

Date: April 4, 2008

Item No. 3

LOCAL AGENCY FORMATION COMMISSION
AGENDA PACKET CONTENTS LIST*

- Memo from the Interim Executive Officer**
- Request for Price and Time Proposal**
- Response from Local Power**
- Response from Navigant Consulting**
- Response from MBMC, Inc.**
-
-
-
-
-
-
-
-
-
-
-

Completed by: Linda Wong

Date: 4/2/08

***This list reflects the explanatory documents provided**

San Francisco Local Agency Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184
Fax. 415.554.5163

MEMORANDUM

TO: Commissioners
San Francisco Local Agency Formation Commission

FROM: Nancy C. Miller
Miller Owen & Trost

DATE: April 1, 2008

RE: Agenda Item 3: Recommendation of a Consultant(s) from Staff to perform Contract Tasks in Connection with the CCA Program. (Discussion and Possible Action Item)

FACTUAL BACKGROUND

On November 21, 2007, the San Francisco Local Agency Formation Commission issued a Request for Qualifications in connection with the Community Choice Aggregation Program. For purposes of this memorandum, the relevant tasks from that RFQ are:

Task 2: Reviewing the Request for Information (RFI) and the Request for Proposals (RFP) as well as responses and proposals received in response to the RFI and RFP;

Task 3: Considering potential modifications to the Implementation Plan in light of additional information and further progress in development of the CCA Program; and

Optional Task 3: Review of the Mayor's Solar Energy Incentive Program (See Attached Price Proposal).

On March 25, 2008, we requested information from each qualified entity, including a price proposal, an estimated time of completion, and whether the entity would sign the Commission's standard form contract.

SF LAFCO

Recommendation of a Consultant(s) from Staff to perform Contract Tasks in Connection with the CCA Program. (Discussion and Possible Action Item)

Page 2 of 5

On March 28, 2008, proposals related to these tasks were received from Local Power, Inc., Navigant Consulting, Inc., and MBMC, Inc., each of which included the requested information for Task 2, Task 3, and Optional Task 3. The proposals received are attached hereto.

SUMMARY OF RESPONSES

The following table summarizes the responses received:

Proposer	Price	Time for Completion (from date of execution of contract)	Agree to Standard Form Contract?
Local Power, Inc.	Task 2: \$43,431 Task 3: \$36,209 Optional Task 3: \$19,271 Total: \$98,911	Six weeks	Yes.
Navigant Consulting, Inc.	Task 2: \$32,000 Task 3: \$161,000 Optional Task 3: \$25,000 Total: \$218,000	Tasks 2 and 3: 60-90 days from execution of contract Optional Task 3: within 30 days of contract execution, contingent upon scheduling the necessary meetings with key personnel at the Mayors office, LAFCo and SFPUC	Yes, with two exceptions. ¹

¹ Navigant will not agree to accept incidental or consequential damages and suggested deleting paragraph 16 and replacing it with the following:

Liability: The total liability of Navigant Consulting, and its respective subsidiaries, officers, employees and agents for all claims of any kind arising out of this engagement, whether in contract, tort or otherwise, shall be limited to the total fees paid to Navigant Consulting on this engagement. Neither Navigant Consulting nor LAFCO shall in any event be liable for any indirect, consequential or

SF LAFCO

Recommendation of a Consultant(s) from Staff to perform Contract Tasks in Connection with the CCA Program. (Discussion and Possible Action Item)

<p>MBMC, Inc.</p>	<p>Task 2: \$15,650</p> <p>Task 3: \$12,610</p> <p>Optional Task 3: \$7,040</p> <p>Total: \$35,300</p>	<p>60 days</p>	<p>Yes, with two exceptions.²</p>
--------------------------	--	----------------	--

RANKING OF BIDDERS

All bidders met the minimum qualifications for the bid. Bidders were asked questions and were ranked by a numerical ranking. We counted only the rankings of

punitive damages, even if they have been advised of the possibility of such damages. Navigant Consulting shall not be liable for any loss or destruction of any valuable documents provided to Navigant Consulting and LAFCO shall be responsible for insuring such documents against loss or destruction.

In paragraph 25, Navigant requested that the following paragraph be added:

Contractor will retain sole and exclusive ownership of all right, title and interest in its work papers, proprietary information, processes, methodologies, know-how and software (“Contractor Property”), including such information as existed prior to the delivery of its services and, to the extent such information is of general application, anything that Contractor may discover, create or develop during its provision of services. To the extent Contractor reports or other documents delivered to LAFCO contain Contractor Property, Contractor grants LAFCO a non-exclusive, non-assignable, royalty-free license to use it in connection with the subject of this Agreement.

Finally, in connection with paragraph 27, Navigant stated that is has not yet identified a LBE subcontractor and is not in a position to complete the LBE forms. It indicated in its proposal that it intends to work with LAFCO and the SF Human Rights Commission to help identify a LBE subcontractor that is qualified to perform services set forth in the proposed scope or to modify the proposed scope to establish a role for an LBE.

² In its correspondence, MBMC, Inc., stated that it was prepared to execute the standard form contract with two exceptions:

1. LBE/Subcontractor – MBMC Inc. has one employee, and under the terms of its insurance cannot subcontract work. If SF LAFCo would like to include an LBE or other contractor on this project MBMC would be willing to work with said LBE or contractor, however, due to insurance constraints it would be preferable for SF LAFCo to have a separate agreement with the LBE or contractor.
2. Disclosure – Mr. Bell has worked for one of the respondents (NCPA) within the last year projecting future PG&E retail rates for their members. Mr. Bell has also employed Citigroup as underwriter on several municipal bond issues in the distant past (ten plus years). He is presently working on a financing alongside Citigroup for an Irrigation District that he performs work for. Although Mr. Bell does not believe that either of these presents a conflict of interest it is important to disclose this information to the SF LAFCo for its consideration.

SF LAFCO

Recommendation of a Consultant(s) from Staff to perform Contract Tasks in Connection with the CCA Program. (Discussion and Possible Action Item)

Page 4 of 5

myself, Arlen Orchard from SMUD, and Don Pauley from the San Joaquin Valley Power Authority. Rankings were based on a 1 to 5 ratio. It is important to note that the rankings below were based upon a minimum qualification, and not on a ranking against each other. This is due to the fact that we issued a joint Request for Qualifications and potentially anticipate using more than one consultant, depending upon the Task. Certain consultants may be more effective on one task than another. The Commission may contract with any one of the consultants that submitted a bid.

1. MBMC. Tasks on the Implementation/Oversight and Monitoring role for Tasks 2 and 3: MBMC specializes in public agency consulting in the energy field. Current clients include EBMUD, the City of Palo Alto, and the Port of Oakland. Mr. Bell is currently working on rate forecasting and energy efficiency programs for his clients and bond financing for the Imperial Irrigation District (over a 1 billion dollar project). Mike Bell previously was the California manager of R.W. Beck, an engineering consulting firm for energy clients. R. W. Beck provides financial, energy, water/wastewater, and solid waste consulting services and is an engineering firm that has practiced for over 55 years. In 2005, Mike Bell left R.W. Beck and began his own firm and currently works for energy and water clients. Mike Bell is the principal and would be the person working on the Tasks for the Commission. MBMC ranked a 5 for its experience and work product.

