

**V.A.L.U.E. IN LOCAL GOVERNMENT
REQUEST FOR PROPOSAL**

SPECIFICATION NO. VALGAS-2002-1

FOR

NATURAL GAS SUPPLIES

1.0 SCOPE AND CLASSIFICATION

1.1 Scope

1.1a It is the intent of this specification to describe the minimum requirements for provision of Natural Gas Supplies for V.A.L.U.E in Local Government jurisdictions as noted in this specification. All items or features not specifically mentioned, which are necessary or which are normally furnished in order to provide a complete service, shall be furnished by the successful respondent and shall conform in the quality of services to that usually provided by the standard practices of the industry.

1.2 Classification

1.2a The successful respondent shall provide, at a minimum, Natural Gas supplies to V.A.L.U.E in Local Government jurisdictions, (See Attachment A), on a firm and uninterrupted contract.

The successful respondent shall be responsible for obtaining gas supplies, nominating receipts and deliveries, managing imbalances and prior period adjustments, paying all costs for gas supplies, and the transportation of gas through necessary lines to delivery points agreed by both parties. The successful respondent shall also be responsible for paying any and all costs or penalties for over/under consumption due to improper nominations or other causes, without recourse.

2.0 DOCUMENTS

2.1 References

2.1a Respondents shall provide a minimum of five (5) references with their proposal. The references shall list the firm name, address, telephone number, and contact person of current or past clients for whom they have provided similar services. Length of service at each reference shall also be noted. References shall be provided that have had direct experience with the respondent in the following areas:

- Operational integrity of the firm.
- Government or public agency experience.
- Ability to serve and administer to commercial/multi-metered accounts.
- Performance reliability.

V.A.L.U.E in Local Government shall check these references prior to award of contract.

3.0 GENERAL REQUIREMENTS

The purpose of this RFP is to receive competitive proposals from Wisconsin Gas Company pre-qualified, licensed marketers for Natural Gas supplies at the lowest possible cost, consistent with the highest level of reliability, service and safety.

3.1 Experience in the Region

V.A.L.U.E in Local Government is interested to know the direct experience the respondent has in the State of Wisconsin, Milwaukee, Waukesha, Racine, Washington and Ozaukee counties. The respondent shall provide a description of the type of customers that they have, and are being served in these areas. Operational constraints experienced in these areas should be discussed, as well as the extent of any relationships with the applicable local utilities.

3.2 Winter Supply and Reliability Strategies

The jurisdictions and facilities listed in this specification have no alternate fuel capabilities. Therefore, a firm and uninterrupted Natural Gas supply is required. Proposals shall discuss potential strategies the respondent is considering that would ensure a secure supply of Natural Gas to the jurisdictions and facilities. A description of the portfolio of resources that are at the respondents disposal should be noted. This description shall address the use of firm transportation, storage, virtual storage and released capacity.

3.3 Mitigation of Demand Charges (If applicable)

If the respondents supply strategy will result in demand charges or fixed costs that will have to be passed through during non-peak period, V.A.L.U.E in Local Government is interested in a strategy that will mitigate these costs. Of particular interest is the ability of the respondent to incorporate these costs into the customer loads and to estimate what percent of these costs can be defrayed. The respondent should discuss these enhancements on a best efforts basis or as a discount to its price submissions.

3.4 Pricing Strategies Submittal

V.A.L.U.E in Local Government is interested in a price of Natural Gas that will provide jurisdictions with a level of commodity price and budget certainty. V.A.L.U.E in Local Government realizes that fixed price bids at the city gate are dependent on several factors including the commodity price of Natural Gas in various supply basins and the change in location differential between the city gate and the relevant supply hubs. Due to these market dynamics, V.A.L.U.E is interested in reviewing proposals for several price scenarios that will provide jurisdictions with any array of options.

V.A.L.U.E in Local Government jurisdictions are interested in taking advantage of favorable market conditions. Therefore, proposals that provide pricing options that require knowledge and abilities in commodity price management will be considered most favorably.

Respondents may also submit proposals reflecting fixed price contracts, based on the following formulas:

- NYMEX + \$ (respondents basis) per decatherm for 100% of actual consumption to each jurisdiction.
- NYMEX + \$ (respondents basis) per decatherm for 85% of actual consumption to each jurisdiction, with the remaining 15% purchased at the

prevailing rate plus your quoted basis as needed to satisfy needs.

3.5 Service Requirements

The successful respondent shall provide the following services during the course of the contract:

- Manage affected jurisdictions gas supplies and transportation including, without limitation, pooling, pipeline balancing, and incremental supplies for the purpose of keeping jurisdictions gas supplies in daily balance.
- Provide jurisdictions with information updates and intelligence assessments of relevant developments in the energy business, including gas, electric and other fuels as applicable. In addition, the successful respondent shall meet , if required, with jurisdictions to review strategies for purchasing energy under the prevailing market conditions.
- Provide jurisdictions with enhanced account information including, by way of illustration, data regarding historic Natural Gas usage and monthly cost summaries and, upon request, projections of future Natural Gas Prices.
- Advise jurisdictions of special opportunities related to energy deregulation, (e.g. electrical and gas pilots) as they become available. The successful respondent shall work with jurisdictions to facilitate participation in such programs if the jurisdiction determines they are advantageous.

