

1 Commonwealth of the Northern Mariana Islands, USA
2 Commonwealth Utilities Corporation
3 3rd Floor, Joeten Dandan Building
4 Saipan, MP 96950
5 www.cuccnmi.com
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14 **REQUEST FOR PROPOSAL, CUC RFP # 07-001 _____**

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16
17 **PART 1: INVITATION TO APPLY FOR PRE-QUALIFICATION, AND**
18 **PRE-QUALIFICATION REQUIREMENTS FOR PROPOSALS, FOR THE**
19 **PRIVATIZATION OF THE CNMI'S POWER BUSINESS**
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27
28 February 2007
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1 **Part 1 Summary of, and Invitation to Apply for, Pre-Qualification**
2

3 The Commonwealth Utilities Corporation ("CUC") is the CNMI Government's combined
4 power, water and wastewater utility. CUC invites persons to pre-qualify for the
5 privatization of CUC's power business – power generation, transmission and distribution
6 facilities, billing, collection, and customer service – through a 25-year franchise
7 agreement. The resulting private sector utility will be regulated by the CNMI Public
8 Utilities Commission ("PUC"), pursuant to well-accepted United States principles of
9 utility regulation.

10
11 Ultimately, the responsible proposal that provides for a reliable and efficiently run utility
12 system, the product of reasonable and prudent investments, with the most reasonably
13 low rates, and with the most creative and practical strategies to minimize reliance on
14 imported fuel, will be ranked highest. This first stage of the process provides an
15 opportunity for a responding entity (the "Offeror") to demonstrate that it has the financial,
16 technical and creative history, and present capability, to manage the franchise.

17
18 This solicitation is made through CUC's Executive Director, pursuant to the provisions of
19 Executive Order No. 2006-4, dated May 5, 2006 (Reorganization Plan No. 2 of 2006),
20 which serves as CUC's organic act (available on CUC's website as Annex A). This
21 solicitation complies with the CNMI Procurement Regulations, 70 NMIAC §§ 30.3-001 -
22 760, specifically § 3-210 (competitive sealed proposals) (sections available on CUC's
23 website as Annex B.)
24

25
26 1.1 Invitation to Pre-qualify
27

28 The reader is requested to respond to the following public notice:
29

30 **REQUEST FOR PROPOSAL, CUC RFP # 07-001**
31

32 **Part 1: Invitation to Apply for Pre-Qualification, and**
33 **Pre-Qualification Requirements for Proposals, for the Privatization of**
34 **the CNMI's Power Business**
35

36 The COMMONWEALTH UTILITIES CORPORATION ("CUC") of the
37 Commonwealth of the Northern Mariana Islands ("CNMI"), hereby invites
38 interested persons, including project developers, electric power
39 generators, and operation and maintenance (O&M) service providers,
40 consortia and joint ventures, to apply to be pre-qualified to submit a
41 proposal for the privatization of CUC's power business through a 25-year
42 franchise agreement, namely generation, transmission and distribution

1 systems, billing, collection and customer service.

2
3 Beginning February 12, 2007, a copy of the "Pre-Qualification
4 Requirements" document is available, upon receipt of a non-refundable
5 payment of \$1,000.00 (US). Payment of the \$1,000 is a prerequisite to
6 submission of a Pre-Qualification Proposal. The document may be
7 obtained electronically, from CUC's website, www.cuccnmi.com, per
8 payment instructions on the website.

9
10 Then, persons who seek to pre-qualify shall submit a Pre-Qualification
11 Proposal. CUC's receipt of a non-refundable pre-qualification fee of
12 U.S.\$25,000 (US) is a condition of CUC's acceptance of the Pre-
13 Qualification Proposal.

14
15 All payments must be made to "Commonwealth Utilities Corporation" and
16 must be immediately creditable to CUC's bank account, and not subject to
17 a clearing period. Payment via wire transfer is preferred. Wire transfer
18 information will be made available on the website.

19
20 CUC's principal goals for privatization are:

- 21
22 1. Maintain low electric rates;
23 2. Deliver reliable, high-quality service;
24 3. Reduce dependence on expensive imported oil;
25 4. Ensure that CUC gets maximum value for the investment to date;
26 5. Minimize negative environmental impacts.
27 6. Maximize efficient employment of local citizens; and
28 7. Help enhance economic development of the CNMI.

