



Request for Proposal

EHV Overlay Project

Released December 1, 2006

Request for Proposal

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Section 1 - Background

1.1 SPP Overview

Southwest Power Pool, Inc. (“SPP”), a not-for-profit corporation formed in Arkansas and located in Little Rock, Arkansas, is a regional transmission organization (“RTO”) approved by the Federal Energy Regulatory Commission (“FERC”) in 2004. SPP consists of 47 members serving more than 4.5 million customers and covering a geographic area of 255,000 square miles across eight states containing a population of over 18 million people. In covering a wide political, philosophical, and operational spectrum, SPP’s current membership consists of 13 investor-owned utilities, 10 generation and transmission cooperatives, 7 municipal systems, 2 state authorities, 3 independent power producers, 11 power marketers and 1 independent transmission company. Eighteen of the 150 control areas within the North American continent are members of SPP. An administrative and technical staff of more than 240 persons facilitates the organization’s activities and services.

SPP Members

A list of SPP Members can be found at <http://www.spp.org/section.asp?pageID=4>. In addition to Members, SPP also has many other participants who are Transmission Customers and Generation Interconnection Customers but are not members of SPP.

SPP Governing Documents

The following documents define the responsibilities of SPP Members and provide direction for SPP policymaking:

- SPP Articles of Incorporation
- SPP Bylaws
- SPP Standards of Conduct
- SPP Open Access Transmission Tariff (OATT)
- Membership Agreements
- Network Operating Agreements
- FERC Order 2000
- FERC Order 888
- FERC’s Conditional SPP RTO Order
(issued February 10, 2004)

A list of SPP Board of Directors and committees/working groups/task forces meeting minutes can be found on the SPP Web site at <http://www.spp.org/section.asp?pageID=2>.

1.2 Purpose of Proposal

The purpose of this Request for Proposal (“RFP”) is to invite proposals from Transmission Design/Engineering Consultants and Architecture & Engineering Firms for a long-range strategic assessment regarding long-term reliability and capacity needs through the use of a 345 kV, 500 kV, and 765 kV or higher voltage transmission system to overlay within the SPP footprint, to assess its potential integration with neighboring systems to address future transmission needs required by SPP and to ensure an efficient and optimal transmission system to address long-term future transmission needs. The detailed specific requirements for the Project are specified in Section 2 of this RFP.

SPP will consider proposals that encompass the criteria and requirements detailed throughout this RFP. SPP requests that Respondents provide as much information as possible in response to each qualification specified in this RFP. The Respondent must identify any specific requirements that it is unwilling or unable to provide.

1.3 History and RFP Goals

History

SPP is a multi-state RTO that has been involved in transmission planning for a number of years. However, since becoming an RTO, SPP has found it to be increasingly important to move from a collector and coordinator of the transmission plans of SPP Transmission Owners to an organization seeking to develop regional transmission solutions. SPP currently utilizes an extensive 345 kV and 230 kV transmission network, with limited 500 kV interconnections to the Entergy 500 kV system. With the implementation of the SPP Energy Imbalance Market in 2007, there will be increased emphasis on grid expansion to improve efficiencies. Related initiatives at SPP include potential development of renewables, including wind, development of fossil units, and evaluating further market developments outlined in the SPP Strategic Plan. In addition, as SPP defines its role as the Independent Coordinator of Transmission (“ICT”) for Entergy, as well as the Independent Transmission Operator (ITO) for LG&E Energy, and recognizes the necessity for transmission support and coordination between SPP, Entergy, MISO, ERCOT, and WECC, there is a need for strategic direction for the transmission network. This would enable SPP to evaluate and develop beyond the usual planning steps the long-range transmission backbone needs of the SPP footprint and beyond. This EHV Overlay plan will be a necessary complement to the existing expansion planning process which is summarized in the SPP Transmission Expansion Plan 2006-2016 posted at https://project1.eroom.net/eRoom/SouthwestPowerPool-RTO-OATT/SPP-ExpansionPlan/0_4869. Access to this report and related materials will be granted upon completion of necessary confidentiality agreements which will be made available upon request via an email to EHVOverlay@spp.org.

1.4 Timetable

The following events are tentatively scheduled for this RFP:

Task	Start Date	Duration
RFP Issued	December 1, 2006	3 weeks
Pre-bid Question Period Ends	December 22, 2006	1 week
Proposal Deadline by 5:00 p.m. CDT	December 29, 2006	
Award of RFP, if any	January 5, 2007	

1.5 RFP Project Coordinator

Respondents should contact only the Project Coordinator listed below for further proposal information. Contacting any other SPP employee is strongly discouraged and could result in disqualification of the proposal.

