

Montana-Dakota Utilities Co.  
Request for Proposal for  
Evaluation Services for  
Electric Energy Efficiency Potential  
October 17<sup>th</sup>, 2011

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## 1. Introduction

### 1.1 Purpose

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (Montana-Dakota) is seeking assistance to identify the remaining, achievable, cost-effective electric energy efficiency potential in Montana-Dakota's retail electric service territory in Montana. Montana-Dakota also seeks to quantify the amount of electric energy usage savings achievable through the identified energy efficiency programs. The evaluation will compare the costs and savings of energy-efficiency measures relative to standard equipment and practices to determine what electric energy efficiency is technically feasible, economically feasible, and achievable in Montana-Dakota's electric service territory in Montana for a range of avoided costs.

Considerations in the evaluation shall include but not be limited to utility costs, impacts to consumers, and opportunities for reduction in energy consumption and demand. The analysis should account for unique characteristics of Montana-Dakota's Montana service territory, including regulatory structure, demographics, growth and development, climate, end uses, and overall electric consumption levels.

The selected contractor should be available to start immediately upon execution of a contract. **Proposals are due by 5:00 P.M. CDT on December 5, 2011.**

### 1.2 Background

Montana-Dakota is an investor-owned utility serving electric and natural gas customers in the states of Montana, North Dakota, South Dakota, and Wyoming. The scope of this Request for Proposals relates only to the Montana electric service territory. Montana-Dakota provides electric service in 30 communities in Eastern Montana through approximately 626 miles of transmission lines, 936 miles of overhead distribution lines, and 339 miles of underground distribution lines. Average daily electric load in the Montana service area is 81 MW, and the peak demand in 2011 was 118 MW.

Montana-Dakota currently provides electric energy supply, transmission, and distribution services to the following mix of customers in its Montana service territory:

Customer Type	Count
Residential	18,805
Small C&I	4,862
Large C&I	268

A map of the Montana-Dakota electric service territory in Montana is included as Exhibit C.

Montana-Dakota is currently conducting a small portfolio of energy efficiency programs to help customers save energy and improve efficiency. Additional information about Montana-Dakota and its energy efficiency programs is available on the Montana-Dakota website, [www.montana-dakota.com](http://www.montana-dakota.com).

## **2. Description of Work to be Performed**

### ***2.1 Determine Baseline Energy Use and End Use Saturation***

This step includes establishing a baseline with which the performance of energy efficiency measures is compared. This requires establishing usage characteristics, baseline energy usage, and appliance saturations for Montana-Dakota's customer base. Part of the baseline process will include developing baseline data for various customer segments or rate classes. Each customer class shall have their usage and peak daily demand characteristics estimated. This baseline should then be modified to known characteristics of Montana-Dakota's system delivery patterns.

### ***2.2 Identify Energy-Efficiency Measures and Other Program Opportunities***

The successful respondent will develop a list of potential energy efficiency opportunities. Developing a list of these opportunities will include a review of energy efficiency measures in place at other electric utilities, technology databases, and recent literature regarding energy efficiency. A Montana-Dakota specific database of measures will then be developed and will become property of Montana-Dakota upon completion. The list of potential measures must account for climate, regional availability, company preference and other factors.

### ***2.3 Technical, Economic, and Achievable Potential Estimates***

The successful respondent will use cost-benefit software to analyze the economics of the potential energy efficiency measures. Montana-Dakota expects that software used to analyze the measures will utilize a model acceptable to the Montana Public Service Commission. Four cost-benefit tests will be used: Total Resource Cost, as well as Participant, Ratepayer, and Utility Cost tests. This stage of the study will identify the market potentials at three levels: Technical Potential, Economic Potential, and Achievable Potential.

At the end of this stage, there will be a set of defined energy efficiency measures, customer segments for which they apply, their cost-effectiveness, and anticipated program participation levels. Montana-Dakota will have a clear understanding of the energy efficiency market potential within its Montana service territory upon completion of this stage.

## ***2.4 Complete and Present Results of the Energy Efficiency Potential Study***

Once the previous steps are finished, a preliminary copy of the study results and scenarios will be presented to employee groups within Montana-Dakota. Additional analysis may be required due to questions and scenarios arising from the presentations to groups within Montana-Dakota.

Final deliverables for the energy efficiency potential study should include:

- Final presentation materials,
- Final report for the study,
- A database of measures with potentials for future use, and
- A clear definition of the methodology used to conduct the study.

## **3. General Proposal Requirements**

Respondents are strongly encouraged to follow the contents of this Request for Proposal (RFP) closely when assembling proposals. The proposal shall include a statement affirming the respondent's intention to conduct an independent, objective, and unbiased third-party analysis that can, if needed, be used by Montana-Dakota and supported by the respondent in a proceeding before the Montana Public Service Commission.

