

**Clarifying Answers to Questions
Submitted by Prospective Respondents
RTO West RFP for Implementation Services**

1. Q: Are the Filing Utilities predisposed to show favoritism toward selecting a particular respondent?

1. A: No.

2. Q: Our question is based on the following section:

“5.3.1 Each Respondent shall provide a rate schedule for all personnel, including sub-contractors, to be involved in the project. Prices should be quoted as a fixed hourly fee as well as the total cost, in US dollars, before taxes. Fee for service shall cover all costs, overhead profit, labor, equipment, vehicles, and other materials and supplies, and all other costs and expenses incurred by the Respondent in the performance of the Services.”

Will the Filing Utilities make office space available to the PMO at no charge or do prospective bidders need to account for the cost of leasing office space and equipment in the Portland/Vancouver area?

2. A: RTO West will provide space and equipment at the RTO West offices.

3. Q: What is the assumption for the "completion date of the Stage 2 filing" that is referred to in the Supplemental Informational Filing related to the Stage 2 Filing, page 2, paragraph 1?

3. A: The Stage 2 filing referred to in the Supplemental Informational Filing was made on March 29, 2002. The implementation plan is broken into two sections; work being done now from March 29, 2002 through March 2003 and work to be done after that period.

4. Q: With respect to the scope of the PMO services, is it your assumption that the PMO is responsible for orchestrating the RTO West tariff development and implementation activities or is that the responsibility of existing contractors (e.g., Krogh and Leonard)?

4. A: We anticipate the following activities to be performed by indicated parties:

Filing Utilities	Krogh & Leonard	PMO
Set policy	Facilitate development of OATT	Prepare RTO West for start-up
Make Decisions	Facilitate public process of OATT development	Implement policies
Responsible for OATT development and filing	Manage and facilitate the SSG-WI process	Implement market design as developed for OATT
Responsible for all state regulatory filings	Political advisor/advocate	Coordinate with Krogh and Leonard
Manage PMO/K&L	Coordinate with PMO	Make recommendations for actions to Filing Utilities
		All other items indicated in implementation plan

5. Q: Do you have a corporate governance document for the West RTO so can better understand the committment (sic) made by the Filing Utilities, number of (current) employees, etc?

5. A: The governance documents are posted on the RTO West website, but RTO West has no employees. However, each Filing Utility provides resources for the development of the OATT and market design work as well as one or two principals for the Filing Utilities policy and management work.

6. Q: Please clarify the level of detail required in the response to the RFP in relation to the Implementation Approach and Schedule identified in Section 5.8.1 of the proposal.

6. A: The level of detail is an individual choice. What we wish to understand from the proposal is the approach to be taken in accomplishing the identified tasks, how respondent would approach determining what other tasks might be necessary and the resources, personnel, costs, timing and sequence for accomplishing the tasks.

7. Q: Please provide an electronic copy of MS Project Implementation Plan (Attachment to RFP). As an alternative, please provide a list of all tasks and sub-tasks contained in the implementation plan.

7. A: The Implementation Plan is a potential “road map”. We are looking for fresh thinking in developing an implementation plan and strategy to move RTO West from its present status to operations. Respondents should submit their best thinking at to the tasks, sequence, timing, and resources needed to get RTO West up and running. As noted to FERC in the recent RTO West filing, preliminary thinking by the Filing Utilities does not represent a final decision on how to proceed. Respondents should not assume that an Respondent’s plan must coincide with pre-existing ideas.

8. Q: Please discuss the intended scope of work (of the) PMO with respect to the list of tasks contained in the Implementation Plan.

8. A: Respondents should describe the scope of work contained in their implementation plan. It would be a mistake to assume that the scope of work differs from information contained in the RFP.

9. Q: Please discuss the expected participation by the Filing Utilities with respect to the list of tasks contained in the Implementation Plan.

9. A: Respondents should assume the Filing Utilities will be actively involved with most implementation tasks, particularly where technical knowledge of the existing infrastructure and current practices are affected. Respondents should assume they will have access to technical experts from the Filing Utilities in many task areas. (Please refer to answer 4.)

Respondents should assume the Filing Utilities will be actively involved in monitoring progress. The successful PMO should expect to gain more independence as experience demonstrates the PMO’s ability to act independently to deliver an appropriate, quality product in a timely manner within cost and other applicable constraints. Respondents should expect to have to operate within strict budget and resource limitations that will change over time.