2. Navigant Consulting. Navigant bid only to SF LAFCo and has extensive experience in CCA activities. Navigant was the consultant that prepared the Implementation Plan for San Joaquin Valley Power Authority and is under contract with the Cities of Berkeley, Oakland, and Emeryville to prepare feasibility studies for their CCA Implementation Plan. Navigant also advises Marin County on the drafting and implementation of their CCA Program. Navigant also advised the California Energy Commission on the demonstration CCA project. Navigant in their bid believed there should be modifications to the SF CCA Plan and recommend conducting the RFP process before submission of the CCA IP to the CPUC. Navigant is a publicly traded company specializing in consulting services to business and industry clients including energy clients. Navigant ranked a 5 during the interview process.

Navigant also suggested an additional Task which it titled *Economic Validation and Update for New Information*. Navigant proposed to perform a baseline economic analysis of the IP's proposed resource plan and implied program rates relative to PG&E's based on current market conditions. Navigant stated this task is important to have a good understanding of program economics before finalizing the IP and soliciting proposals in the RFP. Under this task, Navigant would project program costs for a twenty-year period, assuming the resource plan set forth in the IP, including the 360 MW requirement and H bond financing. An existing load forecast to be provided by SFPUC would be used in this analysis. Navigant would assess potential changes to the IP's resource plan and pricing assumptions based on the more recent data on market

SF LAFCO

Recommendation of a Consultant(s) from Staff to perform Contract Tasks in Connection with the CCA Program. (Discussion and Possible Action Item)

Page 5 of 5

prices, PG&E rates and regulatory requirements (e.g., resource adequacy) that are now available.

3. Local Power. Local Power has extensive local experience with the San Francisco CCA Implementation Plan. Local Power was instrumental in drafting AB 117, which provided the authority for the CCA program. Local Power also drafted a CCA Implementation Plan that was used by SF LAFCo in its hearings with the SFPUC on the CCA Program. The Local Power component was ranked a 5 for its knowledge of local San Francisco activities but its partner, Booz Allen Hamilton, was ranked a 3 given that it has little experience with utility contracting or advising. The remaining partners of Local Power, including the law firm of Nixon Peabody and other firms, were ranked a 5. Local Power also bid to SFPUC and is the only bidder that provided the full array of services.

GES Engineering did not bid on this portion of the work.

The law firm of Davis Wright Tremaine, LLP, did not bid on this portion of the work.

RECOMMENDATION

Based upon the foregoing, we recommend that the Commission select MBMC, Inc., to carry out Task 2 and Task 3. This recommendation is based on the price proposal of MBMC, Inc.

Tasks 2 and 3 are limited to review of the RFI responses received by the SFPUC and an analysis of whether the SF CCA Implementation Plan should be modified based upon those responses.

San Francisco Local Agency Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184
Fax. 415.554.5163

REQUEST FOR PRICE AND TIME PROPOSAL

The SF LAFCo Commission has determined to proceed with specified CCA activities and your firm met the minimum qualifications to be considered for a contract with SF LAFCo. The Commission may contract with one or more of the minimum qualified contractors.

In order to determine whether to contract with your firm, please provide information on the following:

1. Are you prepared to sign the standard form SF LAFCo contract and comply with the requirements of the contract form (e.g. with the required forms and insurance, other terms and conditions) A copy of the standard contract form is attached to the RFQ.
2. The SF Commission will be seeking a contract to perform Task 2 and Task 3 from the SF LAFCo RFQ issued on November 20, 2007 as follows:
 - i. Task 2: “ *Reviewing the Request for Information (RFI) and the Request for Proposals (RFP) as well as responses and proposals received in response to the RFI and RFP*”. Please note that this Task will not include consideration of responses to the RFP as the RFP has not been drafted. However the Task will include Review of the RFI and its responses for possible changes in the IP including the portions of the IP that deal with the outline of the scope of the future RFQ and RFP process.. For the RFI and RFI responses please see the link at::
http://sfwater.org/detail.cfm/MC_ID/12/MSC_ID/138/MTO_ID/237/C_ID/3621
 - ii. Task 3: “*Considering potential modifications to the Implementation Plan in light of additional information and further progress in development of the CCA Program*”. This Task contemplates the review of the responses to the RFI and an analysis if there should be any changes to the Implementation Plan

San Francisco Local Agency Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184
Fax. 415.554.5163

or new/modified requirements to be inserted in the RFP. Please see link at:

http://sfwater.org/detail.cfm/MC_ID/12/MSD_ID/138/MTO_ID/237/C_ID/2475

- iii. Optional Task: Task 3 refers to reviewing additional information and at this time we request that you include an additional optional Task (with a separate price) for review of the SF Mayor Solar Energy Incentive Program. Please provide an optional additional price for review of the SF Mayor Solar Energy Incentive Program and whether it complements the CCA IP. The CCA IP does include local renewable programs as part of its Plan. Specifically does the proposed solar program meet the goals of the IP with respect to availability, efficiency, fairness, price and renewable energy goals? This Task may or may not be contracted for by the Commission. The Mayors Solar Energy Incentive Program is available from the Clerk at LindaWong@sfgov.org

b. The price proposal should include providing a written report to the Commission outlining your recommendations and suggestions and providing a draft in advance for review by the Executive Officer. Please plan on at least two Commission meetings and one meeting with LAFCo and/or SFPUC staff. You may assume that LAFCo and SFPUC staff is available for questions.

3. Provide the names of personnel or any subcontractors to perform the work
4. A price proposal with a not to exceed amount. The price proposal should include hourly rates.
5. Provide a time frame for completion of Tasks 2 and 3. We would like the tasks to be performed within 30 to 60 days of contract execution if possible.

There is no expressed or implied obligation for the SFPUC or SF LAFCo to reimburse responding firms for any expenses incurred in preparing responses to this request. The SFPUC and SF LAFCo reserve the right to reject any or all Proposals submitted.

**San Francisco
Local Agency
Formation Commission**

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184
Fax. 415.554.5163

If you have any questions regarding the Request, you may contact me at miller@motlaw.com. All questions and answers will be made available to other bidders.

Local Power

35 Grove Street, Suite 118
San Francisco, CA 94102
(510) 451-1727 x702

March 28, 2008

Nancy C. Miller
San Francisco Local Agency Formation Commission
MILLER, OWEN & TROST
428 J Street, Suite 400
Sacramento, CA 95814

Proposal for Tasks 2 and 3 Under SFLAFCO and SFPUC Request For
Qualifications Dated November 21, 2007, and Optional Task 3

Dear Ms. Miller:

The SF LAFCo Commission has determined to proceed with specified CCA activities and also that Local Power meets the minimum qualifications to be considered for a contract with SFLAFCo. We are pleased to provide our proposal for the performance of Task 2, Task 3 and Optional Task, as per your Request for Price and Time Proposal, received by e-mail dated March 25, 2008.

SFLAFCO has invited Local Power to propose a timeline, not-to-exceed budget, and list of available Local Power employees and subcontractors, with their hourly rates, who will work on completion of the tasks. As each project involves different individuals in varying degrees, Local Power's timelines for each Task assumes that the three Tasks will be completed in parallel, such that the 30-60 day timeline preferred by the Request for Price and Time Proposal will be adhered to for all requested tasks.

The price proposal for each Task includes providing a written report to the Commission outlining Local Power's recommendations and suggestions and providing a draft in advance for review by the Executive Officer of SFLAFCo for work done under each of the three proposed Tasks. Our budget is based on planning on at least two Commission meetings and one meeting with SFLAFCo and/or SFPUC staff. Any additional SFLAFCo meetings required will not result in an increased charge to SFLAFCo. Local Power assumes that SFLAFCo and SFPUC staff will be available for questions.