29
30 Evaluation will proceed quantitatively. The evaluation will award points on
31 a predetermined scale to various aspects of the Pre-Qualification
32 Proposal. The principal areas are:

- 33
34 1. Technical capability ----- 57%
35 2. Financial capability ----- 23%
36 3. Business experience ----- 10%
37 4. Other objectives ----- 10%

38
39 A Pre-Qualification Proposal must be received no later than March 12,
40 2007, midnight, Saipan local time, by electronic filing ("e-filing"), and
41 follow-up via hand-delivery or courier. A hard copy of an e-filed Pre-
42 Qualification Proposal must be received by CUC no later than 7 working

1 days after the deadline. No material variation from the e-filed version shall
2 be permitted.
3

4 Correspondence and the Pre-Qualification Proposal shall be addressed
5 and later delivered to: Attn: Privatization Pre-Qual c/o ANTHONY C.
6 GUERRERO Executive Director Commonwealth Utilities Corporation P.O.
7 Box 501220 3rd Floor, Joeten Dandan Building Saipan, MP96950 Phone:
8 (670) 235-7025 to 7032; www.cuccnmi.com. Questions should be
9 submitted in writing through the website's "contact us" address.
10

11 Offerors who meet CUC's pre-qualification requirements will be issued a
12 Certificate of Pre-Qualification and will be eligible to bid for privatization.
13 The RFP will be made available only to a pre-qualified Offeror and only
14 upon payment of non-refundable \$50,000 (US).
15

16 CUC takes no responsibility to compensate a person for expenses
17 incurred in the preparation or submission of the Pre-Qualification
18 Proposal. CUC reserves the right to reject a Pre-Qualification Proposal for
19 any reason and to waive any non-material defect in a proposal or its
20 submission, if, in its sole opinion, to do so would be in the best interest of
21 CUC. A submitted Pre-Qualification Proposal shall become the property
22 of CUC.
23

24 Authority: Executive Order No. 2006-4 dated May 5, 2006 (Reorganization Plan
25 No. 2 of 2006) (available on CUC's website as Annex "A"). This solicitation
26 complies with the CNMI Procurement Regulations, 70 NMIAC §§ 30.3-001 - 760,
27 specifically § 3-210 (competitive sealed proposals) (Procurement regulations
28 sections available on CUC's website as Annex B.)
29

30 - ANTHONY C. GUERRERO Executive Director"¹
31

32 This notice has been placed in a CNMI newspaper of general circulation, on CUC's
33 website, on the websites of utility industry organizations and in selected power utility
34 industry-related publications. Copies of the notice have been provided to those who
35 have requested it and copies have been distributed to the media.
36

37 1.2 Completeness of the Pre-Qualification Invitation 38

¹Offerors are cautioned that "to bid" in the "Notice" is merely a shorthand for "to submit a competitive proposal". If the balance of this Invitation does not make that clear, the Offeror should submit a specific request for clarification to the CUC website, www.cuccnmi.com.

1
2 The only complete, official Pre-Qualification Invitation is this document, which must be
3 obtained directly from CUC.
4

5
6 1.3 Scope of the Requested Pre-Qualification Proposal
7

8 The CNMI and CUC seek to privatize CUC's power business – power generation,
9 transmission and distribution facilities, billing, collection, and customer service – through
10 a 25-year franchise agreement. The resulting private sector utility will be regulated by
11 the CNMI Public Utilities Commission, pursuant to well-accepted United States
12 principles of utility regulation.
13

14 CUC has divided the RFP process into two stages in order to conserve CUC and
15 proposers' resources, minimize costs, and focus the privatization process on firms best
16 qualified to submit a competitive proposal for the CUC's power business. This is the
17 first stage, an invitation to firms which would like to submit a competitive proposal for
18 the CUC power business in order to determine if they are qualified to do so. This
19 Invitation calls them "Offerors". The second stage provides an opportunity for qualified
20 Offerors to submit a competitive proposal for the power business. As discussed below,
21 CUC seeks to select Offerors which can demonstrate financial and technical ability to
22 operate competently the CNMI's power business.
23

24 CUC welcomes the reader's interest and values the effort each Offeror puts into its Pre-
25 Qualification Proposal. Each Pre-Qualification Proposal will be read and evaluated
26 carefully.
27

28
29 1.4 Goals
30

31 CUC will evaluate the Pre-Qualification Proposals in accordance with the following
32 goals, pursuant to a numerical weighting protocol, and will duly notify each Offeror of
33 the results. The evaluation criteria presented at the end of this Invitation reflect these
34 goals.
35

36 Principal goals for the privatization: The following are the CNMI's main goals of
37 privatization of the CUC power business:
38

- 39 1. Maintain low electric rates;
- 40 2. Deliver reliable, high-quality service;
- 41 3. Reduce dependence on expensive imported oil;
- 42 4. Ensure that CUC gets maximum value for the investment to date;

- 1 5. Minimize negative environmental impacts;
- 2 6. Maximize efficient employment of local citizens; and
- 3 7. Help enhance economic development of the CNMI.

6 1.5 RFP Process - Two Stages

7
8 Offerors will encounter a two-stage offering process, which CUC has adopted to ensure
9 fairness, clarity and provide for consideration of the best offers:

10
11 Stage 1 - Pre-Qualification. As described in this Invitation, responding firms provide
12 information on their technical and financial ability to own and manage a private CNMI
13 power utility. CUC selects the Offerors who can proceed to the next stage.

