reduction for amounts equal to prior overpayments to CONTRACTOR.
4. For any amounts that are or will become due and payable to STATE by CONTRACTOR, STATE reserves the right to deduct the amount owed from the payments that are or will become due and payable to CONTRACTOR under this Contract.

Travel

CONTRACTOR acknowledges travel costs are included in the Contractual Amount and may include travel costs in the monthly invoices submitted to STATE.

Prepayment

STATE will not make any advance payments before full performance by CONTRACTOR under this Contract.

Payment of Taxes by STATE

STATE is not responsible for and will not pay local, state, or federal taxes. STATE sales tax exemption number is E-2001, and certificates will be furnished upon request by the purchasing agency.

Taxpayer ID

CONTRACTOR shall provide STATE with its federal employer ID number and North Dakota tax ID number upon request.

3. TERM OF CONTRACT

This Contract begins on the date the last party has fully executed the Contract, and ends on July 27, 2022.

No Automatic Renewal

This Contract will not automatically renew.

Extension Option

STATE reserves the right to extend the Contract up to three times for an additional period of time not to exceed 12 months per extension.

Renewal Option

STATE may renew this Contract upon satisfactory completion of the initial Contract term. STATE reserves the right to execute up to three options to renew this Contract under the same terms and conditions for a period of twelve months each.

4. TIME IS OF THE ESSENCE

CONTRACTOR hereby acknowledges that time is of the essence for performance under this Contract unless otherwise agreed to in writing by the parties.

5. TERMINATION OF CONTRACT

Termination by Mutual Agreement

This Contract may be terminated by mutual consent of both parties, executed in writing.

Termination without Cause

STATE may terminate this Contract in whole or in part when it has determined that continuing the Contract is no longer necessary or would not produce beneficial results commensurate with the further expenditure of public funds.

Termination for Lack of Funding or Authority

STATE by written notice to CONTRACTOR, may terminate the whole or any part of this Contract under any of the following conditions:

- 1) If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
- 2) If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this Contract or are no longer eligible for the funding proposed for payments authorized by this Contract.
- 3) If any license, permit, or certificate required by law or rule, or by the terms of this Contract, is for any reason denied, revoked, suspended, or not renewed.

Termination of this Contract under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination.

Termination for Cause

STATE may terminate this Contract effective upon delivery of written notice to CONTRACTOR, or any later date stated in the notice:

- 1) If CONTRACTOR fails to provide services required by this Contract within the time specified or any extension agreed to by STATE; or
- 2) If CONTRACTOR fails to perform any of the other provisions of this Contract, or so fails to pursue the work as to endanger performance of this Contract in accordance with its terms.

The rights and remedies of STATE provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

6. FORCE MAJEURE

Neither party shall be held responsible for delay or default caused by fire, flood, riot, acts of God or war if the event is beyond the party's reasonable control and the affected party gives notice to the other party immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.

7. INDEMNITY

CONTRACTOR agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (STATE), from and against claims based on the vicarious liability of the STATE or its agents, but not against claims based on the STATE's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. The legal defense provided by CONTRACTOR to the STATE under this provision shall be free of any conflicts of interest, even if retention of separate legal counsel for the STATE is necessary. An attorney appointed to represent the STATE shall first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under North Dakota Century Code section 54-12-08. CONTRACTOR also agrees to defend, indemnify, and hold the STATE harmless for all costs, expenses, and attorneys' fees incurred if the STATE prevails in an action against CONTRACTOR in establishing and litigating the indemnification coverage provided herein. This obligation continues after the termination of this agreement.