Heather Starnes
Attorney
415 N. McKinley, Suite 140
Little Rock, AR 72205-3020
501.614.3380
hstarnes@spp.org

Section 2 – Project Objectives and Scope

2.1 Project Objectives

The objective of this Request for Proposal (“RFP”) is to determine potential solutions for future reliability and capacity needs by assessing the following options: (1) Development of a 345 kV, 500 kV, and 765 kV or higher voltage transmission system to overlay within the SPP footprint; (2) Assessment of potential integration of SPP system with neighboring systems; and (3) Optimization of the existing SPP transmission system.

2.2 Project Requirements and Scope

The Project has three components:

- (1) Prepare a suggested approach for assessing the impact of an EHV overlay on the existing SPP system, as well as any potential impact of existing SPP Criteria. Existing SPP Criteria is posted at http://www.spp.org/publications/SPP_Criteria.pdf. An EHV Overlay is expected to provide value in terms of increased reliability margins, reductions in capacity planning margins due to a more robust transmission system, lower operating reserves and requirements for reserve sharing program, single pole versus three pole relaying and tripping systems, controls, etc.;
- (2) Prepare recommendations on how to proceed with the optimization of existing transmission assets within SPP footprint, e.g., replacement and/or upgrading of existing facilities, standardization of transmission equipment in SPP and long-term transition plan for improved transmission design and operations; and
- (3) Prepare recommendations regarding increased HVDC ties or synchronous operations with ERCOT and Western Electricity Coordinating Council (“WECC”).

List of Deliverables Expected

- Initial Assessment Report
- Final Assessment Report
- Overlay drawing of the SPP footprint with the proposed transmission system
- One-line diagram of transmission overlay including upgrades and modifications to the subvoltage systems
- Estimates of Construction costs – itemized into such categories as right-of-way, major long lead materials, non-long lead materials, construction, including construction management
- Estimated construction schedule (minimum 15 milestones)

- Detailed list of new materials itemized between major long lead and non-long lead items
- Proposed Procurement Schedule itemized between major long lead and non-long lead items

Progress Communication

Communication between the selected Respondent and SPP is expected for the duration of the Project. The selected Respondent’s Project Lead is responsible for coordinating the work performed with SPP staff. The selected Respondent will be responsive to SPP’s requests and questions. SPP staff will facilitate the development and distribution of monthly cost reports, as well as other specified progress updates.

Guidelines and Expectations

Respondent will be expected to comply with any and all applicable Federal and state laws, rules and regulations, as well as all timetables set forth in the RFP and any written contract between SPP and the selected Respondent.

The Role of SPP and related Organizations

In all matters pertaining to the project, SPP shall have final approval authority. SPP’s Transmission Working Group (“TWG”) will sponsor this initiative and provide forums for stakeholders to review results, address any issues which need to be resolved and make recommendations to the Markets & Operations Policy Committee (“MOPC”), in addition to the Board of Directors. Respondents should include in their submittals a discussion of the contemplated relationship between their team and SPP staff.

2.3 Anticipated Timeline of Project

Task	Start Date	Duration
Kickoff Meeting in Little Rock	January 17, 2007	
Initial Assessment Report due to SPP	April 11, 2007	2 3/4 months
Final Assessment Report, List of Deliverables and Presentation to SPP	June 13, 2007	3 months

Section 3 - Proposal Process and Requirements

3.1 Proposed Solution

The Respondent should provide a detailed description of any and all solutions that it proposes to meet SPP's business objectives as described in Section 2 of this RFP. The selected Respondent will be working with SPP to develop acceptable forms for all related reports, work schedules, transition plans, and list of expected deliverables set forth in Section 2.2.

3.2 Conditions of Bid

In submitting a response to this RFP, Respondent acknowledges and accepts the following conditions by initialing each sub-paragraph in Attachment A.

3.3 Pre-Bid Questions

All operational, technical, business, and contractual questions regarding this RFP and the scope contained herein shall be submitted in writing via e-mail to the Project Coordinator only (see Section 1.5 above).

Questions regarding the RFP must be submitted within three weeks of the release of the RFP to the following email address: EHVOverlay@spp.org. SPP staff will strive to provide responses to questions within 2 business days. SPP staff will post the questions and answers, as appropriate. Specific details on SPP's strategies will not be disclosed. Questions and answers/clarifications will be distributed in writing to all known recipients of the RFP without identifying the source of those requests.