14 15 Stage 2 - Request For Proposal ("RFP")

- 16
17 1. Selected Offerors review CUC's RFP.
- 18 2. These Offerors conduct a due diligence investigation, which may include, but
- 19 not be limited to, site visits and an Offeror's meeting with CUC management.
- 20 3. Offerors submit a technical proposal and a financial proposal – two sealed
- 21 envelopes.
- 22 4. CUC reviews technical proposals, then financial proposals, and selects the
- 23 winning Offeror.
- 24 5. CUC and the winner negotiate over details of the purchase and the franchise
- 25 agreement.
- 26 6. CUC and the winning Offeror jointly submit the deal to the PUC for regulatory
- 27 approval.

28 29 30 1.6 Payment

31
32 Three payments are required for each of those who participate in the complete RFP
33 process. Payments are not considered made until they clear CUC's bank. Wire
34 transfers are favored. Please consult the CUC website for instructions,
35 www.cuccnmi.com.

1 Here are the three payments:
2

- 3 \$ 1,000 - Payment made in order to receive this Invitation document.
4 \$25,000 - Paid no later than the same date as the Pre-Qualification Proposal is
5 filed
6 \$50,000 - Payment due in order to pick up the RFP
7

8 Thus, if a firm is not pre-qualified, there is no issue as to making the final, \$50,000,
9 payment. But, if a firm **is** pre-qualified, its RFP response, the Proposal for the
10 franchise, **must** be preceded by the final payment. If the payment is not timely
11 received, the response will be rejected.
12

13 1.7 Background 14 15

16 CUC's business is the sale of power (generation, transmission and distribution) and
17 water and wastewater collection and treatment. CUC bills and collects, and provides
18 customer service, for both businesses. Gross revenues for the last five years have
19 averaged about \$85 million per year. As a matter of revenue and day-to-day activity the
20 bulk of CUC's operations is in the power sector. CUC is a government corporation.
21 While it previously operated under the direction of a Board of Directors, it is presently
22 managed by an Executive Director with line responsibility to the Governor. CUC owns
23 its generating plant and many buildings. As a government corporation CUC has been
24 the recipient of a "dedication" of public lands for rights of way and for other real estate
25 purposes from the Department of Public Lands, subject to Article 12 of the CNMI
26 Constitution (attached as Annex F). Recent, CUC-related, public laws are posted on
27 the CUC website in an annex to this Invitation. (See, e.g., Annexes A, G) One
28 addresses the forgiveness of a loan from the Commonwealth Development Authority
29 ("CDA") and the rate impact thereof. (See Annex G) Another specifies annual
30 requirements for the generation of renewables-based power. (See Annex C) It is the
31 power sector which is the subject of the privatization RFP process.
32
33

34 1.7.1 CUC's Power Generation System 35

36 There are three islands to which power is supplied. Saipan, with roughly 65,000 of the
37 CNMI's population of 70,000, is, by far, the largest. The electrical power generation
38 system of CNMI consists of diesel-fired installed capacity of 120.97 MW for Saipan, 6.5
39 MW for Rota, and 20 MW for Tinian. (all nameplate ratings, non-summer).
40
41

1 1.7.2 Saipan's Power Generation System
2

3 Saipan Island has had four power plants to supply its electricity needs. Power Plant No.
4 1 and Power Plant No. 2 are situated in Lower Base, two kilometers north of the urban
5 Garapan village. Power Plant No. 3, now decommissioned and removed, was situated
6 next to the Saipan International Airport area, with two diesel generating units now at the
7 Lower Base Warehouse lay-down area, and a third one still in the Airport facility. Power
8 Plant No. 4 is run by an Independent Power Producer ("IPP") and is located along the
9 highway in the Puerto Rico area, approximately a kilometer from Lower Base.

10
11 CUC's Power Generation Division, and all other units, currently burn Low Sulfur
12 Automotive Diesel Oil ("LSADO" or "No.2 diesel"), which contains less than ½ % sulfur.
13 (The EPA recently reclassified this fuel as high sulfur.) The diesel-fired generating units
14 in Power Plant No. 1 previously used Heavy Fuel Oil ("HFO") for operations, but this use
15 was discontinued about 10 years ago.
16

17
18 1.7.3 Fuel costs and revenues
19

20 Because all generating units burn No. 2 diesel, CUC's electric rates are high. Oil is
21 purchased through Mobil Oil at a Singapore market rate. CUC and the Government
22 subsidized increasing oil bills for a number of years, exhausting a cash surplus and
23 running up a large deficit. The subsidy of nearly US\$ 2.5 million per month has ended,
24 and CUC collects its fuel costs through base rates and a fuel adjustment clause. It was
25 only in early 2006 that a tariff increase was effected, bringing the all rates from less than
26 20¢/kWh to as high as about 31¢/kWh. The rates fluctuate with the experienced price
27 of oil, and have dropped somewhat recently.
28