8. INSURANCE

CONTRACTOR shall secure and keep in force during the term of this agreement and CONTRACTOR shall require from all subcontractors, prior to commencement of an agreement between Contractor and the subcontractor, to secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:

- 1) Commercial general liability, including premises or operations, Contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$250,000 per person and \$1,000,000 per occurrence.
- 3) Workers compensation coverage meeting all statutory requirements. The policy must provide coverage for all states of operation that apply to the performance of this Contract.
- 4) Employer's liability or "stop gap" insurance of not less than \$1,000,000 as an endorsement on the workers compensation or commercial general liability insurance.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies is the sole responsibility of CONTRACTOR. The amount of any deductible or self-retention is subject to approval by the STATE.
- 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the STATE. The policies must be in form and terms approved by the STATE.
- 3) The duty to defend, indemnify, and hold harmless the STATE under this agreement is not limited by the insurance required in this agreement.
- 4) The State of North Dakota and its agencies, officers, and employees (STATE) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The STATE shall have all the benefits, rights and coverages of an additional insured under these policies that may not be limited to the minimum limits of insurance required by this agreement or by the Contractual indemnity obligations of CONTRACTOR.
- 5) The insurance required in this agreement, through a policy or endorsement, must include:
 - a) "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the STATE;
 - b) a provision that CONTRACTOR'S insurance coverage is primary (i.e. pay first) as respects any insurance, self-insurance or self-retention maintained by the STATE and that any insurance, self-insurance or self-retention maintained by the STATE is in excess of the CONTRACTOR'S insurance and does not contribute with it;
 - c) cross liability/severability of interest for all policies and endorsements;
 - d) The legal defense provided to the STATE under the policy and any endorsements must be free of any conflicts of interest, even if retention of separate legal counsel for the STATE is necessary;
 - e) The insolvency or bankruptcy of the insured CONTRACTOR does not release the insurer from payment under the policy, even when such insolvency or bankruptcy prevents the insured CONTRACTOR from meeting the retention limit under the policy.

- 6) CONTRACTOR shall furnish a certificate of insurance to the undersigned STATE representative prior to commencement of this agreement. All endorsements must be provided as soon as practicable.
- 7) Failure to provide insurance as required in this agreement is a material breach of Contract entitling the STATE to terminate this agreement immediately.
- 8) CONTRACTOR shall provide at least 30 day notice of any cancellation or material change to these policies or endorsements. Contractor shall provide on an ongoing basis, current certificates of insurance during the term of the contract. A renewal certificate will be provided 10 days prior to coverage expiration. An updated, current certificate of insurance shall be provided in the event of any change to a policy.

9. WORKS FOR HIRE

CONTRACTOR acknowledges that all work(s) under this Contract is "work(s) for hire" within the meaning of the United States Copyright Act (Title 17 United States Code) and hereby assigns to STATE all rights and interests CONTRACTOR may have in the work(s) it prepares under this Contract, including any right to derivative use of the work(s). All software and related materials developed by CONTRACTOR in performance of this Contract for STATE is the sole property of STATE, and CONTRACTOR hereby assigns and transfers all its right, title, and interest therein to STATE. CONTRACTOR shall execute all necessary documents to enable STATE to protect STATE's intellectual property rights under this section.

10. WORK PRODUCT

All work product, equipment or materials created or purchased under this Contract belong to STATE and must be delivered to STATE at STATE'S request upon termination of this Contract.

11. NOTICE

All notices or other communications required under this Contract must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

Matt Mooren
PA Consulting Group, Inc.
1700 Lincoln Street, Suite 3550
Denver, CO 80203

North Dakota Public Service Commission
600 East Boulevard Ave, Dept. 408
Bismarck, ND 58505-0480

Notice provided under this provision does not meet the notice requirements for monetary claims against the STATE found at North Dakota Century Code section 32-12.2-04.

12. CONFIDENTIALITY

CONTRACTOR shall not use or disclose any information it receives from STATE under

this Contract that STATE has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Contract or as authorized in advance by STATE. STATE shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that STATE determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota open records law, North Dakota Century Code chapter 44-04. The duty of STATE and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this Contract.

13. COMPLIANCE WITH PUBLIC RECORDS LAW

CONTRACTOR understands that, in accordance with this Contract's Confidentiality clause, STATE must disclose to the public upon request any records it receives from CONTRACTOR. CONTRACTOR further understands that any records obtained or generated by CONTRACTOR under this Contract may, under certain circumstances, be open to the public upon request under the North Dakota public records law. CONTRACTOR agrees to contact STATE promptly upon receiving a request for information under the public records law and to comply with STATE's instructions on how to respond to the request.