In order to confirm SFLAFCo's ability to contract with Local Power, we are providing the following information:

1. We are prepared to sign the standard form SF LAFCo contract and comply with the requirements of the contract form (e.g. with the required forms and insurance, other terms and conditions) as attached to the RFQ.

2. In light of recent emphasis on the availability of key staff as an element of the SFPUC's revised RFQ, Local Power confirms the availability of the staff listed in our response to the joint RFQ in general, and more specifically, commits to provide the staff proposed for work under these Tasks, at a minimum at the level of availability shown in the detailed cost estimates provided as Attachment 1.

In addition to our commitment to this program, our strong qualifications and expertise, we believe that Local Power offers a unique cost and schedule advantage to SFLAFCo for the performance of Tasks 2 and 3. Due to our extensive work in the development of the SF CCA Program to-date, Local Power is very familiar with both the enabling legislation for the program, and the Draft Implementation Plan (IP). Our cost and schedule advantage is as follows:

Task 2 will focus on the Request for Information (RFI) as well as responses and proposals received in response to the RFI. Review of the RFI and its responses will include (1) consideration of both possible changes in the IP including the portions of the IP that deal with the outline of the scope of the future RFQ and RFP, and (2) a determination of the completeness and effectiveness of the RFI based on San Francisco enabling ordinances, Charter, state law and regulation.

Task 3 will focus on potential modifications of the IP, adopted by Ordinance 447-07, based on further progress of the CCA program, in particular the content of responses to the RFI analyzed in Task 2, as they may provide suggestions for improving or changing the IP. For both Tasks 2 and 3, a significant labor component will be required of firms less familiar with the background of the SF CCA Program for the time required for gaining the required familiarity with the enabling legislation and the IP – all of which are complex documents.

Local Power's ability to work from a baseline of full familiarity with these complex and lengthy documents will allow us to begin this work with a natural head-start – our analytical results will be produced far more promptly, because we have a comprehensive understanding of the foundation documents. The benefit to SFLAFCo will be both faster completion of these tasks and reduced costs.

As indicated above, Local Power remains committed to the success of this program, and stands ready to fully and rapidly mobilize our team if selected for work under any of these Tasks. Please contact me at (510) 451-1727 ext. 702 if you have any questions or need any clarifications of our proposal.

Yours sincerely,

/ S /
Paul Fenn – CEO
Local Power Inc.

Local Power's Understanding and Approach to the Requested Tasks

Note: Text in italics is copied from the Request for Price and Time Proposal, received by e-mail dated March 25, 2008.

Task 2

“Reviewing the Request for Information (RFI) and the Request for Proposals (RFP) as well as responses and proposals received in response to the RFI and RFP”. Please note that this Task will not include consideration of responses to the RFP as the RFP has not been drafted. However the Task will include Review of the RFI and its responses for possible changes in the IP including the portions of the IP that deal with the outline of the scope of the future RFQ and RFP process.”

a. Review of the RFI

The SFPUC issued an RFI on September 13, 2007 regarding the San Francisco Community Choice Aggregation Program. The San Francisco CCA Program is founded on State Law AB117, and San Francisco Ordinances 86-04, 147-06 and 147-07, and Charter Section 9.107.8. Local Power will review the RFI from the context of the enabling legislation, to determine if the RFI completely addressed the key elements of the legislative and program requirements.

An RFI typically serves two main purposes – first, to provide an implementing agency with a structured means of seeking valuable and critical input from market participants in order to effectively shape a complex governmental program, and second, to engage the market; to provide information about an upcoming program in order to generate private sector interest and involvement.

To the extent that the SFPUC RFI did not address any legislatively required elements of the CCA Program, Local Power will identify opportunities for further information gathering from market participants – which can happen in a number of forums, either through additional RFI's, or as part of the initial stages in the RFP process.

With a complex governmental program, and especially one requiring a single firm to manage a range of related services under one contract, early and thorough communication with potential bidders will always produce better results in the long run. The better the commercial community understand the project parameters and what their responsibilities will be, the better and more cost effective their bids will be.

Our evaluation of the RFI will be conducted along the frameworks for the enabling legislation. Our report will be provided in narrative, with specific

analysis of the RFI as it reflects the enabling legislation and Implementation Plan, as well as a discussion of any general areas where the RFI may not have presented a complete or effective impression of the plans for the S.F. CCA Program. We will also prepare a detailed matrix that works from the framework of the enabling legislation. For example, State Law AB 117 and S.F. Ordinance 86-04 each include a number of obligations that would apply to the selected Energy Service Provider, and otherwise shape the program.

We will review the RFI to determine if the key requirements of the enabling legislation were identified in the RFI's program and requirements descriptions, and if so, if they were characterized accurately and completely. We will conduct this analysis section-by-section for each key element of the program identified in each component of the enabling legislation, and record these results in the matrix.

If it is determined that the RFI did not correctly or completely reflect the foundations of the SF CCA Program, and did not request market participant responses pertinent to all key roles and responsibilities expected of the ESP, our report will include a list of the subjects that could be addressed in a subsequent RFI.

Deliverable: A final report with narrative and matrix identifying the results of the above analysis.

b. Review of Responses to the RFI

The RFI generated responses from Citigroup, Constellation NewEnergy, Energy Services Group, and Shell as commercial respondents. The Northern California Power Agency also responded. The responses as provided to Local Power by e-mail on March 26, 2008 consist of fourteen documents comprising a total of over 100 pages. A summary of the responses was also provided.

Local Power will analyze these responses and where appropriate conduct additional research required to reach conclusions. Responses will be evaluated on two levels. First – are the responses complete? Did the responding firms provide all of the information requested by the RFI? For each specific question or request in the RFI, if a response was given did it correctly and completely address the response? Second, Local Power will analyze these responses in relation to the requirements of State Law AB 117, S.F. Ordinance 86-04 and the CCA Program Design, H Bond Action Plan and Draft CCA Implementation Plan adopted in Ordinance 147-07, and where appropriate, identify any potential modifications of the IP.

As with the analysis of the RFI itself, Local Power will provide a summary narrative and prepare an analysis of the specific responses firm-by-firm in a

matrix format, such that any suggested revisions to the Implementation Plan developed under Task 3 can be linked to the appropriate element of each response for easy reference. Our approach will be to assign staff based on the category of the content, as shown in our detailed pricing sheets in Attachment 1.

The Local Power narrative will also address any opportunities for further outreach and efforts to generate healthy levels of competition among suppliers based on their responses, and otherwise work to shape the Program such that it attracts more bidders in order to ensure an optimal outcome.

Deliverable: A report with narrative and matrix identifying the results of the above analysis.

Task 2 Staffing:

Local Power staff Paul Fenn and Robert Freehling will work with LPI subcontractors Booz Allen Hamilton and Nixon Peabody, as well as Mr. Dehdashti, to perform this analysis.

a. Provide the names of personnel or any subcontractors to perform the work

Local Power's group for Task 2 will include the following employees and subcontractors:

- o Paul Fenn
- o John Cutler
- o Julia Peters
- o Robert Freehling
- o Bradley Turner
- o Howard Golub
- o Travis Gibbs
- o Eddie Dehdashti
- o Joe Speaks

b. A price proposal with a not to exceed amount. The price proposal should include hourly rates.