29
30 1.7.3.1 Saipan Power Plant No. I
31

32 As the largest among the CUC generating facilities, Power Plant No. I supplies the bulk
33 of Saipan's electricity. The plant has a total of eight diesel engines. The Mitsubishi
34 M.A.N. model 18V 40/54A Diesel Engines (diesel engine is abbreviated as "D/E") 1, 2, 3
35 and 4 were built from 1979-1983, with each one rated at 7,270 kW. The other four (D/E
36 5, 6, 7 and 8) are also Mitsubishi M.A.N. model 18V 52/55B built from 1989-1991; at a
37 nameplate of 13,040 kW each.
38

39 Power Plant No. I produces approximately 75% (about 318,162 MWh) of the island's
40 sendout of 421,236 MWh (2006 generation figures). The average specific fuel oil
41 consumption for these engines at 85% load was 0.069988 gallon/kWh in 2006. The
42 total consumption of fuel is about 60,900 gallons per day (1,450 bbl/day). Presented in

1 Table No. 1 are the details of the units of Power Plant I, including their respective
2 capacities and status.
3

4 **Table No. 1.0**

5 **Power Plant No. 1: Capacities and Status (as of December 31, 2006)**
6

7

8	UNIT	Design MW	Available MW	Remarks
9	D/E NO. 1	7.27	0.00	Down due to crankshaft failure
10	D/E NO. 2	7.27	6.50	Operational
11	D/E NO. 3	7.27	6.50	Operational
12	D/E NO. 4	7.27	0.00	Down due to crankpin seizure
13	D/E NO. 5	13.04	9.00	Operational
14	D/E NO. 6	13.04	0.00	Down due to bearing inspection
15	D/E NO. 7	13.04	9.00	Operational
16	D/E NO. 8	13.04	9.00	Operational
17	Total	81.24	40.00	

18 *Note: "DE" means diesel engine".
19

20
21 1.7.3.2 Saipan Power Plant No. 2
22

23 Power Plant No. 2 is mainly used as a stand-by and back-up plant during overhaul of
24 the engines at Power Plant 1. It is also used to meet peak load. Power Plant 2
25 produces approximately 1.3 % of the Island production, or a total of 5,418 MWh per
26 year (based on CY2006 generation figures). Please refer to Table 2.0.
27

Table No. 2.0
Power Plant No. 2 Capacities and Status (as of December 31, 2006)

UNIT	Design MW	Available MW	Remarks
D/E NO. 1	2.50	2.00	Operational
D/E NO. 2	2.50	0.00	Waiting for ordered parts
D/E NO. 3	2.50	0.00	Waiting for ordered parts
D/E NO. 4	2.50	1.80	Operational
D/E NO. 5	2.50	0.00	Waiting for ordered parts
D/E NO. 6	2.50	0.00	Waiting for ordered parts
Total	15.00	3.80	

*Note: "DE" means diesel engine".

1.7.3.3 Power Plant No. 3

Power Plant No. 3 is not operational and was decommissioned. Its site is next to the International Airport.

1.7.3.4 Power Plant No. 4

Power Plant No. 4 is owned and managed by an IPP, PMIC/Rolls Royce. The plant consists of 10 engines of different manufacture and is presently able to provide capacity of 13,900 kW. Power Plant 4 produces approximately 23.2 % of the Island's need, or a total of 97,656 MWh/year (based on CY 2006 generation figures).

Table No. 4.0
Plant No.4 Capacity and Status (as of December 31, 2006)

	UNIT	Design MW	Available MW	Remarks
4				
5	D/E NO. 1	3.50	0.00	Down(crankshaft problem)
6	D/E NO. 2	2.285	2.00	Operational
7	D/E NO. 3	2.285	2.00	Operational
8	D/E NO. 4	2.50	2.10	Operational
9	D/E NO. 5	2.50	2.00	Operational
10	D/E NO. 6	1.14	0.90	Operational
11	D/E NO. 7	1.14	0.90	Operational
12	D/E NO. 8	1.14	0.90	Operational
13	D/E NO. 9	1.14	0.90	Operational
14	D/E NO. 10	2.60	2.20	Available - Newly commissioned**
15	Total	20.0	13.90	

*Note: "DE" means diesel engine".

**Commissioned Dec. 19, 2005

1.7.3.5 Other Self-generators

Besides the power generated from CUC's power plants, a substantial amount of power is generated by otherwise grid-connected hotels and garment companies, and some other businesses which are not connected to the CUC power grid and which buy their own oil. All of these commercial power plants use diesel engines which burn LSADO. These meet about 15 MW of load, meeting roughly 20% of the highest demand for the last five years, the 72 MW peak of September 2002.