14. INDEPENDENT ENTITY

CONTRACTOR is an independent entity under this Contract and is not a STATE employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR'S activities and responsibilities under this Contract, except to the extent specified in this Contract.

15. ASSIGNMENT AND SUBCONTRACTS

CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE's express written consent, provided, however, that CONTRACTOR may assign its rights and obligations hereunder in the event of a change of control or sale of all or substantially all of its assets related to this Contract, whether by merger, reorganization, operation of law, or otherwise. Should Assignee be a business or entity with whom STATE is prohibited from conducting business, STATE shall have the right to terminate without cause.

CONTRACTOR may enter into subcontracts provided that any subcontract acknowledges the binding nature of this Contract and incorporates this Contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor with whom CONTRACTOR contracts. CONTRACTOR does not have authority to contract for or incur obligations on behalf of STATE.

16. SPOILIATION – NOTICE OF POTENTIAL CLAIMS

CONTRACTOR shall promptly notify STATE of all potential claims that arise or result from this Contract. CONTRACTOR shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to STATE the opportunity to review and inspect the evidence, including the scene of an accident.

17. MERGER AND MODIFICATION

This Contract, including the following documents, constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this Contract. This Contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties.

Notwithstanding anything herein to the contrary, in the event of any inconsistency or conflict among the documents making up this Contract, the documents shall control in this order of precedence:

- a. The terms of this Contract as may be amended;
- b. STATE RFP number 408.21.06.009
- c. CONTRACTOR's response to RFP number 408.21.06.009, dated July 14, 2021.
- d. All terms and conditions contained in any end user agreements (e.g. automated click-throughs, shrink wrap, or bonus wrap) are specifically excluded and null and void, and may not alter the terms of this Contract.

18. SEVERABILITY

If any term of this Contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms is unaffected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the Contract did not contain that term.

19. APPLICABLE LAW AND VENUE

This Contract is governed by and construed in accordance with the laws of the STATE. Any action to enforce this Contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or forum non conveniens.

20. ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL

STATE does not agree to any form of binding arbitration, mediation, or other forms of mandatory alternative dispute resolution. The parties have the right to enforce their rights and remedies in judicial proceedings. STATE does not waive any right to a jury trial.