- o Not to Exceed Amount for Task 2: \$43,431
- o Hourly Rates

Name	Rates	San Francisco Monitoring and Advisory Project Title
Paul Fenn	\$ 250 / hour	Program Manager
John Cutler	\$ 195 / hour	Project Manager and Roll Out Specialist
Julia Peters	\$ 195 / Hour	Project Manager and Community Affairs Liaison
Robert Freehling	\$ 150 / hour	Technical Manager

Eddie Dehdashti	\$ 300 / hour	Senior Consultant, Electricity Systems Planning (SF LBE)
Howard Golub	\$ 495 / hour	Senior Legal Counsel
Travis Gibbs	\$ 495 / hour	Legal Counsel
Bradley Turner	\$ 250 / hour	Implementation Strategy Manager
Joe Speaks	\$ 175 / hour	Intergovernmental Coordination

Note: A detailed cost estimate showing staff hours by task is provided as Attachment 1.

The price proposal includes providing a written report to the Commission outlining Local Power’s recommendations and suggestions and providing a draft in advance for review by the Executive Officer of SFLAFCo. Our budget is based on planning on at least two Commission meetings and one meeting with SFLAFCo and/or SFPUC staff. Any additional SFLAFCo meetings required will not result in an increased charge to SFLAFCo. Local Power assumes that SFLAFCo and SFPUC staff will be available for questions.

c. Provide a time frame for completion of Tasks 2 and 3. We would like the tasks to be performed within 30 to 60 days of contract execution if possible.

Task 2 will require three weeks to complete a draft for staff review, a fourth week for completing our report based on SFLAFCo input. We have budgeted a moderate amount of additional time following this proposed period of performance, should incorporation of any additional input from SFLAFCo be required.

TOTAL Time Frame for Task 2: six weeks

Task 3

“Considering potential modifications to the Implementation Plan in light of additional information and further progress in development of the CCA Program”. This Task contemplates the review of the responses to the RFI and an analysis if there should be any changes to the Implementation Plan or new/modified requirements to be inserted in the RFP.”

Local Power will consider and propose modifications to the Draft Implementation Plan in light of additional information and further progress since its adoption in June 2007 and based Local Power’s analysis of SFPUC’s CCA RFI and Responses to the RFI as performed under Task 2. For all such proposed modifications, we will identify both the benefits and any potential risks or cost implications associated with the modifications.

As appropriate, Local Power will prepare draft modifications to the Draft Implementation Plan as adopted, with Track Changes, in order to prepare

SFLAFCo for any changes it might wish to recommend to the Board of Supervisors.

As Tasks 2 and 3 require related efforts, with Task 3 following from the conclusions of Task 2, the details of Local Power's recommendations will depend in part on its conclusions from Task 2. For Task 3, Local Power will thus present its conclusions in a format that enables the SFLAFCo staff and Commissioners to understand the implications of any corresponding proposed modifications to the Draft Implementation Plan.

a. Provide the names of personnel or any subcontractors to perform the work

Local Power's Group for completing Task 3 will include the following employees and subcontractors:

- o Paul Fenn
- o John Cutler
- o Julia Peters
- o Robert Freehling
- o Bradley Turner
- o Howard Golub
- o Eddie Dehdashti
- o Travis Gibbs
- o Joe Speaks

b. A price proposal with a not to exceed amount. The price proposal should include hourly rates.

- o Not to Exceed Price: \$36,209
- o Hourly Rates

Name	Rates	San Francisco Monitoring and Advisory Project Title
Paul Fenn	\$ 250 / hour	Program Manager
Robert Freehling	\$ 150 / hour	Technical Manager
John Cutler	\$ 195 / hour	Project Manager and Roll Out Specialist
Julia Peters	\$ 195 / hour	Project Manager and Community Affairs Liaison
Eddie Dehdashti	\$ 300 / hour	Senior Consultant, Electricity Systems Planning (SF LBE)
Howard Golub	\$ 495 / hour	Senior Legal Counsel
Travis Gibbs	\$ 495 / hour	Legal Counsel
Bradley Turner	\$ 250 / hour	Implementation Strategy Manager
Joe Speaks	\$ 175 / hour	Intergovernmental Coordination

Note: A detailed cost estimate showing staff hours by task is provided as Attachment 1.

As with Task 2, Local Power's price proposal for Task 3 includes providing a written report to the Commission outlining Local Power's recommendations and suggestions and providing a draft in advance for review by the Executive Officer of SFLAFCo. Our budget is based on planning on at least two Commission meetings and one meeting with SFLAFCo and/or SFPUC staff. Any additional SFLAFCo meetings required will not result in an increased charge to SFLAFCo. Local Power assumes that SFLAFCo and SFPUC staff will be available for questions.

c. Provide a time frame for completion of Tasks 2 and 3. We would like the tasks to be performed within 30 to 60 days of contract execution if possible.

The analysis segment of our Task 3 work will be conducted concurrently with the Task 2 work. Task 3 will require three weeks to complete a draft for staff review, a fourth week for completing our report based on SFLAFCo input. The preparation of any actual revision edits to the Implementation Plan will be initiated following discussion with SFLAFCo, and would be expected to take one week. We have budgeted a moderate amount of additional time following this proposed period of performance, should incorporation of any additional input from SFLAFCo be required.

TOTAL Time Frame for Task 3: six weeks

Optional Task

"Task 3 refers to reviewing additional information and at this time we request that you include an additional optional Task (with a separate price) for review of the SF Mayor Solar Energy Incentive Program. Please provide an optional additional price for review of the SF Mayor Solar Energy Incentive Program and whether it complements the CCA IP. The CCA IP does include local renewable programs as part of its Plan. Specifically does the proposed solar program meet the goals of the IP with respect to availability, efficiency, fairness, price and renewable energy goals? This Task may or may not be contracted for by the Commission."

Local Power will analyze the Mayor's solar ordinance to address with questions regarding its potential impact on the CCA program, and its potential inclusion or support in the CCA program. Local Power will assess the ultimate impact that the ordinance might have on solar photovoltaics development in the city, both generally and in relation to the CCA program's solar photovoltaic development program and H Bond Program. Local Power will identify the permutations with the rebate and tax environment in order to ensure the most efficient use of funds.

Local Power will evaluate the role of private enterprise in the deployment of solar photovoltaics in San Francisco and review its role in the CCA Program Design, Draft Implementation Plan and H Bond Action Plan adopted by Ordinance 447-07, clarify governance and ownership issues regarding the CCA program's goals of making photovoltaics available to San Francisco residents and businesses.

Local Power will analyze the following related issues:

- o Creditworthiness issues and suggest a means of addressing them.
- o Eligibility for PG&E customers under the program, and address the impact of the Ordinance on the SFPUC's portion of the 50MW of photovoltaics that must be developed according to the City's adopted the Electricity Resource Plan.
- o Impact of the California Solar Initiative law (SB1), which provides rules regarding local rebates to ensure that the CPUC (administering SB1 funds except for new homes) would not discount for the local rebate.
- o Whether the Ordinance's \$1500/kw rebate to Commercial and Industrial customers could directly impact their 30% federal tax credit because it comes from a public agency.
- o Potential Impacts of using the MECA funds from \$2-5M per year being spent starting 2008. Considering that CCA program relies on MECA funds to get us to market. Will this deplete funds and require another political effort to fund the RFP.