3.4 Bid Clarifications and/or Exceptions

All proposals shall conform to, in all respects, the applicable specifications, schedule, terms, and conditions referred to in this RFP. Submission of a proposal constitutes a commitment by the submitting organization that it can provide the services requested in the RFP and identified in the submitted proposal. The inability to provide an individual service(s) will not eliminate a submitting organization from consideration for award of other service(s) requested in the RFP. Any deviations from or exceptions to this RFP shall be clearly stated in the submitted proposal using Attachment C. If there are no such exceptions, please indicate that clearly in the submitted proposal. A contract will not be awarded until there are terms and conditions executed between the parties. Once a contract is awarded, any exceptions that follow will not be considered.

3.5 Duration of Offer

Proposals must be valid for a minimum of 90 days following the submission of responses to this RFP.

3.6 Response Instructions

All proposals must include a table of contents setting forth the items requested below and page numbers for each item. To be considered complete, the proposal must contain the following information:

- Cover letter identifying the project and signed by a duly authorized principal of the Respondent organization;
- Qualifications of Respondent organization to respond to the RFP and provide the products and services requested in the RFP;
- Explanation of general experience of Respondent organization with similar projects, including description of project and name, title and phone number of client for the project;
- Explanation of specific experience of Respondent organization with similar projects, including detailed description of project and name, title and phone number of client for the project;
- Detailed resume' regarding staff of Respondent organization, including staff qualifications and experience, professional engineering or other pertinent licenses;
- Specific detail of staff of Respondent organization who would be assigned to and responsible for this Project;
- List of Owners/Partners/Executives/Board Members of Respondent Organization and background information on each;
- List of professional references;
- Evidence of any and all licenses appropriate for this Project;
- Financial References and financial information relevant to Respondent's ability to contract for and complete the Project;
- Respondent's proposed Terms and Conditions;
- Proposed Pricing Plan, including detailed breakdown of cost of services, hourly personnel charges, including a minimum of two trips to Little Rock, one for the kickoff meeting and the other for the final presentation of deliverables, and any other anticipated costs; and
- Appropriately executed signed Attachments A, B, C, and D.

Failure to provide completely the requested information could cause disqualification of the Respondent. An authorized official of the organization submitting the proposal must sign any proposal(s). The proposal(s) must also provide the names, titles, phone numbers, and e-mail addresses of those individuals with authority to negotiate and

contractually bind the company. (See Section 3.7 below and Attachment C). SPP may use this information to obtain clarification of information provided.

3.7 Respondent Contact Information

In Attachment B, please provide contact information for the authorized person submitting the proposal and any and all alternate person(s) with the same authority whom SPP should contact in the event of questions or for clarification.

3.8 Company Profile

Briefly complete the company profile information as listed in Attachment C and include a copy of your current insurance certificate. Also provide a separate Attachment C and insurance certificate for each subcontractor included in your proposal.

3.9 Confidentiality

This RFP is confidential and for the sole use of Respondent's preparation of a proposal. By Respondent's acceptance hereof, Respondent agrees:

1. Not to disclose, copy, or distribute this RFP (in whole, or in part) to persons other than Respondent's employees and agents who are authorized by nature of their duties to receive such information.
2. To return any SPP confidential or proprietary materials upon SPP's request.
3. Not to use any information in this RFP or any other materials related to the business affairs or procedures of SPP and agents or affiliates for Respondent's advantage, other than in performance of this RFP.
4. Respondents who intend to use subcontractors will be required to have such subcontractors execute non-disclosure agreements prior to work being performed by subcontractor.
5. Respondents who seek to negotiate possible subcontract arrangements with SPP's existing subcontractors will be held accountable for any breach of the non-disclosure agreements they have signed with SPP.

3.10 Disclosure of Interest

All Respondents shall make full disclosure, in writing, at the time of the submission of proposal of any business relationships with SPP board members or personnel, or any business

relationships with any SPP stakeholders or market participants or their personnel; including, but not limited to, the following:

- Any ownership of shares or interests in the Respondent by any SPP board member or personnel, SPP members or personnel of any SPP members or SPP market participants or personnel of market participants.
- Complete details of any directorships in the Respondent's company, or employment by the Respondent of any SPP board members, officers or personnel, or the Board of Directors, officers or personnel, of any SPP member or market participant.
- All other contractual relationships between the Respondent and SPP, SPP board members, SPP employees, SPP members or members' employees, or any SPP market participants or employees of market participants.
- Any ownership of shares or interests by Respondent in SPP, entities owned/operated by its Board of Directors or personnel, or any SPP member or market participant.
- Complete details of any directorships held by the Consultant in SPP, entities owned/operated by its personnel, or any SPP member or market participant.
- All other contractual relationships between SPP, SPP employees, Board of Directors, Generation Interconnection Customers, Transmission Customers or any other SPP member or market participant and the Respondent.