Proposals should include the following information:

- State the full name and address of the organization that will perform the work. Include a brief description of the organization history, structure, and size and a description of the company's background and any relationship to the utility industry.
- Describe the project approach and scope of work. Describe in narrative form the plan for accomplishing the tasks outlined in the RFP, including technical approaches and an explanation of why the proposed approach is superior to other approaches. Provide statements and discussion of anticipated major difficulties and problem areas, with potential or recommended approaches for their solution.
- Provide a list of all project deliverables by task.
- Include a breakdown by task of resources required from Montana-Dakota – office space, data sets, etc.
- Provide a breakdown by task of all staffing and resources requirements. Indicate the number of hours allocated to each task for each project and which individual will

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- complete the tasks. Also include an explanation of why the number of hours proposed is both necessary and sufficient to complete the task.
- Identify all staff that will perform work on this project. Include a list of personnel by task with biographical information. Indicate the role of each team member on this project. If some of the people have not been identified at this time, at a minimum, describe the different job positions, functions, and roles. Each organization submitting a proposal under this RFP shall have a demonstrable knowledge, skill, and experience as it relates to the required work. The proposal must identify all persons that will be employed in the proposed work by skill and qualifications and identify key personnel by name and title and provide a resume for each.
  - Include the proposed schedule and/or work flow chart. Indicate key tasks and timelines for completion. This project must be completed in its entirety and a final report submitted to Montana-Dakota by **December 1, 2012**. Include a scheduling proposal and work plan specifying the date upon which the applicant would be ready to commence work, and any other appropriate scheduling of specific tasks. Also provide an explanation of all known or probable scheduling constraints, or limitations on staff availability, within timeframe of the project. Include a statement that the respondent is willing and able to provide ongoing regulator support following conclusion of the project as necessary, to be billed on the basis of reasonable time, materials, and travel expenses.
  - Provide a cost breakdown for each task for these evaluation services. The preferred compensation methods are a fixed fee or a time and materials with a not-to-exceed limit. Provide a projected payment (cash flow) schedule and describe how it is related to the level of effort and deliverable associated with each task. The following cost elements should be included:
    - Personnel (position, rate, hours)
    - Travel (including mileage rate, lodging, etc)
    - Supplies and materials
    - Other (specify)
    - Total direct costs
    - Indirect costs (may not exceed 24% of direct costs)

- Budget total

In addition, applicants must submit an hourly billable rate in the event hourly services are needed for testimony, discovery preparation and response, brief preparation, rulemaking assistance, and/or other services to be provided following the completion of and in addition to the scope of services detailed above.

- Provide proof of qualification/references from successful projects of a similar nature. Proposals should demonstrate significant, in-depth knowledge of and experience in conducting end-use/load profile and DSM potential studies.
- All Respondents will be required to carry at least \$1,000,000 of general and auto liability insurance before Montana-Dakota will enter into any contract with the Respondent. Montana-Dakota understands the Respondents may not currently carry a \$1,000,000 general and auto liability limit. Proof of current insurance and limits should be submitted with all Proposals. Bid pricing should consider this requirement.
- Describe the features and benefits of the proposal that may be unique and more desirable than that of the other respondents.
- Include the names and phone numbers of personnel authorized to negotiate the proposed contract with Montana-Dakota. All proposals must be signed by a duly authorized representative of the party submitting the proposal.
- Include any other information that is believed to be pertinent, but not specifically required elsewhere in this RFP.

#### **4. Evaluation Process**

Successful proposals must include all the information requested above. Proposals will be evaluated based on Montana-Dakota's confidence in the respondent's ability to provide quality deliverables in a timely and cost effective manner.

Montana-Dakota will evaluate all proposals based on cost, completeness, proposal quality, respondent qualifications, and any other criteria it deems relevant. Montana-Dakota reserves the right to accept or reject any or all proposals at its sole discretion. Montana-Dakota also reserves the right to interview any and all respondents to aid in the selection process.

The following criteria will be used to evaluate the proposals:

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- Ability to perform scope of work as stated in this document.
- Understanding of research and analysis, energy efficient technologies, and Montana-Dakota customers.
- Concise explanation of the strategy behind the proposed approach.
- The quality of the work plan submitted, including financial management and the ability to deliver work in a timely manner.
- Experience of the respondent completing similar projects.
- Cost of the work to be performed.
- Ability to provide clear written reports.
- References.

Once all the proposals are received, Montana-Dakota will develop a short list of respondents. From the short list, additional information may be required such as examples of past reports and energy efficiency potential assessment processes and economic evaluations.

Montana-Dakota reserves the sole discretion to choose whether or not to award this project. Montana-Dakota reserves the right to reject any and all proposals for any reason, to waive minor irregularities in any proposals, and to negotiate with any party in any manner deemed necessary to best serve the interests of Montana-Dakota and its customers.

## **5. Additional Provisions**

Respondents to this RFP shall declare any potential conflicts of interests within their proposals. Also state the reason(s) why the respondent believes the conflicts of interests would not detrimentally affect the performance of the work requested herein. All respondents shall affirm that they are independent third parties. Respondents must not be currently employed by any person or company that sells, transmits, or generates electricity in Montana.

Montana-Dakota reserves the right to approve or reject personnel in both the proposal process and in the on-going performance of the work.