1
2
3
4

Table No. 5.0

Businesses Generating their Own Power

	Self Generator	Generated Load (MW)	Feeder	Location
5				
6	Hotel /Resorts			
7	Aqua Resort Club	1.35	7	Achugao
8	Coral Ocean Point	0.50	K1	Agingan
9	Pacific Island Club	2.25	K2	San Antonio
10	Plumeria Resort	1.8	7	San Roque
11	Golf Course Resort			
12	Shimizu Golf Course	0.50	4	Kagman
13	Kingfisher Golf Res.	0.50	4	Talafofo
14	Garment Factory			
15	American Pacific	0.45	7	Tanapag
16	American Textile	0.54	7	
17	Commonwealth	0.45	1	Chalan Piao, Gualo Rai
18	Garment Mfg. Inc			
19	Jin Apparel	1.50	K1	San Vicente
20		1.50	K1	San Vicente
21		1.00	K1	San Vicente
22		1.00	K1	San Vicente
23	Micronesia Garmt.	0.45	K2	Chalan Kanoa
24	Mirage	0.225	1	Gualo Rai
25	Onwell Mfg.	0.90	3	Susupe
26	Total	14.915		

1 Note: The Table 5.0 figures may have changed since 2005, particularly with the closing of
2 some garment manufacturers. Also, Clean Air Act requirements may affect some of these
3 generators.

4

5

Table No. 6.0

6

Peak Demand for Years 2001 to 2006 (In Megawatts)

7

8	YEAR	2001	2002	2003	2004	2005	2006
9	Jan	65.40	60.74	61.50	65.04	62.61	62.35
10	Feb	63.80	60.95	61.88	65.42	64.60	60.46
11	Mar	65.44	64.25	61.9	68.69	65.82	62.15
12	Apr	67.60	64.85	65.12	68.65	66.12	63.95
13	May	68.93	68.52	69.91	65.46	68.24	64.68
14	Jun	68.99	69.94	67.31	67.22	67.66	63.64
15	Jul	68.22	70.20	68.36	70.44	68.53	59.52
16	Aug	68.91	69.51	68.75	70.4	61.15	55.51
17	Sep	67.94	71.18	64.98	69.53	66.37	57.71
18	Oct	67.26	69.16	66.10	67.33	67.33	52.81
19	Nov	65.16	67.38	65.64	69.16	66.34	52.63
20	Dec	63.92	64.88	67.5	67.82	65.82	52.33

21

22

23

1.7.4 The Islands of Tinian and Rota

24

25

1.7.4.1 Tinian Island Power Station

26

27

CUC has contracted with Telesource as an IPP for the design, supply of plant and
28 equipment, construction, O&M, power supply, and ultimate transfer to CUC of
29 ownership of the IPP's power facilities for the island of Tinian (the "Tinian Power Station
30 Agreement"). This plant has an installed capacity of 20 MW. There are four EMD
31 engines of 2.5 MW nameplate and two Wartsila engines of 5 MW nameplate capacity.
32 The IPP is also responsible for the O & M of Tinian's distribution system.

33

34

1 1.7.4.2 Rota Power Plant
2

3 Rota's power plant has an installed capacity of 6.5 MW. CUC operates the plant. The
4 plant consists of two Mitsui engines with a nameplate capacity of 2.5 MW and one
5 Caterpillar engine of 1.5 MW nameplate. The system peak load is 3.00 MW. CUC
6 operates and owns the system.
7
8

9 1.7.5 Power Distribution System
10

11 CUC's power distribution system was established, operated and maintained by the US
12 Government during the Trust Territory period. Upon the transfer of the Islands to the
13 Commonwealth Government, title in the T&D plant transferred to CUC, which has
14 operated and maintained the system since. An exception is Tinian, where the system
15 is currently operated and maintained by the IPP, Telesource.
16
17

18 1.7.5.1 Saipan Power Transmission and Distribution System
19 (PT & DS)
20

21 The PT&DS takes power from Power Plants 1 and 2 at a voltage of 13.8 kV through
22 feeder lines T1 and T2 to a substation located near the plants, which steps up voltage to
23 34.5 kV. The underground cables, Line 1 and Line 2, with a length of seven miles, each
24 feed the Kiya Substation (35.5/13.8 kV), with its feeders K1, K2, K3 (spare) and K4 at
25 13.8 kV. Feeders 1, 2, 4 and 7 also emanate from Power Plants 1 & 2. Feeder 3 takes
26 power from Power Plant No. 4.
27

28 The Lower Base Substation, located at the perimeter of Power Plant 1, has a capacity
29 of 100 MVA. Two units of 50-MVA transformers step up the 13.8 kV incoming voltage
30 to 34.5 kV. A metal-clad switchgear is housed in a control building. It has six cubicles,
31 two of which are utilized for the incoming power circuit breakers, and another two used
32 for a 34.5 kV control panel. The fifth cubicle is for the bus tie breaker. The last is for
33 the station service transformer.
34
35

36 1.7.5.2 Power Distribution Description of Tinian Island
37

38 Tinian's power plant offers 20 MW Capacity, and 13.8 kV, 3 phase-4 wires secondary

1 voltage. There are four feeders supplying the community, its commercial
2 establishments and the Voice of America broadcast facility. VOA is a very large
3 demand customer. The Tinian Dynasty Casino and Hotel is a large customer. Feeder 1
4 supplies the western side of the Island (West Field). Feeder 2 serves the central district
5 of Tinian to the Kastiyu area. Feeder 3 serves the eastern side of Tinian. Feeder 4
6 serves the Voice of America, on the Island's northwest.