By submission of a proposal, the Respondent certifies (and in the case of a joint proposal, each party certifies) that:

- No relationship exists or will exist during the contract period, between the Respondent and SPP, Respondent and any of SPP's Board of Directors, or the Respondent and SPP members or market participants, that could be construed as a conflict of interest and breach the terms or conditions of this RFP or any resulting contract.

If a Respondent fails to disclose any of the above interests at the outset of its submitting a proposal, or where such a relationship subsequently develops during the Respondent's employment by SPP, SPP reserves the right to terminate or cancel SPP's contract with Respondent for services under this RFP. In addition, Respondent shall be liable for all costs incurred by SPP in using Respondent's products or services, as well as all other nominal, consequential, punitive, and/or other damages directly or indirectly caused by Respondent's failure to disclose any of the above interests.

3.11 Disclaimer

This RFP is not an offer to enter into a contract, but is merely a request for the Respondent to submit information. Expenses incurred in responding to this request are the sole responsibility of the Respondent. All materials submitted in response to this RFP become the property of SPP. SPP reserves the right to modify, reject, or use, without limitation, any or all of the ideas from submitted information. SPP reserves the right to

discontinue the RFP process at any time for any reason whatsoever. The submission of the selected Respondent will become part of any final contract created. Wherever there is a conflict between the Respondent's submittal responsive to this RFP and the terms and conditions contained in any contract subsequently entered into by the parties, the terms and conditions of the contract shall prevail. SPP has no obligation to disclose the results of the RFP process or to disclose why a particular Respondent or Respondents were selected to participate in the contract negotiation process.

3.12 Disqualification

Respondents shall only contact the SPP Primary Contact **listed in Section 1.5** of this RFP. Respondents are not permitted to contact any SPP employee other than the Project Coordinator with regards to this RFP or any of the information contained herein unless specifically directed to do so, in writing via email, by the Project Coordinator.

Respondents are strictly forbidden from visiting SPP locations or approaching any SPP current provider or subcontractor for any information specific to its relationship with SPP. Violations of these provisions may subject the Respondent to immediate disqualification.

3.13 Requirements and Criteria

An evaluation committee will perform the evaluation of written proposals. During this time, SPP may initiate discussions with Respondents who submit responses or who are potentially submitting responses for the purpose of clarifying aspects of the proposals. However, proposals may be evaluated without such discussions. Respondents shall not initiate such discussions.

SPP reserves the right to accept other than the lowest priced proposal and to accept or reject any proposal (in whole or in part), or to reject all proposals (with or without notice or explanation), and if no proposal is accepted, to abandon the work, or to have the work performed in such other manner as SPP may elect. SPP also reserves the right to waive any information and technicalities in the RFP process and contract process.

The proposals submitted will be evaluated by the committee and assigned points for a total possible of 100 points. Achieving the highest number of points does not assure award of the contract. SPP reserves the right to award the proposal in its best interest and to consider factors other than those set forth below. The responses will be evaluated according to the following criteria:

- Respondent's general experience in electric transmission planning - (25 points);

- Respondent's demonstration of its specific experience and capabilities relative to long-term electric transmission planning with the use of 345 kV, 500 kV, and 765 kV transmission lines – (25 points);
- Respondent's demonstration of its specific experience relative to transmission planning involving HVDC ties, synchronous planning between multiple transmission providers, and synchronous planning between asynchronous transmission networks – (15 points)
- The Respondent's overall responsiveness and consistency in meeting the requirements as specified in this RFP – (10 points);
- Demonstration by the Respondent of an ongoing business capability, e.g., financial statements or other documentation – (10 points);
- The Respondent's proposed price for completing the projects described in this RFP – (5 points);
- The Respondent's willingness and ability to meet the designated timelines and the reporting dates agreed upon with SPP – (5 points); and
- Any other information submitted by Respondent determined relevant and valuable in evaluating Respondent's proposal – (5 points).

3.14 Pricing

Pricing and fees shall be summarized in Attachment D.