Deliverable: Report describing the results of the above analyses.

a. Provide the names of personnel or any subcontractors to perform the work

Local Power's Group completing the Optional Task will include the following employees and subcontractors:

- o Paul Fenn
- o John Cutler
- o Julia Peters
- o Robert Freehling
- o Bill Powers
- o Howard Golub
- o Steve Heckerth
- o Eddie Dehdashti
- o Bradley Turner
- o Joe Speaks

b. A price proposal with a not to exceed amount. The price proposal should include hourly rates.

- o Not to Exceed Amount: \$19,271
- o Hourly Rates

Name	Rates	San Francisco Monitoring and Advisory Project Title
Paul Fenn	\$ 250 / hour	Program Manager
John Cutler	\$ 195 / hour	Project Manager and Roll Out Specialist
Robert Freehling	\$ 150 / hour	Technical Manager
Julia Peters	\$ 195 / Hour	Project Manager and Community Affairs Liaison
Bill Powers	\$ 195 /hour	Senior Consultant, Generation, Transmission and Distribution
Eddie Dendashti	\$ 300 / hour	Senior Consultant, Electricity Systems Planning (SF LBE)
Joe Speaks	\$ 175 / hour	Intergovernmental Coordination
Steve Heckerth	\$ 195 / hour	Senior Technical Advisor on Renewable Energy Technologies
Howard Golub	\$ 495 / hour	Senior Legal Counsel
Bradley Turner	\$ 250 / hour	Implementation Strategy Manager

Note: A detailed cost estimate showing staff hours by task is provided as Attachment 1.

As with Tasks 2 and 3, Local Power's price proposal for Optional Task 3 includes providing a written report to the Commission outlining Local Power's recommendations and suggestions and providing a draft in advance for review by the Executive Officer of SFLAFCo. Our budget is based on planning on at least two Commission meetings and one meeting with SFLAFCo and/or SFPUC staff. Any additional SFLAFCo meetings required will not result in an increased charge to SFLAFCo. Local Power assumes that SFLAFCo and SFPUC staff will be available for questions.

c. Provide a time frame for completion of Tasks 2 and 3. We would like the tasks to be performed within 30 to 60 days of contract execution if possible.

SFLAFCo's Optional Task 3 will require one week to complete a draft for staff review, and a second week for redrafting for SFLAFCO hearing and subsequently completing based on SFLAFCO hearing input. We have budgeted a moderate amount of additional time following this proposed period of performance, should incorporation of any additional input from LAFCO be required.

TOTAL Time Frame for Optional Task 3: six weeks

Attachment 1

Local Power Inc.
 Employees and Subcontractors
 SF LAFCo RFQ Project

Tasks 2, 3, and Optional TOTAL													
Dates noted below are Friday of given week													
Name / Discipline	Entity	Billing Rate	Week 1 - 4-11-08	Week 2 - 4-18-08	Week 3 - 4-25-08	Week 4 - 5-2-08	Week 5 - 5-9-08	Week 6 - 5-16-08	Week 7 - 5-23-08	Week 8 - 5-30-08	Total Hours	Total \$ Not to Exceed	Total at 4-25-08
Paul Fenn	Local Power Inc.	\$250	21	31	22	20	14	0	0	0	133	\$33,250	\$19,250
John Cutler	Local Power Inc.	\$195	3	4	3	2	6	0	0	0	20	\$3,900	\$1,755
Julia Peters	Local Power Inc.	\$195	1.5	1.5	1.5	1.5	2	0	0	0	9	\$1,755	\$780
Robert Freehling	Local Power Inc.	\$150	16	24	16	5	0	0	0	0	83	\$12,450	\$9,300
Bill Powers	Powers Engineering	\$195	0	2	0	1	0	0	0	0	4	\$780	\$585
Steve Heckerth	Homestead Enterprises	\$195	0	2	1	0	1	0	0	0	4	\$780	\$585
Eddie Dehdashti (LBE)	PARS - Power Applications	\$300	5	6	0	2	1	0	0	0	20	\$6,000	\$5,100
Howard Golub	Nixon Peabody LLP	\$495	0	14	2	3	1	0	0	0	30	\$14,850	\$11,880
Travis Gibbs	Nixon Peabody LLP	\$495	0	5	0	0	0	0	0	0	5	\$2,475	\$2,475
Brad Turner	Booz Allen Hamilton	\$250	8	16	12	4	1	0	0	0	55	\$13,750	\$9,500
Joe Speaks	Booz Allen Hamilton	\$175	3	4	5	0	2	0	0	0	14	\$2,450	\$2,100
Labor Total											377	\$92,440	\$63,310
ODC allowance @ 7%, as per LPI's January 7, 2008 Proposal - for budgetary purposes													
for travel, reproduction, etc., only actual costs will be charged													
LBE Participation Goal											5% of 98,911 equals	\$4,946	

Task 2: Review RFI and Responses

Week 1 - 4/1-08
 Week 2 - 4/18-08
 Week 3 - 4/25-08
 Week 4 - 5/2-08
 Week 5 - 5/9-08
 Week 6 - 5/16-08
 Week 7 - 5/23-08
 Week 8 - 5/30-08

Name Billing Rate Entity Total Hours Total \$ Total at 4-25-08

Managerial and General Staff

Paul Fenn	Local Power Inc.	\$250	11	11	8	8	4	0	0	53	\$13,250	\$8,250
John Cutler	Local Power Inc.	\$195	2	1	1	1	2	0	0	8	\$1,560	\$780
Julia Peters	Local Power Inc.	\$195	0.5	0.5	0	0.5	0	0	0	2	\$390	\$195
Robert Freehling	Local Power Inc.	\$150	8	10	8	0	0	0	0	34	\$5,100	\$3,900

Technical Staff

Bill Powers	Powers Engineering	\$195	0	0	0	0	0	0	0	0	\$0	\$0
Steve Heckerth	Homestead Enterprises	\$195	0	0	0	0	0	0	0	0	\$0	\$0
Eddie Dehdashti (LBE)	PARS - Power Applications	\$300	5	2	1	0	1	0	0	9	\$2,700	\$2,400

Legal and Finance Staff

Howard Golub	Nixon Peabody LLP	\$495	0	8	2	2	0	0	0	20	\$9,900	\$7,920
Travis Gibbs	Nixon Peabody LLP	\$495	0	2	0	0	0	0	0	2	\$990	\$990

Commercial and Intergovernmental Staff

Brad Turner	Booz Allen Hamilton	\$250	8	8	4	4	0	0	0	24	\$6,000	\$5,000
Joe Speaks	Booz Allen Hamilton	\$175	1	1	2	0	0	0	0	4	\$700	\$700
ODC Allowance											\$40,590	\$30,135
Not-to-Exceed Total											\$2,841	
LBE Participation Goal								5% of	\$40,590	equals	\$2,030	