7
8 There are 120 distribution transformers installed, of different rated capacities, with 2.07
9 circuit miles of 13.8 kV primary lines installed and commissioned for the whole system.

10 11 12 1.7.5.3 Power Distribution Description of Rota Island

13
14 Rota island is the smallest of the three islands, with a total load capacity of 5 MW, and
15 sales of 14,161,136 kWh per year. The two generators in the CUC Rota Power plant
16 are rated 4,160 volts and are directly connected to the 4.16 kV distribution bus, which
17 feeds the two feeders (Feeders 1 and 2), and one 3000 kVA step-up transformer to
18 boost the voltage to 13.8 kV.

19
20 There is also a meter on a pole to connect to the Island's large resort, SNM/Rota Pacific
21 Resort & Country Club, which allows for a feed of the Resort's surplus output. It has 3
22 generators with a combined nameplate capacity of 3.0 MW. CUC contracted the
23 services of SNM/Rota Resort during 2003 – 2004 to meet an average load of 0.8 MW.

24
25 Rota has three (3) power feeders supplying electricity to the island. Feeder 1 serves
26 the area of west and east harbor, the shortest circuit of backbone lines rated at 13.8 KV,
27 Feeder 2 serves Songsong area. Feeder 3 is the longest circuit of 13.8 kV lines, with
28 an approximate length of 6.71 miles. It serves the areas of Sinapalo, Ichenchon and
29 Ginalangan.

30 31 32 1.8 Scope

33 34 1.8.1 Summary

35
36 The winning Offeror will run a full service public utility system -- build, rehab, operate
37 and maintain generation, transmission, and distribution, conduct all O&M, provide fuel,
38 bill and collect, and provide customer service.

1 The privatization is a franchise for 25 years. CUC will sign, and the PUC must approve,
2 a franchise agreement. The PUC must issue a certificate of convenience and
3 necessity; the new firm will be regulated by the PUC pursuant to the PUC Act of 2006,
4 as amended (copy available on CUC's website as Annex D) and well-established
5 principles of regulatory law.
6
7

8 1.8.2 Discussion 9

10 CUC will require each of the Offerors emerging from Stage 1 to submit a proposal for a
11 franchised power utility. Under the terms of a 25-year franchise agreement, CUC will
12 turn over its power generation, transmission and distribution systems, billing and
13 collection, and customer service operations to a private franchisee. The latter will, at its
14 own cost, be responsible for building, rehabilitating, maintaining and operating the
15 generation, transmission and distribution plant, and purchase fuel.
16

17 In turn, the franchisee will be entitled under the PUC Act of 2006, as amended, to
18 reasonable rates and charges which are at least adequate to cover the full cost of
19 service (4 CMC § 8409(c)), according to a preponderance of the evidence (4 CMC §
20 8409(e)), sufficient to enable the company to meet its financial obligations, operating
21 expense, debt service capital improvement needs and accurately reflect the true cost of
22 renewable energy (4 CMC § 8409(f)), rates which are developed according to generally
23 accepted ratemaking principles (4 CMC § 8409(f)), are fair and reasonable (4 CMC §
24 8432(c)), are just and reasonable rates (4 CMC § 8424(a), 8433(a), 8438), and which
25 provide an opportunity to earn a fair return on investment (4 CMC § 8430(c)). See also
26 definition of "just and reasonable". (4 CMC § 8402(c)) (Citations are to the PUC Act of
27 2006, PL 15-35, as amended, 4 CMC §§ 8401 *et seq.*, available on the CUC web site
28 as Annex D.)
29
30

31 1.8.3 The RFP Competition 32

33 CUC intends to conduct the privatization through a transparent process, scrupulously
34 adhering to the standards of the CNMI Procurement & Supply regulations, 70 NMIAC §§
35 30.3-001 - 760, specifically § 3-210 (competitive sealed proposals) (sections available
36 on CUC's website as Annex B). CUC intends to keep valid proprietary commercial
37 information confidential.
38
39

1 1.8.3.1 The RFP Process
2

3 This pre-qualification stage is the first step. CUC will review the pre-qualification
4 submissions according to the criteria stated below, in Part 4. CUC will then produce a
5 list of candidates for the RFP. Each candidate will be eligible to submit a proposal for
6 the franchise after payment of a non-refundable \$50,000 fee. Each proposer will submit
7 a sealed technical proposal and a sealed price proposal.
8

9 CUC intends to review and evaluate the technical proposals first. CUC will thereafter
10 determine which are “responsive”, and only then open the price proposals for the
11 “responsive” submissions.
12

13 The CUC evaluation will address the technical proposal and pricing proposal as a
14 whole, and rank proposers according to published criteria. CNMI law provides for a
15 “local preference” when evaluating certain proposals. 1 CMC § 7404. (Posted on the
16 website as Annex E.) CUC reserves the right, according to its procedures, to award a
17 franchise, or no franchise, in the best interest of the CNMI.
18