3.6 Warranty

The successful respondent of “warranted firm” gas supply shall warrant that it has access to sufficient Natural Gas to discharge its obligations under the contract. This warranty is a fundamental consideration for the arrangement of the services as sought in this specification. Security of supply is of the essence. The respondent shall demonstrate in their proposal, their capability to perform the services as sought and shall be responsible for all penalties.

4.0 TERM OF CONTRACT

V.A.L.U.E. in Local Government intends to issue a contract for Natural Gas supplies for an initial two (2) year period, from November 1, 2002 through October 31, 2004. Upon expiration of the contract, V.A.L.U.E. in Local Government may extend the contract in one (1) year increments, a maximum of three (3) times. Renewals with revised pricing must be agreed to by both parties.

Price adjustments (increases and/or decreases) will only apply to changes in rates established by regulatory agencies as they apply to pipeline tariffs, Public Service Commission controlled allowances, etc.

5.0 AWARD

- 5.1 Award of the Natural Gas Supplies services shall be made to the most responsive, responsible, qualified responding firm, complying with the specifications, responding to all items, and whose proposal is most advantageous to V.A.L.U.E. in Local Government jurisdictions. Award will be made to a single respondent.

- 5.2 Award shall be based on experience of the responding firm, a check of references provided in the proposal, results of a review of materials submitted, and the determination by V.A.L.U.E. in Local Government that the responding firm can meet the needs of V.A.L.U.E. in Local Government as requested. The decision of V.A.L.U.E. in Local Government shall be final and will be made as deemed in the best interest of V.A.L.U.E. in Local Government.
- 5.3 Award will be made in the aggregate to the low responsive and responsible respondent.
- 5.4 Cost for the services as proposed will not be the sole determining factor for award. However, respondents shall supply their best costs for the services as sought.
- 5.5 Cost portion of proposals shall be provided in a ***separate sealed envelope labeled "Cost Proposal - VAL-2002-01"***.

6.0 EVALUATION METHODOLOGY

6.1 Evaluation Criteria

6.1a Experience, Performance, and Proposal Response (Up to 40 points)

This category will include evaluation of current and past performance in providing the services as sought in this specification. Assessments will also be made as to whether the respondent understands the RFP, has provided a complete proposal, and incorporates all concepts and services as sought by V.A.L.U.E. in Local Government in their proposal.

6.1b Organization & Staffing (Up to 20 points)

This category will assess the degree to which the respondents's firm is organized to support successful accomplishment of V.A.L.U.E. in Local Government needs. Key personnel who will have responsibility for performance of the contract shall be examined.

6.1c Cost (Up to 40 points)

This category will examine the responding firms cost for the services as sought by V.A.L.U.E. in Local Government. Cost/Price strategies will be reviewed to determine which appear to be in the best interest of V.A.L.U.E. in Local Government.

7.0 ORAL PRESENTATIONS

- 7.1 Respondents who submit a proposal may be required to make an oral presentation to the V.A.L.U.E. in Local Government evaluation committee.

8.0 GENERAL BIDDING INFORMATION

- 8.1 Proposals will not be accepted in response to this RFP, by facsimile, modem, telephone, or other electronic means. Furthermore, no proposal will be accepted that is not legible and clear.
- 8.2 Proposals received later than the time and date specified will not be considered, and will be returned unopened.

- 8.3 Submission of a proposal shall be considered evidence that the respondent has become familiar with the specifications and the scope of the required services.
- 8.4 Respondents shall provide **one (1) original and two (2) copies** of their proposal submitted in response to this RFP.
- 8.5 V.A.L.U.E. in Local Government, at its own determination, will make proposals available for review after award. V.A.L.U.E. in Local Government reserves the right to remove proprietary or confidential portions of any or all submitted proposals prior to any release for review.
- 8.6 All costs associated with preparation and submission of proposals, including presentations, are the sole responsibility of the respondent.
- 8.7 V.A.L.U.E. in Local Government reserves the right to accept or reject any and all proposals submitted. No guarantee of award is made by acceptance of any or all submitted proposals.

9.0 SCHEDULE

<u>Tasks</u>	<u>Dates</u>
Release of RFP.....	January 14, 2002
Submission Deadline.....	February 15, 2002
Review by Evaluation Committee.....	As required.
Oral Presentation (if required).....	To be announced.
Award of Contract.....	Upon completion of review.

10.0 CHANGES

10.1 Changes to Proposal/Specifications

10.1a If any of the terms, conditions or specifications prevent you from responding, consideration will be given, if possible, to a request for change. An addendum to the proposal shall be sent to all prospective respondents, if deemed necessary by V.A.L.U.E. in Local Government. All requests must be submitted in writing no less than one (1) week prior to the proposal award date. No verbal requests shall be considered. No verbal responses from any agent of V.A.L.U.E. in Local Government shall be acted upon, by the supplier, unless written authorization is received from the following person:

Christopher Hubbard - Senior Buyer
 Milwaukee County Transit System
 1942 N. 17th Street
 Milwaukee, WI 53205
 (414)937-3269 (414)344-7080 FAX

11.0 INFORMATION

11.1 For further information regarding this request for proposal, please contact:
 Christopher Hubbard
 Senior Buyer
 Milwaukee Transport Services, Inc.
 (414) 937-3298
 (414) 344-7080 FAX