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Respondents must agree to participate in all regulatory proceedings relating to the scope of work for an agreed-to hourly or other acceptable pricing. The pricing is not to be included as part of this proposal. Montana-Dakota will pay, as needed, time plus reasonable travel for members of the evaluation team to perform this participation.

Montana-Dakota is not responsible for costs incurred by Respondents in preparation of this proposal.

News releases pertaining to this RFP, contract award, or the project shall not be made without written approval from Montana-Dakota.

Montana-Dakota will pay for work performed and expenses incurred up to the specified contractor amount. Specific payment provisions will be mutually agreed upon by both parties. All payments will require an itemized billing of work performed in sufficient detail to justify payment.

All deliverables submitted by the selected respondent shall become the property of Montana-Dakota.

Montana-Dakota assumes no liability with respect to this RFP or any matters related thereto. All prospective respondents and their successors, by their participation in the RFP process, shall indemnify, save and hold Montana-Dakota and its employees and agents free and harmless from all lawsuits, causes of action, debts, rights, judgments, claims, demands, damages, losses and expenses arising from or out respondent's response to this RFP and/or any subsequent acts related thereto, included but not limited to the recommendation of the respondent.

Parties agree to sign confidentiality agreements prior to Montana-Dakota providing customer information, if necessary.

Montana-Dakota is a public utility regulated by the Montana Public Service Commission. It is likely that Montana-Dakota will need to produce all proposals submitted in response to this RFP, as well as the contract with the successful respondent, to the Montana Public Service Commission. Montana-Dakota will not seek to protect the confidentiality of any response, contract, or other material submitted in response to this RFP by any respondent(s) for any reason. It is the responsibility of the respondent to take whatever action necessary, at its own expense, to protect its interest in maintaining the confidentiality of any proposal, contract, or other material submitted in response to this RFP. By responding to this RFP, respondents are considered to be on notice, aware, and accept their responsibility to preserve their interest in confidential material.

Any material deemed by the respondent to be confidential, trade secret, or proprietary must be clearly marked with particularity. Generic claims of confidentiality, trade secret or propriety information are not acceptable and may be, in Montana-Dakota’s sole discretion, cause to reject the bid as non-conforming in whole or in part.

## **6. Schedule and Administration**

The following proposal schedule is an estimate of when major milestones will occur relative to this RFP. Montana-Dakota reserves the right to change all dates at its sole discretion.

RFP distributed to respondents	(October 17, 2011)
Deadline for questions on RFP	(November 14, 2011)
Responses to questions submitted to all respondents	(November 21, 2011)
Deadline for receipt of proposals	(December 5, 2011)
Selection of short list	(January 6, 2011)
Final Selection Complete	(January 27, 2012)

### **6.1 Proposal Submission**

Respondents shall submit two (2) electronic copies of their proposal; one copy showing pricing submitted in both PDF format and unprotected Microsoft Word format. These electronic copies are to be forwarded with any related documents to the address listed below. In addition, respondents shall mail a hard copy of their proposal to the address listed below. Faxed and e-mailed proposals will not be accepted, although e-mail copies of the proposals may be submitted in addition to the official proposal. Montana-Dakota will not be obligated to consider information received outside the time intervals specified in this section. All RFP proposals shall be addressed to the following:

Mr. Larry Oswald  
Montana-Dakota Utilities Co.  
400 North 4<sup>th</sup> Street  
Bismarck, ND 58501  
701-222-7939  
701-222-7853 FAX  
e-mail: [larry.oswald@mdu.com](mailto:larry.oswald@mdu.com)

Proposals should be clearly marked “Montana-Dakota Request for Proposals – Electric Energy Efficiency Potential Evaluation.”

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Proposals as described in this document must be submitted by December 5, 2011. Failure to submit required information within the specified time frame could be considered cause for rejection of this or any subsequent proposals.

**6.2 Inquiries**

Any requests for clarification or additional information regarding this RFP shall be submitted in writing via mail, fax, or e-mail to the following by the deadline specified above to:

Mr. Jeremy Fischer  
Montana-Dakota Utilities Co.  
705 West Fir Avenue  
Fergus Falls, MN 56537  
218-739-6605  
218-739-6636 FAX  
e-mail: [jeremy.fischer@mdu.com](mailto:jeremy.fischer@mdu.com)

**Exhibit A – List of Communities Served by Montana-Dakota Utilities Co.**

Montana-Dakota provides electric services to the following communities in Montana:

- Antelope
- Bainville
- Baker
- Brockton
- Culbertson
- Fairview
- Fallon
- Flaxville
- Forsyth
- Froid
- Glendive
- Homestead
- Ismay
- Kinsey
- Medicine Lake
- Miles City
- Outlook
- Plentywood
- Plevna
- Poplar
- Redstone
- Reserve
- Rosebud
- Savage
- Scobey
- Sidney
- Terry
- Whitetail
- Wibaux
- Wolf Point



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Exhibit C - Map of Montana-Dakota Utilities Co.'s Electric Facilities