21. ATTORNEY FEES

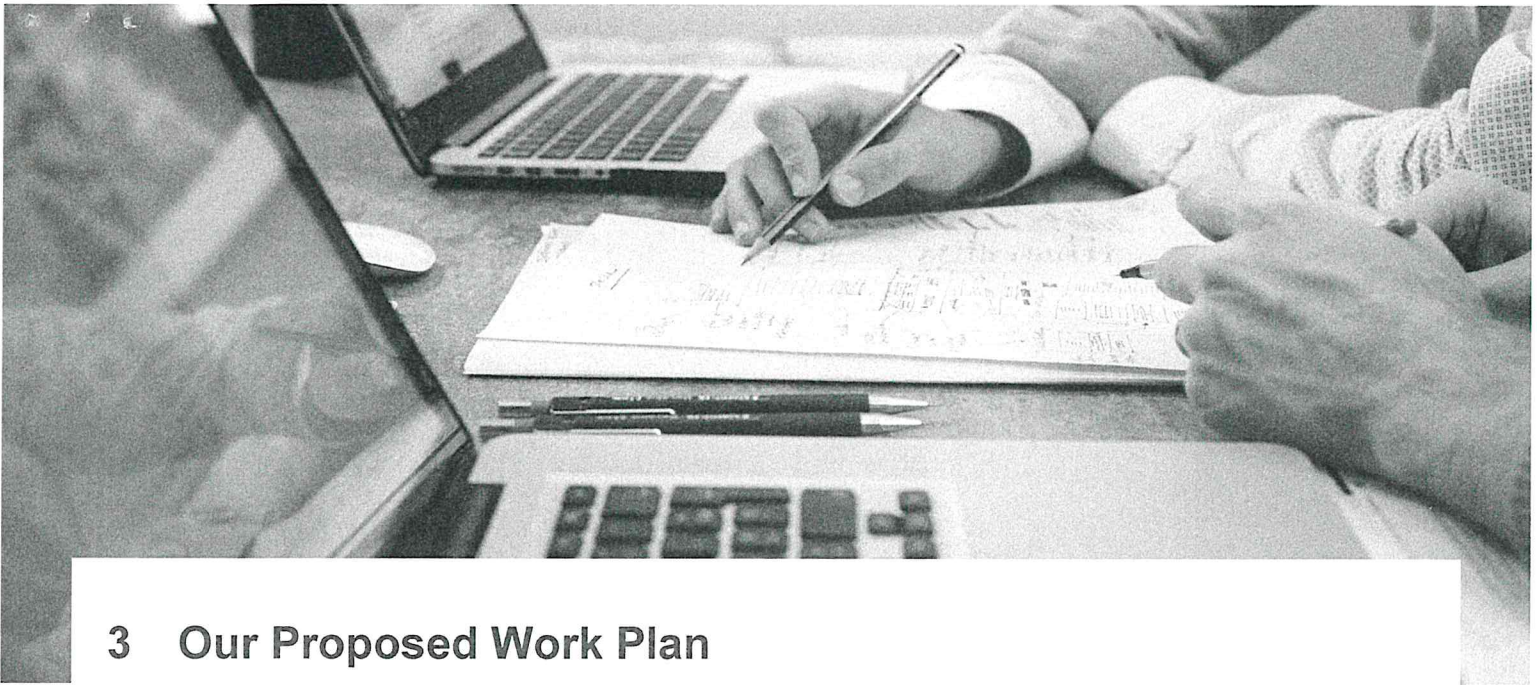
In the event a lawsuit is instituted by STATE to obtain performance due under this Contract, and STATE is the prevailing party, CONTRACTOR shall, except when prohibited by North Dakota Century Code section 28-26-04, pay STATE'S reasonable attorney fees and costs in connection with the lawsuit.

22. NONDISCRIMINATION AND COMPLIANCE WITH LAWS

CONTRACTOR agrees to comply with all laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes and unemployment compensation and workers' compensation premiums. CONTRACTOR shall have and keep current at all times during the term of this Contract all licenses and permits required by law. CONTRACTOR's failure to comply with this section may be deemed a material breach by CONTRACTOR entitling STATE to terminate in accordance with the Termination for Cause section of this Contract.

23. STATE AUDIT

All records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this Contract are subject to examination by the North Dakota State Auditor, the Auditor's designee, or Federal auditors. CONTRACTOR shall maintain all such records for at least three years following completion of this Contract and be able to provide them at any reasonable time. STATE, State Auditor, or Auditor's designee shall provide reasonable notice prior to conducting examination.



3 Our Proposed Work Plan

The following work plan is based upon addressing the key issues outlined in the prior chapter. Within each task we highlight the purpose of the task and activities contemplated.

3.1 Proposed Work Plan

Task 1: Review potential issues with Advocacy Staff

PA will conduct a project kick-off Workshop via conference call to identify and incorporate Advocacy Staff's thoughts and concerns related to the Application. Prior to the Workshop, we will conduct detailed reviews of the Application, IRP, and any additional materials associated with the docket.

The primary purpose of the Workshop will be to conduct detailed discussions with the Staff regarding the Application. PA will facilitate discussions related to:

- The Staff's initial impressions and any potential concerns related to the Application;
- Review of past issues and precedents regarding disputed resources and treating a resource acquisition as a disputed resource;
- PA's proposed project Work Plan and proposed testimony outline; and
- Identification of critical documents and data responses to review including prior dockets and discovery that has already occurred.

We anticipate proposing a comprehensive set of data requests to NSP following the meeting, including data related to the NSP analysis of the Project as well as inputs and assumptions not detailed in the IRP and/or Application.