10. Q: Please clarify the intended end date for the proposed PMO scope of services.

10. A: The intent of the Filing Utilities is to retain the PMO through seating of the independent RTO West's Board of Directors. Once the Board is seated, the Filing Utilities expect RTO West to decide for itself whether a PMO function performed by an independent contractor is wise policy. Respondents should assume the RTO West Board will be seated in November of 2003. The PMO will be expected to assist in transition and redistribution of duties as directed by the independent Board.

Respondents should understand that there is a risk that the PMO contract could be terminated sooner than November 2003 or reduced in scope depending on future developments. For example, FERC may reject the RTO West proposal; FERC may establish a more aggressive schedule; FERC may assign some proposed RTO West functions to organizations other than RTO West. Other developments may affect the end date for the PMO contract.

11. Q: Please clarify what is meant by this statement in Section 3.2.3: "As part of the implementation activity, RTO West will require an assessment and development of requirements for the operations build out".

11. A: Respondents should include within their proposed implementation plan an assessment of the resources, timing, and costs of developing a fully functioning RTO West even though the PMO contract with the Filing Utilities will end once the independent RTO West Board is formed.

12. Q: Please discuss the scope of services required for FERC and State Approval activities identified in Section 3.2.4.

12. A: The scope of the PMO's role in both the FERC "Approval of Market Design" and State "approval of participation" involves moving the decision making process forward by PMO. Currently, RTO West has a lead facilitator for responding to FERC's Market Design initiative and, much if not all, of the State process will be conducted by the respective Filing Utilities. The PMO is expected to coordinate its work with these processes to meet the proposed timeline per the Implementation Schedule filed at FERC at the end of June, 2002.

The focus of the work will be to develop and implement. Filing Utilities may call on the PMO from time to time to help facilitate market design issues, adding appropriate expertise, and drive the timeline. PMO must exhibit the ability to be flexible to address changes in FERC and State timing requirements.

13. Q: Please clarify what kind of information is to be provided by the PMO for "any management and audit reports" identified in Section 7.2.8?

13. A: "Any management and audits reports" that the PMO can produce to substantiate its proven experience to conduct requested RFP activities based on prior work for other clients should be described (a detailed example can be provided).

14. Q: Does the RTO West envision hiring any staff to support early establishment of the RTO prior to the establishment of the Board and hiring of the permanent staff?

14. A: All support and permanent staff will be hired post seating of the independent Board. However, at the current time there are several staff persons that have been hired by K&L to support RTO West activities. The expectation is that they would continue to carry on their duties during the period prior to Independence Day. The Filing Utilities may hire temporary staff, as appropriate, prior to seating of the independent Board.

15. Q: Is there a list of desired services or scope of work for the value-added service defined in Section 4.0 of the RFP?

15. A: Respondent should highlight any and all services that it can provide that are relevant to RTO formation, including services it may procure from other entities. Respondents should draw on past experience they have in the formation of new legal and operational entities. Additional examples may include services related to facilities acquisition, operational system development and human resource capabilities.

16. Q: Is there a specified budget or budget framework set up for Implementation Services, at least up to Independence Day for initial scope of RFP?

16. A: The Filing Utilities assess the financial requirements of RTO West developmental needs on a periodic basis. All budget and cost information are subject to change and will not be shared with respondents. The next budget revision will be performed post receipt of FERC's RTO West Order (expected by the end of July).

17. Q: What does the RTO-West consider as a "conflict of interest" from responding bidders?

17. A: Each professional service, accounting, legal, and engineering or other professional services would be subject to its own standards for identifying a conflict of interest. In general, RTO West would view anything that might cause the PMO to fail to exercise full effort, information disclosure and independent judgment on behalf of RTO West in favor of considerations of loyalty or obligations to other clients or other persons or corporations as constituting a conflict. Disclosure of known conflicts or potential conflicts will be a requirement of the PMO contract. RTO West may elect to waive conflicts that are adequately disclosed.

18. Q: Can the vendor who has been awarded the PMO contract also bid on doing major systems/outsourcing work?

18. A: No, to the extent that the vendor's contract would be recommended, negotiated, approved or administered by the PMO. It is possible that arrangements could be made to remove the PMO from any involvement with some systems or outsourcing by RTO West from that same vendor, but RTO West is not prepared to identify those opportunities at this time.

19. Q: At the Bidders Conference, it was stated, “being awarded the PMO contract does not preclude responder from doing system implementation work, but the PMO cannot manage said work”. Does this imply a separate PM relationship to the RTO-West Filing Utilities Board for System Implementation?

