

STATE OF NEW HAMPSHIRE

CONSUMER
ADVOCATE
Meredith A. Hatfield



TDD Access: Relay
NH
1-800-735-2964

Tel. (603) 271-1172

FAX No. 271-1177

ASSISTANT
CONSUMER
ADVOCATE
Kenneth E. Traum

OFFICE OF CONSUMER ADVOCATE
21 S. Fruit St., Suite 18
Concord, N.H. 03301-2429

Website:
www.oca.nh.gov

July 1, 2010

**NEW HAMPSHIRE OFFICE OF CONSUMER ADVOCATE
REQUEST FOR PROPOSALS
FOR SERVICES RELATED TO PARTICIPATING IN
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION DOCKETS**

**DG 10-090 PITTSFIELD AQUEDUCT COMPANY, INC.
RATE CASE
AND
DG 10-091 PENNICHUCK WATER WORKS, INC.
RATE CASE**

Dear Prospective Bidder:

The New Hampshire Office of Consumer Advocate (OCA) requests proposals from qualified firms or individuals to provide consulting services to the OCA related to representing residential customers of Pittsfield Aqueduct Company, Inc. (PAC) and Pennichuck Water Works, Inc. (PWW) in rate cases at the New Hampshire Public Utilities Commission (PUC). PAC and PWW are both operating subsidiaries of the Pennichuck Corporation (NASDAQ: PNNW). Specifically, the OCA seeks through this Request for Proposals (RFP) to retain an expert in the areas of cost of service and rate design for regulated water utilities.

The following dates and information apply to this RFP:

1. Completed proposals must be received via email by the OCA by 4:00 p.m. on Wednesday July 21, 2010. Please submit proposals to:

Meredith A. Hatfield, Consumer Advocate
New Hampshire Office of Consumer Advocate
21 South Fruit Street, Suite 18
Concord, NH 03301
meredith.a.hatfield@oca.nh.gov

2. Follow-up conferences/interviews will be scheduled as needed.
3. The OCA will evaluate the proposals as described herein.

I. BACKGROUND

A. DW 09-090 Pittsfield Aqueduct Company

PAC provides water service to approximately 650 customers in the Town of Pittsfield, NH. On May 6, 2010, less than six months after a final order in its previous rate case (DW 08-052) authorizing a rate increase of approximately 39%, PAC filed schedules and materials in support of a proposed permanent rate increase and a petition for temporary rates. PAC seeks a permanent increase in its annual gross operating revenues of \$121,328. In addition, PAC seeks a step adjustment to recover plant additions beyond the 2009 test year. The proposed additional revenues for the step increase total \$32,230 in gross operating revenues, which would bring the combined increase to 25.29% or total revenue increases of \$153,609. PAC proposes to collect revenues from each customer class in accordance with its most recent Cost of Service Study (COSS), dated April 2010. The COSS recommends a shift in the mix of fixed and volumetric revenue allocation for the residential class from the current approximately 37% for the fixed revenue component and 63% for the volumetric revenue to 47% and 53%, respectively, which, if approved, would result in an increase to the residential customer charge of more than 60%. The proposed combined permanent and step rate increases would result in an approximate 25% total bill increase for residential customers. PAC's rate case filing, as well as other filings in this docket, can be found on the PUC's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2010/10-090.htm>.

B. DW 09-091 Pennichuck Water Works

PWW provides water service through its core system to approximately 24,000 customers in the city of Nashua and the towns of Amherst, Hollis, Merrimack, and Milford. PWW also serves an additional 2,095 customers in the towns of Bedford, Derry, Epping, Plaistow, Newmarket, and Salem. On May 7, 2010, less than one year after receiving authorization for an increase in rates of approximately 20%, PWW filed materials in support of a proposed rate increase and a petition for temporary rates. PWW seeks a permanent increase in its annual gross operating revenues of \$3,916,175, an increase of 16.23%. In addition to the permanent increase in revenues, PWW is requesting a step adjustment to recover plant additions to be placed in service during 2010. The proposed additional revenues for the step increase total \$886,639, which would bring the combined increase to 19.91%. PWW proposes to collect revenues from each customer class in accordance with its most recent COSS, dated April 2010. The COSS recommends a shift in the mix of fixed and volumetric revenue allocation for the residential class from approximately 37% for the fixed revenue component and 63% for the volumetric revenue to 44% and 56%, respectively, which, if approved, would result in an increase to the residential customer charge of more than 43%. The proposed combined permanent and step rate increases would result in a 20.01% increase for residential customers. PWW's rate case filing, as well as other filings in this docket, can be found on the PUC's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2010/10-091.htm>.