Task 1 Work Product:

- Workshop and agreement on Work Plan and testimony outline
- Comprehensive set of data requests

Task 2: Review of the Need for Capacity in 2026

NSP in the North Dakota Application is justifying the Project based on a relatively small capacity need rather than an energy need or overall energy cost savings. Consequently, PA will conduct a review of NSP's demand forecast in the Upper Midwest Integrated Resource Plan 2020-2034 Supplement. Specifically, we will review the IRP and review EnCompass modeling to understand and highlight any critical assumptions regarding the assessment of the need for capacity in 2026. For example, the Project starting at 50% ELCC but having an assumed decline to 30% in 2033 may provide significantly more long-term capacity than the need stated in the Application.⁵ While the ADP relates to a single resource, the IRP suggests NSP plans to acquire another 3,000 MW of solar by the end of 2030 and constructing the Sherco CC.

Task 2 Work Products:

- Evaluation and the need for capacity and highlight and critical assumptions

Task 3: Review of NSP's Pro-Forma Analysis of Sherco Costs & Market Revenues

We will request and review NSP's revenue requirement model for the Project to confirm the assumptions used in the calculation of the annual revenue requirement and NPV. We will compare that cost with anticipated market revenues based upon the Company's forecast of solar production and the Company's forecast of LMP prices. We will also compare the Company's revenue estimates with PA's estimates based upon our long-term MISO market models.

PA is conducting this analysis because we believe it is important to for the Commission to understand the costs of the Project. While the ADP does not offer North Dakota the option to participate in the Project, presumably the Commission should have the opportunity to understand the economics of that option.

Task 3 Work Products:

- Review of NSP's Revenue Requirement Model for the Project
- Estimate of market energy revenues from the Project using NSP's MISO forecast
- Estimate of market energy revenues from the Project using PS's MISO forecast

Task 4: Review of the ELCC of Sherco Solar

NSP is proposing to use proxy resources to charge North Dakota customers for what NSP views as their appropriate share of capacity costs. NSP testimony suggests it evaluated the ELCC by considering the potential decline in solar ELCC as documented in the MTEP and outlined in the IRP. Based upon the testimony it is not clear exactly what numbers NSP used and how that was factored in the proposed capacity cost. PA anticipates the existing MISO ELCC for solar will decline in the future and any forecast today will invariably not be 100% accurate. In contrast, the accredited capacity of a CT is reasonably estimated and likely to be stable over time. In this task PA will review the assumptions used by

⁵ Solar ELCC assumption from the Upper Midwest Plan Supplement, p 9.

NSP and compare those assumptions with forecasts from other ISOs. The purpose of the comparison is to present a perspective on the variability of the forecasts while at the same time recognizing that each ISO is unique.

Task 4 Work Products:

- Clarification of solar ELCC assumptions used by NSP
- Clarification of how the ELCC assumptions are factored into the equivalent proxy CT cost
- Review of alternative ELCC assumptions

Task 5: Review of NSP's Calculation of the Proxy CT Cost

NSP's testimony indicates they modeled four alternatives to develop the proxy CT cost and selected the MISO CT cost as the proxy. PA will conduct a detailed review of NSP's analysis of proxy CT costs, including:

- Review of NSP's models, workpapers, and sources used;
- Review of each of the four approaches;
- Consideration of adjustments to the assumptions used; and
- Recommendation for the cost of proxy CT if the Commission wants to adopt the proxy CT approach.

Task 5 Work Products:

- Review and critique of NSP's analysis of the proxy CT cost
- Recommendation for a proxy CT cost

Task 6: Review of NSP's Proposed Approach to Recover Capacity Costs

Based upon NSP's redacted testimony it is not clear what NSP is specifically proposing to recover capacity costs from North Dakota customers. For example, is the cost set once based upon assumed ELCC, or will it be modified based upon actual ELCC? Is the cost levelized or does it change over time with declining ELCC or is it shaped in the same manner as the revenue requirement for a CT? In this task we will review and critique the specific approach proposed by NSP.