Optional Task

Optional Task	Entity	Billing Rate	Week							Total Hours	Total \$	Total at 4-25-08	
			1 - 4-1-08	2 - 4-18-08	3 - 4-25-08	4 - 5-2-08	5 - 5-9-08	6 - 5-16-08	7 - 5-23-08				8 - 5-30-08
Paul Fenn	Local Power Inc.	\$250	10	10	4	4	2	2	0	0	32	\$8,000	\$6,000
John Cutler	Local Power Inc.	\$195	1	1	0	1	0	2	0	0	5	\$975	\$390
Julia Peters	Local Power Inc.	\$195	1	0	0	1	0	1	0	0	3	\$585	\$195
Robert Freehling	Local Power Inc.	\$150	8	4	4	4	1	0	0	0	21	\$3,150	\$2,400
Bill Powers	Powers Engineering	\$195	0	2	1	0	1	0	0	0	4	\$780	\$585
Steve Heckerroth	Homesstead Enterprises	\$195	0	2	1	0	1	0	0	0	4	\$780	\$585
Eddie Dehdashti (LBE)	PARS - Power Applications	\$300	0	2	1	0	1	0	0	0	4	\$1,200	\$900
Howard Golub	Nixon Peabody LLP	\$495	0	1	0	0	1	0	0	0	2	\$990	\$495
Travis Gibbs	Nixon Peabody LLP	\$495	0	0	0	0	0	0	0	0	0	\$0	\$0
Brad Turner	Booz Allen Hamilton	\$250	0	0	2	0	0	0	0	0	2	\$500	\$500
Joe Speaks	Booz Allen Hamilton	\$175	1	2	2	0	0	1	0	0	6	\$1,050	\$875
ODC Allowance												\$18,010	\$12,925
Not-to-Exceed Total												\$1,261	
LBE Participation									5% of	\$18,010	equals	\$901	



Linda Wong/BOS/SFGOV

04/02/2008 03:40 PM

To

cc

bcc

Subject Fw: Agenda Item 3

----- Message from "Nancy Miller" <miller@motlaw.com> on Mon, 31 Mar 2008 11:32:09 -0700 -----

To: "Madeline Miller" <madelinemiller@motlaw.com>

Subject: FW: NCI Price Proposal for Tasks 2 and 3

From: John Dalessi [mailto:JDalessi@navigantconsulting.com]

Sent: Friday, March 28, 2008 11:28 AM

To: Nancy Miller

Cc: Patrick Mealoy; Shannon Graham; Kirby Dusel

Subject: NCI Price Proposal for Tasks 2 and 3

Nancy,

Attached, please find NCI's price proposal for Task 2 and 3 of the CCA Advisory and Monitoring Project. We have included an optional price proposal for reviewing the Mayor Solar Incentive Program for consistency or conflict with the CCA Implementation Plan as requested, and we have recommended an additional optional task to perform an independent economic analysis of the program prior to establishing the RFP.

We appreciate the opportunity to bid on these tasks and hope to have the opportunity to work with you, the Commission and the SFPUC on this project.

Please let me know if you have any questions about our proposal or if you would like any additional information.

Regarding the standard LAFCo contract, NCI would be prepared to sign the contract with the following changes or exceptions:

Para 15 - NCI cannot accept incidental or consequential damages. We would request that this provision be deleted.

Para 16 - We would request that the paragraph be modified by adding the following:

Liability: The total liability of Navigant Consulting, and its respective subsidiaries, officers, employees and agents for all claims of any kind arising out of this engagement, whether in contract, tort or otherwise, shall be limited to the total fees paid to Navigant Consulting on this engagement. Neither Navigant Consulting nor LAFCO shall in any event be liable for any indirect, consequential or punitive damages, even if they have been advised of the possibility of such damages. Navigant Consulting shall not be liable for any loss or destruction of any valuable documents provided to Navigant Consulting and LAFCO shall be responsible for insuring such documents against loss or destruction.

Para 25 - Please add the following:

Contractor will retain sole and exclusive ownership of all right, title and interest in its work papers, proprietary information, processes, methodologies, know-how and software ("Contractor Property"), including such information as existed prior to the delivery of its services and, to the extent such information is of general application, anything that Contractor may discover, create or develop during its provision of services. To the extent Contractor reports or other documents delivered to LAFCO contain Contractor Property, Contractor grants LAFCO a non-exclusive, non-assignable, royalty-free license to use it in connection with the subject of this Agreement.

Para 27 - NCI has not yet identified a LBE subcontractor and is not in a position to complete the LBE forms. As indicated in the proposal, we intend to work with LAFCO and the SF Human Rights Commission to help identify a LBE subcontractor that is qualified to perform services set forth in the proposed scope or to modify the proposed scope to establish a role for an LBE.

Please let me know if these modifications would be acceptable to LAFCo. If you wish to discuss the requested changes to the contract, please let me know, and I will set up a call between you and the NCI attorney who reviewed the contract.

Regards,

John Dalessi
Director
Navigant Consulting, Inc
(916) 631-3210

This communication is from Navigant Consulting Inc. E-mail text or attachments may contain information which is confidential and may also be privileged. This communication is for the exclusive use of the intended recipient(s). If you have received this communication in error, please return it with the title "received in error" to NCIsecurity@navigantconsulting.com, and then delete the email and destroy any copies of it. In addition, this communication is subject to, and incorporates by reference, additional disclaimers found in Navigant Consulting's "Email Disclaimer" section at www.NavigantConsulting.com.

Navigant Consulting, Inc.
Company Registration Number: UK Ltd. 3641719
Registered in Delaware, USA
Registered Office Address: 30 South Wacker Drive, Suite 3400, Chicago, Illinois 60606



Task 2 and 3 Price Proposal.doc MBMC Price Proposal.doc Agenda Item 3 Memo re Price Proposals v5 4-1-08.doc

March 28, 2008

Ms. Nancy Miller
San Francisco Local Agency Formation Commission
Via email:

Re: Price Proposal for Review of Request for Information and Recommended Modifications to the
CCA Implementation Plan

Dear Ms. Miller:

Navigant Consulting, Inc. (NCI) is pleased to provide you with this price proposal for services relating to review of the San Francisco Community Choice Aggregation Implementation Plan (IP) and responses to the City and County's Request for Information (RFI). Per your request, NCI has developed a proposal to perform Task 2 and Task 3 as described in the November 2007 Request for Qualifications and an optional task to review the Mayor Solar Energy Incentive program and make recommendations for how it can best be integrated with and complement the CCA program. NCI has also developed a price proposal for an additional optional task to perform an independent economic analysis of the resource plan set forth in the current Implementation Plan with the objective of providing LAFCo and SFPUC with a reasonable and defensible baseline set of economic expectations in preparation for the develop and release of a Request for Proposals (RFP) for power supply and other CCA requisite services and to assist the City and County in making any adjustments to the Implementation Plan that may be necessary.

Below, please find a proposed scope of services, timeline for completion of the work, budget, and biographies of the key NCI personnel who will be engaged on this project.

Proposed Scope

As requested, NCI will review the responses to the Request for Information and recommend any changes to the Implementation Plan that should result based on the information received. NCI will reconcile the information provided by respondents and other information NCI has obtained in working to implement CCA programs throughout California with the elements of the Implementation Plan dealing with the commercial relationship between the CCA program and the energy services provider. We believe that incorporating market feedback and information into the planning process before issuing the RFP will help to identify obstacles to success so that these can be mitigated early in the process and avoid unnecessary delay in initiation of the CCA program.

Task 2: Reviewing the Request for Information (RFI) and the Request for Proposals (RFP) as well as responses and proposals received in response to the RFI and RFP.