C. Assistance Sought by the OCA

As a result of the PAC and PWW filings, the OCA requires the assistance of a qualified individual or firm to assist with the evaluation of the Cost of Service Studies and rate design proposals, both of which were prepared by John R. Palko of AUS Consultants, of Mt. Laurel, New Jersey. The period of time applicable to the requested services is from the date of approval of the proposal by the Governor and Executive Council until the end of the rate case, which we expect to be completed by June 30, 2011.

II. SCOPE OF SERVICES

The consultant(s) chosen will be expected to focus on the issues of rate design and cost allocation as proposed and possibly modified within the pending PAC and PWW rate cases. Among others, deliverables may include:

- Review and analysis of PAC's and PWW's filings, focusing on the cost of service studies and rate design proposals;
- Preparation of discovery requests related to PAC's and PWW's filings;
- Review and analysis of PAC's and PWW's responses to discovery requests.
- Preparation of pre-filed written testimony on behalf of the OCA;
- Response to discovery requests on testimony;
- Review and analysis of rebuttal testimony, if any;
- Assistance with possible settlement discussions;
- Assistance with hearing preparation including drafting questions for cross examination;
- Attendance at technical sessions, settlement conferences and/or hearings as needed to assist the OCA on issues related to the cost of service studies or rate design;
- Assistance with the preparation of pleadings, including motions to compel responses to discovery requests and post-hearing briefs; and
- Other assistance as needed.

III. CONFIDENTIALITY

The contractor agrees to maintain the confidentiality of all confidential and work product information to which it has access until such time as it is instructed otherwise by the OCA. The contractor agrees to execute a nondisclosure agreement if necessary.

IV. WORK PAPERS

At the conclusion of the work, the contractor will make available to the OCA summaries of significant work papers and source documents as requested.

V. COMPONENTS OF THE PROPOSAL

The following is a list of the information that must be provided in a proposal. Bidders should respond to all areas listed below, in the order listed, including with a separate detailed section on a proposed budget.

1. *Corporate/Company Information.* Contractor must provide the OCA with information concerning its corporate/company history; *i.e.*, how many years in business, corporate officers or company principals, location of main and any branch offices, professional and business association memberships, etc.
2. *Personnel Assigned.* Contractor must provide the OCA with a list of all personnel who might be assigned to this project, including the project manager (if applicable) and detailed resumes and summaries of each individual reflecting their relevant experience and the nature of their specific responsibilities. During the course of the work, the OCA must approve in writing any substitutions or changes in personnel assigned to perform the work.
3. *Detailed Budget Proposal.* Provide the OCA with a detailed budget proposal, as an attachment to the proposal, which identifies the hourly rate for personnel and any associated expenses, an estimate of the time allocated for each task related to the project, any travel expenses, and a not-to-exceed budget amount.
4. *References.* Contractor must provide the OCA with a list of three references for work performed which is similar in scope or content to the services sought through this RFP, preferably work performed within the past 5 years.
5. *Relevant Writing Samples.* Contractor must provide writing samples such as testimony in utility base rate cases on the issue of rate design, or other writings on the issue. Electronic links to documents are preferred over hard copies.
6. *Statement of Disclosure.* Contractor must identify any existing or potential conflicts of interest including those that arise as a result of relationships or affiliations with utility companies under the jurisdiction of the NHPUC or their affiliates.
7. *Schedule Conflicts.* Contractor must identify any pre-existing professional and personal obligations during the rest of 2010 and the first half of 2011, which may require consideration in scheduling the procedural schedule for the PAC and PWW dockets.