Task 6 Work Products:

- Analysis of the specific capacity cost recovery proposal assuming the use of proxy capacity resource.
- Recommendations for adjustments to the proxy capacity cost recovery proposed by NSP

Task 7: Review of NSP's Proposed Approach to Recover Energy Costs

NSP notes proxy costs / pricing is used for the treatment of Minnesota's Community Solar Garden projects. The Commission partially investigated this issue in the Heartland Divide II Wind ADP; however, it is not clear whether the

Commission ever formerly approved the process. Upon initial review, the NSP proposal for the proxy pricing for the Project appears to value the energy from the solar production at the MISO nodal price rather than based upon the cost of the Project and appears to proportionately allocate costs of the energy production based upon the LMP nodal price. The details of NSP's proposal need to be affirmed and scenarios evaluated to ensure that the proxy treatment is an acceptable alternative.

Task 7 Work Products:

- Analysis of the specific energy cost recovery proposal.
- Recommendations for adjustments to the proxy energy cost recovery proposed by NSP

Task 8: Consideration of Alternative Proposals for Cost Recovery

NSP is proposing to use the FCR to recover proxy energy and capacity costs of the Project. We note the energy production from the Minnesota Community Solar Gardens (identified in the IRP as having capacity of 658 MW) is likely greater than the energy production from the Project. In the FCR, NSP is allocated a sales-weighted share based upon market energy prices without a capacity payment. While the proxy pricing approach for energy may be appropriate, we will consider whether there may be a more appropriate approach especially given the large amount of solar resources NSP plans to acquire through 2030. PA will consider alternatives for recovery of the capacity value provided by the Project as well as whether the capacity value should be recovered through the FCR. PA will focus on whether there are alternative approaches that could potentially provide more appropriate cost protections for North Dakota customers.

Task 8 Work Product

- Consideration of alternative cost recovery approaches and recommendations for Advocacy Staff regarding cost recovery

Task 9: Results and Conclusions Review Workshop

We propose to hold a final collaborative R Workshop via conference call with Advocacy Staff upon the conclusion of the analyses conducted in Tasks 2 through 8. At the Workshop, we will collectively review our analysis and ensure that we have a common understanding of the results and their implications for North Dakota ratepayers. Pending the discussions at this Workshop, we will make revisions as necessary and request Staff's approval of the final testimony outline prior to developing draft testimony.

Task 9 Work Product:

- Review Workshop and approval of final testimony outline

Task 10: Preparation of Testimony

While the testimony is yet to be developed, we anticipate that the pre-filed testimony will be based on the work products developed by PA and will address the following:

- Summary of findings and recommendations;
- Review and critique of NSP's treatment of the Project cost recovery in North Dakota; and

- Findings from additional analysis developed by PA (and criteria considered in developing the recommendation regarding the ADP).

The basis of the testimony will be: 1) PA's detailed analysis of the NSP filing, 2) review and analysis of responses to interrogatories, and 3) the PA analysis conducted. Jim Heidell will file testimony pertaining to the ADP and will also prepare sur-rebuttal testimony as necessary.

Task 10 Work Product:

- Direct Testimony addressing the ADP; and
- Sur-rebuttal Testimony (as necessary)

Task 11: Support Formal Proceedings

PA will support the Commission throughout the formal proceedings related to the application for the ADP. This will include presentation of effective oral testimony at the Commission's technical hearings related to the testimony identified in Task 10.

While it is difficult to project exactly what types of other support will be required, PA anticipates the support could include:

- Responding to data requests and interrogatories;
- Assisting with potential settlement negotiations;
- Reviewing direct and rebuttal testimony filed by both the Company as well as any intervenors; and/or
- Performing other supportive functions as the proceedings progress.

PA will assist the Advocacy Staff's counsel in preparing for cross examination of the Company's and/or other intervenor witnesses. As the proceeding moves forward, PA notes the Commission may potentially enter into negotiations with the Company to reach a settlement. PA will support the Staff during negotiations with needed analyses, review of any Company or other intervenor proposed modifications to any proposed Commission decisions, recommendations and support of any modifications the Commission may wish to propose, and other necessary support.