19. A: Yes, this implies a separate process by which additional contracts between RTO West and the PMO would be administered.

20. Q: Are there any pending filings/decisions, which would significantly affect the scope of the RFP?

20. A: Yes, the outcome of pending filings and decisions may affect the duties and assignments of the PMO.

21. Q: 3.2.2 – Finance and Business - The RFP describes an “interim organization” in the last sentence of this section. Please describe the interim organization in place, or proposed interim organization in which responder will be working with.

21. A: Our current organization is the “interim” Board. Please see answer 4.

22. Q: 3.2.3 – Operation - An “as is and gap analysis infrastructure” review is a required task. Please provide broad overview/scope to current “as is” environment, as to allow respondent to prepare reasonable time and costing estimates.

22. A: The current “as is” environment for the Filing Utilities consists of all hardware and software required to operate a control area. This includes OASIS internet sites, which may be operated and maintained for some Filing Utilities by other organizations. Also, each Filing Utility operates some form of a back office for administration, accounting and billing purposes. Filing Utilities maintain back office functions for both merchant and transmission functions. Other utilities and market participants also own, operate and maintain similar systems.

The “as is” analysis will facilitate an efficient transition to the new RTO West environment for all merchant and transmission entities.

23. Q: 5.0 – Content of Proposals - Does the response need to follow the order implied by the RFP, or may respondents re-order the sections as they see fit?

23. A: The respondent may re-order as they see fit. However, it would be helpful for the respondent to make clear which sections of the RFP they are responding to if they elect to re-order.

24. Q: 5.3 – Fee Schedule - Is RTO-West looking for a Fixed Fee, or a not-to exceed proposal? Is the fee schedule to address activities only up to Independence Day, or a proposed fee schedule to include services past Independence Day, or both?

24. A: Any Fee Schedule proposal would be acceptable so long as it is clear. RTO West is looking for services up to Independence Day, and beyond. However, respondents should specify bids for both.

25. Q: 5.4 – Contract Terms and Conditions Are you requesting respondents to include our standard contract terms and conditions with the RFP response?

25. A: Standard contract terms should be included to the extent the respondent offers these provisions in support of their bid. Specific contract provisions that are required because of the details of the bid should be separately set forth.

26. Q: 5.5.2 – Respondent Profile - How many qualifications are you requesting for the bidders response?

26. A: RTO West has not set a specific number of qualifications. However, responses that do not adequately demonstrate the bidder has, or can obtain, sufficient expertise to perform in accordance with their bid will be evaluated accordingly.

27. Q: 7.3 – Expected Timeline - What is the proposed start date of work to be performed?

27. A: Respondents should assume work will begin immediately. The details of what work should begin will be negotiated with the PMO after selection.

28. Q:

- (i) Who are the existing contractors/consultants who are working for RTO West on aspects of the implementation of the RTO?
- (ii) What is the scope of their activities?
- (iii) Do you envisage that they will all continue after the new Consultant is in place?

28. A: The filing utilities have retained consultants, experts, and contractors to perform various tasks from time to time. In general, these activities have been designed to assist the Filing Utilities in developing their proposals, providing logistical support, and helping manage the RTO West development process.

Respondents should assume this practice of retaining consultants, experts, and contractors as needed to assist the PMO or the Filing Utilities on various aspects of RTO West development will continue. These will change over time as needs change.

Respondents should assume that Krogh and Leonard will be retained to facilitate public, stakeholder process, to assist with political strategy, to help RTO West manage the SSG-WI process, and to otherwise help in developing a successful RTO. An important criteria in selecting a PMO will be the ability to work effectively with Krogh and Leonard, Filing Utilities' principals and staff, and with other consultants, experts, or contractors the Filing Utilities may retain from time to time to assist them on various tasks.

29. Q: Could you please provide greater clarity with respect to the role of the Filing Utilities and the role of the Consultant in progressing the implementation plan?

29. A: Please see answer to question 4.

30. Q:

- (i) To whom will the Consultant report and be accountable?
- (ii) Who will be the counter-party to the contract with the Consultant?

30. A: The PMO will report and be accountable to the interim RTO West Board through a representative(s) designated by the interim RTO West Board.

The counter-party to the contract will be RTO West, however the filing utilities are prepared to negotiate terms for the financial assurance of RTO West.

31. Q: Are any of the Terms and Conditions, which will form part of the contract with the Consultant available?

31. A: No, (see section 5.4) contract Terms and Conditions will be negotiated with successful respondent.

Please see answer **25**.