VI. CRITERIA FOR SELECTION

Cost is a consideration, as the OCA has a very limited annual budget for expert witnesses and consultants, but it may not be the determining factor in the OCA's decision. In assessing the proposals received and selecting a consultant, the OCA will consider the following criteria:

- a. Knowledge and practical experience that the individual or organization possesses, including that of the staff and any subcontractors assigned to the project.
- b. Experience and qualifications in providing similar services in New Hampshire as well as other states and to other state utility consumer advocates or regulatory agencies.

- c. Availability and accessibility of staff assigned to project, including physical proximity to New Hampshire and travel costs.
- d. Ability to perform and complete the work requested.
- e. Cost of consulting services and expenses, including the competitiveness of the proposed hourly rates and any proposed discounts or other cost-effective benefits. (The OCA reserves the right to negotiate lower fees or a different fee structure than proposed with any selected firm(s).)
- f. The commitment and role of the firm's proposed project manager in charge of providing quality services to the OCA.
- g. Overall responsiveness to the requirements of the RFP, including completeness, clarity and quality of the proposal.
- h. Interviews, if performed.

VII. GENERAL BID CONDITIONS

Bids must be typed. One original hard copy and one electronic copy in PDF format must be received. Bids that are incomplete or unsigned will not be considered. The deadline for submitting bids electronically is 4:00 p.m. on Wednesday July 21, 2010 (a hard copy must be mailed by that date). Bids should be addressed to Meredith A. Hatfield, Consumer Advocate, Office of Consumer Advocate, 21 South Fruit Street, Suite 18, Concord, NH 03301 and sent via email to meredith.a.hatfield@oca.nh.gov.

The OCA reserves the right to reject or accept any or all bids, to reject or accept all or any part of any bid, to determine what constitutes a conforming bid, to waive irregularities that it considers not material to the bid, to award the bid solely as it deems to be in the best interest of the State, to contract for any portion of the bids submitted, and to contract with more than one bidder if necessary.

All information relating to this bid (including but not limited to fees, contracts, agreements and prices) are subject to the laws of the State of New Hampshire regarding public information.

Any contract awarded from this RFP must be approved by the NH Governor and Executive Council. The approved contract will expire on June 30, 2011. For each Project Assignment, the Consultant may be required to conduct a project scoping meeting with the OCA. The purpose of the meeting is to review and refine the scope, task and project approach requirements, establish a project plan, with key deliverables and milestone dates, and to establish project management and communication protocols to ensure that the information needs of both the OCA and the Consultant are satisfied.

The OCA at any time, in its sole discretion, may terminate the contract, or postpone or delay all or any part of the contract, upon written notice.

VIII. CERTIFICATES

The chosen contractor will be required to provide the following certificates prior to entering into a contract (these materials are not required in responses to the RFP):

Secretary of State's Office Certificate of Good Standing ("CGS")	Individuals contracting in their own name do not need a CGS. Business organizations and trade names need a CGS, except for nonresident nonprofit corporations.
Certificate of Vote Authority ("CVA")	Individuals contracting in their own name do not need a CVA. Business entities and trade names need a CVA.
Certificate of Insurance	Certificate of Insurance form attached with insurance coverage required under the contract. Modifications of insurance coverage required under the contract will be specified in Exhibit C.
Workers' Compensation	Contractor must demonstrate compliance with or exception from RSA 281-A (and if applicable, RSA 228:4-b and RSA 21-I:80, and any other applicable laws or rules).

IX. FORM OF CONTRACT

The terms and conditions set forth in Attachment 1 Form P-37 (v. 1/09) General Provisions Agreement¹ will apply to any contract awarded. Any contract resulting from this bid proposal shall not be deemed effective until it is signed by the Consumer Advocate and approved by the Governor and Executive Council.

¹ The P-37 can be found at www.oca.nh.gov.