The price provided in Respondent's proposal shall be firm for the duration of this contract for the projects specified in the RFP. Bid price(s) shall include all costs to service provider, including taxes, if applicable, and profit.

Respondents are invited to submit multiple pricing options for consideration by the evaluation committee. All final pricing agreed to in the contract will be based on an understanding of how all costs are derived.

Section 4 – Attachments

Attachment A Conditions of Bid

In submitting a response to this RFP, Respondent acknowledges and accepts the following conditions, and makes the following representations. Please initial each subparagraph in each box below in your response.

- A-1 **Ownership of Proposals** – All Proposals in response to this RFP are to be the sole property of SPP.
- A-2 **Oral Contracts** – Any alleged oral Contracts or arrangements made by a Respondent with any employee of SPP will be superseded by the written Contract.
- A-3 **Amending or Canceling Request** – SPP reserves the right to amend or cancel this RFP at any time if it is in the best interest of SPP.
- A-4 **Rejections for Default or Misrepresentation** – SPP reserves the right to reject the Proposal of any Respondent that is in default of any prior contract, or for misrepresentation.
- A-5 **Clerical Errors in Awards** – SPP reserves the right to correct inaccurate awards resulting from its clerical errors.
- A-6 **Rejection of Qualified Proposals** – Proposals are subject to rejection (in whole or in part) if they limit or modify any of the terms and/or specifications of the RFP.
- A-7 **Presentation of Supporting Evidence** – If requested, Respondent shall present evidence of experience, ability, and financial standing necessary to satisfactorily meet the requirements set forth in the RFP, or those implied in the Proposal.
- A-8 **Consistency in Submissions** – The hardcopy submission of the Proposal will prevail in the case of a discrepancy between the electronic and hardcopy version of the documents.
- A-9 **Changes to Proposals** – No additions or other changes to the original Proposal will be allowed after submittal. While changes are not permitted, clarification at the request of SPP may be required at the sole expense of the Respondent.
- A-10 **Collusion** – In submitting a Proposal, the Respondent implicitly states that the Proposal is not made in connection with any competing Respondent submitting a

separate response to the RFP, and is in all respects fair and without collusion or fraud.

A-11 **Costs** – SPP shall not be liable for any cost incurred in the preparation of this RFP.

A-12 **Subcontractors** – The use of subcontractors must be clearly identified and explained in the Proposal. The Respondent shall be wholly responsible for the performance of the contract in its entirety, whether or not subcontractors are used. Subcontractors shall be bound by the terms and conditions of this RFP. The prime contractor shall indemnify and hold SPP harmless from any and all activities related to the services provided by the subcontractor(s) under this RFP.

A-13 **Legal Compliance** – In submitting a Proposal, the Respondent warrants that it is legally authorized to do business in the State of Arkansas, will be stamping the drawings as a licensed professional Electrical Engineer, is in compliance with all applicable laws, rules and regulations, is not prohibited from doing business with SPP by law, order, regulation, or otherwise, and the person submitting the Proposal on behalf of the Respondent is authorized by the Respondent to bind it to the terms of the Proposal.

Attachment B
Respondent Information

- A. Respondent's Company Name: _____
- B. Respondent's Mailing Address: _____

- C. Respondent's Physical Address (if different from above): _____

- D. **Primary** Contact Name: _____
- E. Primary Contact Title: _____
- F. Primary Contact Telephone Number: _____
- G. Alternate Telephone Number: _____
- H. Primary Contact Fax Number: _____
- I. Primary Contact E-mail Address: _____
- J. **Alternate** Contact Name: _____
- K. Alternate Contact Title: _____
- L. Alternate Contact Telephone Number: _____
- M. Alternate Telephone Number: _____
- N. Alternate Contact Fax Number: _____
- O. Alternate Contact E-mail Address: _____
- P. Dunn & Bradstreet Number: _____
- Q. Tax Identification Number: _____

R. Provide a current certificate of insurance: _____

S. Recent or pending mergers, acquisitions or IPO's: _____

Attachment C

Bid Clarifications and/or Exceptions

Respondent offers the following clarifications and/or exceptions taken to any requirement or provision of this RFP and any proposed modifications or replacement language for each clarification or exception (If none, so state):

Respondent understands that unless itemized above, no other clarifications or exceptions to this Request for Proposal are taken by SPP.

Attachment D

Pricing Summaries

Please provide a summary of your pricing proposal(s) for all products and services related to the execution of this Project.

OTHER ATTACHMENTS