19 Assuming that CUC selects a winning proposal, CUC will announce the winner and
20 negotiate with it over the details of the franchise and the certificate of convenience and
21 necessity. Ultimately the PUC must approve the franchise and transfer.
22

23
24 1.8.3.2 The RFP Contents
25

26 CUC expects that each technical proposal will be, in effect, a business plan, showing
27 CUC how, in both the short- and long term the Offeror will conduct the power business
28 in order to provide for a reliable and efficiently run utility system, the product of
29 reasonable and prudent investments, with the most reasonably low rates, and with the
30 most creative and practical strategies to minimize reliance on imported fuel.
31

32 The “business plan” will be expected to address the CNMI’s policy to use energy
33 efficiently, promote green power, and reduce dependence on imported oil. The RFP
34 response should include alternatives to meeting CUC’s other stated goals and
35 objectives by satisfying or exceeding the “renewables” tests of PL 15-23, 4 CMC § 8622
36 *et seq.* (posted on the website) and meeting the findings and purposes of PL 15-23.
37 The term “renewables” in PL 15-23 includes a number of supply-side technologies and
38 such demand-side measures as energy efficiency. For example the Offeror may
39 determine that CUC’s customers, including CUC’s other divisions, could more cost-

1 effectively manage their demands than the privatized utility could build, generate and
2 distribute electricity, and that the Offeror could either contract for that “demand side”
3 work with an energy services company (“ESCO”) or seek a regulatory decision that
4 would compensate for the work.
5

6 For instance, CUC's water and wastewater division is an electricity customer, and the
7 Offeror might propose a cost-effective, ascertainable way to cut that usage without
8 cutting those divisions' services. Alternatively, the Offeror could propose to
9 cost-effectively "find" the 10% or more of CUC's sendout which is "lost" and unbilled.
10

11 Or, alternatively, the Offeror may propose to meet system load with rate mechanisms,
12 like interruptible rates, standby rates, time of day pricing, and inverted block rates.
13 There may be other alternatives.
14

15 The business plan would also address environmental issues of concern. These would
16 include the disposal of used oil and the permitting process to meet the requirements of
17 the Clean Air Act. The latter can take over two years depending on the amount of
18 emissions from combustion of fossil fuels. The CNMI's DEQ is drafting regulations to
19 take on the permitting task from EPA Region 9.
20

21 Pricing, while integral to a “business plan” will be presented in a separate, sealed
22 envelope. Pricing will be expected to include (a) the purchase price for the franchise,
23 (b) the rates, fees and charges to be tarified immediately upon privatization, (c) a
24 proposed regulatory capital structure, including proposed rates of return on an overall
25 rate of return and, therefore, on each of the components, (d) and other pricing
26 measures that would affect the financial costs and benefits to the CNMI and the
27 customers during the franchise. This last category would include any “backloading” or
28 other creative regulatory features to smooth rates, any proposals for the ratebasing or
29 other cost recovery of demand side measures, and special rates. An Offeror might also
30 suggest performance incentives, by which the savings and other benefits can be shared
31 between the operator of the utility and the customers
32
33

1 **Part 2 Pre-Qualification Procedures**

2
3 This section consists of three parts:

4
5 2.1 Definition of Terms [Page 21 of 42](#)
6 2.2 Pre-Qualification Issues [Page 23 of 42](#)
7 2.3 Evaluation Procedures [Page 26 of 42](#)

8
9
10 2.1 Definition of Terms

11
12 As used in this document, the following terms shall have the following meanings, except
13 where the context requires otherwise:

- 14
15 2.1.1 "Audited" means audited according to generally accepted US
16 accounting standards, or their equivalent (as determined by US
17 standards), by an independent certified public accountant.
18
19 2.1.2 "Conflict of Interest" means such conflict of interest as defined in
20 P&S regulation 70 NMIAC § 30.3-720 ("Employee conflict of
21 interest").
22
23 2.1.3 "Commonwealth Utilities Corporation" or "CUC" means the public
24 corporation existing and duly organized pursuant to Executive Order
25 No. 2006-4 (Reorganization Plan No. 2 of 2006).
26
27 2.1.4 "Demand" means the amount of electricity delivered, expressed in
28 kiloWatts, megaWatts, kiloVoltamperes (for the T&D system), at a
29 given instant or averaged over a specified time.
30
31 2.1.5 "Document", when capitalized, means this Pre-Qualification
32 Invitation document.
33
34 2.1.6 "Employees" means, as defined in the CNMI Procurement
35 Regulations, 70 NMIAC 30.3-040(g).
36
37 2.1.7 "Ethics" means the standards of conduct prescribed in the CNMI

1 Procurement Regulations, 70 NMIAC 30.3-001 - 760.

2
3 2.1.8 "Include" or "includes" means comprise or contain as part of a whole
4 or set, or make or treat as part of a whole or set, and shall be read
5 as not limiting to only those items listed, and as followed by, and
6 incorporating, the concepts "and shall not be limited to" and "without
7 limitation", unless expressly stated otherwise.