The objective of this Task will be to incorporate feedback on the IP from potential suppliers and other experts into the final IP and most importantly to inform the development of the RFP so that it attracts a robust response from the market. NCI will thoroughly evaluate the information that was provided in response to the RFI and will follow-up with respondents to elicit additional information that may not have been provided in the written responses. NCI will also identify potential energy suppliers

that did not respond to the RFI but that are known to have capabilities and interest in providing services to CCA programs. NCI will interview these entities (each of the four respondents and a like number of selected non-respondents) to explain the CCA program objectives, to expand upon the suggestions made in their written responses and to elicit other information that may be helpful in modifying certain aspects of the Implementation Plan or in developing the RFP. NCI has learned from our previous experience that there is a strong need to engage in both two-way dialogue and an educational outreach program regarding CCAs with the potential suppliers to insure that they understand the CCA's requirements, goals and objectives.

Based on the information received through the written responses and interviews and supplemented with experience NCI has gained interacting with energy suppliers for other CCA clients, NCI will prepare a Task 2 report summarizing how the information provided by the respondents relates to the assumptions and expectations set for the in the IP. In particular, the report will identify elements of the IP that were essentially confirmed by the responses to the RFI and should remain unchanged, those that should be clarified (such as where there may be more flexibility than implied by the current text), and those elements that should potentially be modified. We anticipate the sections of the IP that would potentially be impacted by this review process would include the provisions dealing with the scope of services that will be requested in the RFP, risk allocation between the CCA program and the supplier, anticipated contract length and structure, bidding requirements including pricing and the specified design/build/operate/manage approach to the Program's energy efficiency projects, distributed generation investments and remote renewable generation investments. The Task 2 report will examine how the information provided by RFI respondents and interviewees squares with the relevant elements of the IP; any recommended changes to the IP and considerations for the RFP arising out of this process will be included within the scope of the Task 3 report described below.

Continued engagement of potential suppliers will be important in structuring a program that meets the policy objectives established for the program while also meeting the practical concerns of the energy industry participants that will be relied upon to deliver upon these objectives. Early engagement with potential respondents to the RFP and consideration of their input will establish credibility and maintain a high level of visibility with potential suppliers – again with the objective of attracting a deep stack of quality bids in response to the RFP. NCI will include in its Task 2 report a recommended process for gathering additional supplier input and feedback for the RFP development process.

Task 3: Considering potential modifications to the Implementation Plan in light of additional information and further progress in development of the CCA Program.

In this task, NCI will perform a critical review of the IP to identify sections that may require modification or clarification based on additional information that has been obtained, including responses to the RFI, recent market and regulatory developments and lessons learned from other CCA efforts, with the focus being on changes to increase market response to the future RFP and the ability to launch a viable and successful CCA Program. NCI will identify potential modifications to the IP or, where appropriate, recommendations for the RFP regarding the requested scope of services, deal structure and bidding requirements. Each potential modification will be supported with rationale for the recommended change and an assessment of implications for meeting the CCA program objectives, impact on program risk profile and impact on likely market response to the RFP.

Once developed, NCI will review the recommendations with RFI respondents and interviewees to confirm that the proposed changes would address the issues that have been raised, or if not, to explore alternatives that may be more effective. NCI will then review the proposed modifications with SF LAFCO and SFPUC staff, the Commission and other stakeholders. NCI's recommended modifications to the IP and/or suggestions for the RFP will be documented in a written Task 3 report

describing the recommendation, the rationale and implications for each change, and the process employed to develop the recommendation and coordination with the various stakeholders.

NCI anticipates coordination with the Executive Officer and SFPUC staff throughout the project and a progress briefing to the Commission approximately midway through the project. We would be prepared to meet with the Mayor's office, LAFCo Board Members, Supervisors and their staffs, and other stakeholders as necessary upon request or consent by the Executive Officer. NCI will provide drafts of all presentations and reports in advance for review by the Executive Officer. NCI will present its final recommendations to the Commission and in meetings with LAFCo and SFPUC staff.

Optional Task a: Economic Validation and Update for New Information

Although not specifically requested, NCI recommends an optional task to perform a baseline economic analysis of the IP's proposed resource plan and implied program rates relative to PG&E's based on current market conditions. We believe it is important to have a good understanding of program economics before finalizing the IP and soliciting proposals in the RFP. Under this Task NCI will project program costs for a twenty-year period assuming the resource plan set forth in the IP, including the 360 MW requirement and H bond financing. NCI anticipates using an existing load forecast to be provided by SFPUC in this analysis. NCI will assess potential changes to the IP's resource plan and pricing assumptions based on the more recent data on market prices, PG&E rates and regulatory requirements (e.g., resource adequacy) that are now available.

Optional Task b: Review of Mayor Solar Energy Incentive Program

As requested, NCI is proposing an optional task to review the Mayor Solar Energy Incentive Program and make recommendations for how it could best be integrated with the CCA program. NCI will review the ordinance for consistency with the CCA Implementation Plan, conduct interviews with the Mayors office, LAFCo and SFPUC, prepare a report detailing its recommendations, and present its recommendations to the Commission. The report will address whether the proposed solar program meet the goals of the IP with respect to availability, efficiency, fairness, price and renewable energy goals.

Schedule

The estimated time to complete Tasks 2 and 3 is 60-90 days from execution of contract. We anticipate having a draft Task 2 Report available within 30 days of contract execution and a draft Task 3 Report available within 60 days of contract execution. Final reports should be completed within 15 days of receipt of comments on the draft reports.

The optional Task A can be completed within 60 to 90 days of receipt of all necessary customer load information from the SFPUC. We would anticipate an initial meeting with SFPUC staff to review economic studies performed to date and discuss data availability.

The optional Task B can be completed within 30 days of contract execution, contingent upon scheduling the necessary meetings with key personnel at the Mayors office, LAFCo and SFPUC.

Project Team

NCI will establish a project management team consisting of John Dalessi, Patrick Mealoy, Shannon Graham and Kirby Dusel, with support from other project staff as indicated in NCI's Statement of Qualifications. NCI anticipates that the Project Management Team will coordinate extensively with SF LAFCO and SFPUC during this process, and has budgeted for several half day meetings during performance of this scope of services.

Brief biographies of the project team are included below.

John Dalessi, Director - is a Director in NCI's Energy Generation and Transmission practice in the Sacramento office. With fourteen years of experience in the energy industry, Mr. Dalessi brings a wide array of experience in the areas of electricity market operations, industry restructuring, regulatory and legislative analysis, cost of service and rate design, load forecasting, demand response, and strategic planning. Mr. Dalessi is project manager on the CCA Demonstration Project in which twelve cities and counties have explored the feasibility of forming CCA Programs. Mr. Dalessi also played a prominent role in developing the CCA Implementation Plan for the San Joaquin Valley Power Authority, and the CCA Business Plans for Marin County, the Cities of Berkeley, Emeryville and Oakland, and the Cities of Beverly Hills and West Hollywood. Mr. Dalessi possesses a Masters Degree in Economics from the University of California. Prior to joining Navigant, Mr. Dalessi held various management positions at the APX.com, PG&E Energy Services, and Southern California Edison Company.

Kirby Dusel, Associate Director - is a certified Project Management Professional (PMP) and Associate Director with Navigant Consulting, Inc., has served many public agencies within California and throughout the U.S. Mr. Dusel has over seven years of experience managing the development of customized databases, administering/analyzing power purchase contracts and performing an extensive range of data analyses specific to the energy industry. Other proficiencies include the performance of financial and socioeconomic analyses as well as general business planning. Recently, Mr. Dusel assisted the County of Marin in developing a business plan to offer 100% renewable energy to Marin residents and business through Community Choice Aggregation. Mr. Dusel has previously served the State of California's Department of Water Resources as an energy contract analyst and database developer, providing guidance to CERS's executive management regarding contractor performance and carrying out general contract management responsibilities associated with the administration of approximately 50 State-wide power purchase agreements valued at \$35 billion.