Task 11 Work Product:

- Response to Data Requests and other support as necessary

3.2 Proposed Project Schedule

We have reviewed the schedule provided in the RFP. We are prepared to assist the Commission and Advocacy Staff in meeting all necessary deadlines and we have sufficient staff resources to adjust to revised schedules. We anticipate discussing the schedule with Advocacy Staff at the project kick-off Workshop and are prepared to file direct testimony approximately eight weeks after executing a contract with the NDPSC, consistent with the initial schedule outlined in the RFP.

6 Cost Proposal

Based on the two-stage services in Tasks 1 through 8 above, PA proposes to support the Commission's decision on the Advanced Determination of Prudency on a time and materials basis. PA's estimate of the professional fees for Tasks 1-8 is \$85,000, inclusive of estimated travel expenses.

Requests by the Commission for work in addition to those described in Tasks 1-8 above will be performed on a time and materials basis at the hourly rates provided below. Any such work conducted will be defined via a Scope of Additional Services, and incremental costs estimated and agreed to by the Commission prior to the commencement of the additional services.

Table 1. PA Consulting's Cost Proposal

PA Team Member	Labor Category	Hourly Rate \$/hr	Level of Effort (Hours)	Budget
Matt Mooren	Member of Management	620	2	1,240
Jim Heidell	Director	550	64	35,200
Charles Janecek	Principal Consultant	365	64	23,360
Rachel Bryant	Principal Consultant	365	30	10,950
Grant Gunter	Consultant	315	32	10,080
Lillianne Farih	Analyst	240	12	2,880
Total (includes all labor overheads)			204	83,710
Travel				1,200
Total Budget				84,910

SECTION THREE SCOPE OF WORK

3.01 Scope of Work

Overview

The North Dakota Public Service Commission, Public Utilities Division, is soliciting proposals for a thorough analysis of the advance determination of prudence application. The selected offeror will be required to provide written testimony and present effective oral testimony at the commission's technical hearing and assist in the preparation of pre- and post-hearing documents or possibly documents for purposes of moving to dismiss the application.

State-Furnished Property/Services

Commission ratepayer advocacy staff will work with the consultant to help identify critical issues and provide background information.

The Commission will not provide any property or equipment.

Description of Specific, Results-Oriented Tasks

The selected offeror must provide a detailed analysis and conclusions related to the necessity and economic prudence for NSP's proposal to add 460 MW of grid-scale solar photovoltaic capacity at NSP's Sherburne County Generating Station site. NSP states the capacity is intended to replace a portion of the 682 MW generation capacity of Sherco Unit 2, which NSP is planning to retire in 2023.

NSP has provided very detailed schedules, analysis, and explanations of its case, and various adjustments. Consequently, the selected offeror must review and use the already provided material before submitting data requests. Sending hundreds of "canned" data requests that the selected offeror has no intention of using the responses to evaluate the case will not be allowed. The data requests that are submitted must be clear, concise and likely to produce useful information for the case. The commission ratepayer advocacy staff has a right to review the data requests to ensure their value.

3.02 Location of Work

The State **WILL NOT** provide workspace for the selected offeror.

3.03 Prior Experience

No specific minimums have been set for this RFP.

3.04 Required Licenses

At the time specified by the deadline for submission of proposals, the offeror must have and keep current any professional licenses and permits required by federal, state, and local laws for performance of this contract. Offerors that do not possess required licenses at the time proposals are due will be determined non-responsive.

3.05 Contract Schedule

This schedule of events represents the State's best estimate of the contract schedule that will be followed.

The approximate contract schedule is as follows:

- Contract start: July 27, 2021
- Testimony of the selected offeror, ratepayer advocacy staff and any other intervenor : September 27, 2021
- Rebuttal Testimony of all parties: October 27, 2021
- Surrebuttal Testimony of all parties: November 10, 2021
- Technical Hearings: Late November 2021 or Early December 2021
- Initial Briefs: TBD
- Reply Briefs: TBD
- Responses to data requests are due 10 working days after they are received.
- Schedule is not firm and is subject to change until Commission has set the hearing dates.