Shannon Graham, Associate Director - is Associate Director in NCI's San Francisco office. Ms. Graham has developed renewable energy (RE) technical assessments and business strategies for a range of NCI clients, including: integrated oil companies, municipal utilities, large industrial players considering entry into the RE space, and government agencies. Ms. Graham joined NCI in 2004, after successfully building her own consulting practice, where she focused on business and market development for new energy technologies in challenging markets. After completing her BA in Mechanical Engineering at Tufts University, she spent six years in Latin America developing RE projects and businesses for off-grid power. In 1999 she returned to the U.S. to pursue graduate studies at the University of California, Berkeley, in Energy and Resources (MA, 2001, policy and economic barriers to clean energy growth), and the Haas School of Business (MBA, 2003, strategic marketing and finance). She has worked in the U.S., Latin America, Asia, Africa and Europe.

Patrick Mealoy, Managing Director - is a Managing Director with NCI and an economist and policy planner with over 16 years experience in the energy industry. He has extensive experience in strategic planning, market assessment, economic forecasting, and industry trend analysis. His expertise includes assessing the impact of federal, state, and local regulations, as well as developing strategies related to these emerging trends and policies. Mr. Mealoy has been heavily involved in the California electric utility restructuring process since its initiation in the early 1990s. Mr. Mealoy's specialty is strategic planning and developing creative solutions to assist NCI clients' address and successful implement solutions to addressing key challenges and capitalizing on opportunities. He has aided numerous clients in the development and implementation of strategic plans, resource decisions, and rate designs. In addition, he has prepared filings for FERC, state public utilities commissions, and other state and local governing bodies. An experienced project manager,

Ms. Nancy Miller
SF LAFCo
March 28, 2008
Page 5 of 6

Mr. Mealoy has managed large multi-disciplinary teams of consultants on a variety of assignments including strategic planning initiatives, municipalization studies, regional power market assessments, resource development, and legislative and regulatory intervention. Mr. Mealoy has served as NCI's Project Manager for our services to the Kings River Conservation District including creating and managing the development of the San Joaquin Valley Power Authority, California's first CCA.

Subcontractors

NCI understands there is a 5% Local Business Enterprise (LBE) subcontracting goal for this contract and intends to work with LAFCo and the San Francisco Human Rights Commission to identify whether a qualified subcontractor exists to meet the LBE requirements under the proposed scope of services or if revisions to the proposed scope of services may be appropriate to secure a role for a LBE.

Budget

NCI will provide the services described in this proposal on a time and materials basis at the hourly rates shown in Exhibit A with a total cost not to exceed the following:

Task 2:	\$32,000
Task 3:	\$161,000
Optional Task A:	\$95,000
Optional Task B:	\$25,000

Exhibit A: Navigant Consulting Inc. Rates

Professional and support services, except testimony, shall be billed at the following Navigant Consulting rates:

Managing Director	\$400 per hour
Director	\$320 per hour
Associate Director	\$280 per hour
Managing Consultant	\$232 per hour
Senior Consultant	\$200 per hour
Consultant	\$152 per hour
Office Services	\$120 per hour

The above rates shall be adjusted each year, commencing January 1, 2009, to reflect the change in rates officially established by Navigant Consulting.

Testimony shall be billed at not less than eight (8) hours per day.

Reproduction, printing, communications, computer services, and other miscellaneous support services shall be billed at rates for such services as determined from time to time and officially established by Navigant Consulting.

Client shall reimburse Navigant Consulting for any applicable sales tax imposed on services rendered by Navigant Consulting to Client.

MBMC, Inc.

March 27, 2008

Nancy C. Miller
Miller, Owen & Trost
428 J Street, Suite 400
Sacramento, CA 95814

Re: CCA Price and Time Proposal Response – SF LAFCo

Dear Ms. Miller:

The attached proposal is in response to your Request for Price and Time Proposal for the SF LAFCo Community Choice Aggregation activities included in your March 25, 2008 correspondence. I have attempted to structure the Proposal to coincide with your request so that it is easy to follow.

I can complete all of the items that you identify in Task 2, Task 3, and Optional Task 3 within the timeframe that you desire. I will commit to have the work complete within 60 days of contracting. Included are firm prices for each of the Tasks. In summary, Task 2 is \$15,650, Task 3 is \$12,610, and Optional Task 3 is \$7,040.

There are a couple of items that I think I should draw your attention to with regard to contracting and disclosure. I am the sole employee of MBMC, Inc.. My insurance does not permit me to subcontract work to others. I would be happy to work with SF LAFCo to include LBE's or other contractors, however, in order to do so there would need to be separate arrangements between SF LAFCo and the LBE or contractor. As a matter of disclosure, I have recently worked for NCPA on a price forecast of PG&E rates. I also am working with Citigroup for another client, and have employed them in my past position as Assistant General Manager Finance and Administration in Anaheim. That was approximately 10 years ago however. I do not view either of these as a conflict, but do feel that it needs to be disclosed to you for your consideration.

I would like to thank you and the SF LAFCo for including me in your list of qualified bidders and for soliciting this Proposal. Please call me at 209-217-6358 if you have any questions.

Sincerely,

Michael A. Bell
President

SF LAFCo
Community Choice Aggregation
Request for Price and Time Proposal
March 27, 2008

1. **SF LAFCo Standard Contract** – MBMC Inc. is prepared to sign the standard form SF LAFCo contract and comply with the requirements of the contract form with the following exceptions for your consideration.
 - a. **LBE/Subcontractor** – MBMC Inc. has one employee, and under the terms of its insurance cannot subcontract work. If SF LAFCo would like to include an LBE or other contractor on this project MBMC would be willing to work with said LBE or contractor, however, due to insurance constraints it would be preferable for SF LAFCo to have a separate agreement with the LBE or contractor.
 - b. **Disclosure** – Mr. Bell has worked for one of the respondents (NCPA) within the last year projecting future PG&E retail rates for their members. Mr. Bell has also employed Citigroup as underwriter on several municipal bond issues in the distant past (ten plus years). He is presently working on a financing alongside Citigroup for an Irrigation District that he performs work for. Although Mr. Bell does not believe that either of these present a conflict of interest it is important to disclose this information to the SF LAFCo for its consideration.

2. **Tasks 2 and 3 SF LAFCo RFQ issued on November 20, 2007**
 - a. **Task 2: “*Reviewing the Request for Information (RFI) and the Request for Proposals (RFP) as well as responses and proposals received in response to the RFI and RFP*”.**

The following tasks are proposed in response to the SF LAFCo Task 2 request:

- i. Review the September 13, 2007 CCA Initiative RFI for possible changes to the Implementation Plan (IP).
 - ii. Review the November 13, 2007 responses to the RFI for possible changes to the IP including the portions of the IP that deal with the outline of the scope of the future RFQ and RFP responses.
 1. Citigroup
 2. NCPA
 3. Constellation New Energy
 4. Energy Services Group
-
- b. **Task 3: “*Considering potential modifications to the Implementation Plan in light of additional information and further progress in development of the CCA Program*”.**