8
9 2.1.9 "Independent certified public accountant" means a US independent
10 certified public accountant, or the equivalent in foreign countries
11 having a reciprocal relationship with a US state board of
12 accountancy.

13
14 2.1.10 "Local company" means a company within the meaning of 1 CMC
15 7404 (local preference) and the CNMI Division of Procurement and
16 Supply "Information Sheet, Procurement Preference for Local
17 Business", (8/18/2000) (Rev. 9.14.00).

18
19 2.1.11 "Member" means one of the natural persons or business entities
20 who is part of a person.

21
22 2.1.12 "Offeror" means any person who has purchased the Pre-
23 Qualification Invitation Document and thereafter submits a pre-
24 qualification proposal according to the Invitation's terms to CUC.

25
26 2.1.13 "Person" means a natural person or a legal entity, including, but not
27 limited to, a sole proprietorship, partnership, joint venture, joint
28 stock company, cooperative, corporation, limited liability
29 corporation, limited liability partnership, unincorporated association;

30
31 2.1.14 "Renewable Energy" has the same meaning as defined in PL 15-23
32 (available on the web site as Annex C).

33
34 2.1.15 "Signature" or "Signed": The term includes a hard copy or an
35 electronic communication that bears the hallmark of legitimacy,
36 including original hard copy, xerox of an original, fax copy,
37 electronic signature through use of a digital code, and an electronic
38 copy of a signature if separately confirmed as true and correct
39

1 2.1.16 “Writing”: The term “writing” includes handwriting, printing, typing,
2 lithography and other methods of reproducing words in a visible
3 form. This includes hard copy, and electronic communications,
4 including such electronic formats as fax, email, pdf format and word
5 processing formats which are generally commercially available.
6

7
8 2.2 Pre-Qualification Issues
9

10 The Offeror shall bear all costs associated with the preparation and submission of its
11 Pre-Qualification Proposal, and CUC shall, in no case, be responsible or liable for those
12 costs, regardless of the conduct or outcome of the pre-qualification process.
13

14 2.2.1 Questions to be in writing
15

16 Any questions regarding this pre-qualification process shall be sent only to the indicated
17 website, www.cuccnmi.com. A “contact us” form is available. It will allow the writer to
18 send a copy to him/herself.
19

20 2.2.2 Amendment to Invitation by CUC
21

22 At any time prior to the deadline for submission of Pre-Qualification Proposals, CUC
23 may amend the Pre-Qualification Invitation. Any change will be considered a part of
24 the Pre-Qualification Invitation and will be issued in writing to all who have obtained the
25 Pre-qualification Invitation directly from CUC. CUC will provide Offerors with a
26 reasonable time period in which to take the change into account in preparing their Pre-
27 Qualification Proposals.
28

29 CUC may, in its discretion, extend the deadline for the submission of the Pre-
30 Qualification Proposal.
31

32
33 2.2.3 No material deviation
34

35 Any material deviation in the response from that which the Pre-Qualification Proposal
36 Forms require is a ground for disqualification of the Pre-Qualification Proposal. Nothing
37 herein shall be construed, however, to limit an Offeror’s freedom to add information to
38 that required by the forms.

1
2 2.2.4 Procurement Policy
3

4 The CNMI Procurement Regulations require impartial, honest conduct in order to
5 ensure open, competitive procurement. The regulations of the Division of Procurement
6 & Supply require that Government personnel involved observe the highest standard of
7 ethics. (The regulations appear on the CUC website as Annex B.)
8

9 CUC will reject a proposal for award if it determines that the Offeror recommended for
10 award has, directly or indirectly, engaged in corrupt, fraudulent, collusive, or coercive
11 practices in competing. Such practices may include, but not be limited to, payment of
12 offers of gratuities, kickbacks, commissions, percentages, brokerage fees, or contingent
13 fees.
14

15 Any Offeror who is found to have created a conflict of interest or is found to have
16 violated the ethics aspects of the CNMI Procurement Regulations shall be disqualified
17 from further participation in the competition. When an Offeror solicits the assistance of
18 any employee of CUC or its consultants in the preparation of the Pre-Qualification
19 Proposal it will be found to have violated the ethics requirements.
20

21
22 2.2.5 Eligible Offerors
23

24 Any Person may apply for pre-qualification, subject to timely payment of applicable fees.
25 The fee to receive the Pre-Qualification Invitation is \$1,000, and every Offeror must pay
26 it. Then, the fee to submit the Pre-Qualification Proposal is \$25,000. Fees must clear
27 by the required date; for this reason wire transfers are requested. Please visit
28 www.cuccnmi.com for instructions.
29

30 The Offeror may be a joint venture, consisting of more than one person with more than
31 one function ("JV"). By submitting a Pre-Qualification Proposal, the members of the JV
32 will be asked to agree that CUC may treat them as jointly and severally liable for the
33 RFP response, irrespective of their agreement among each other. The JV shall appoint
34 a representative with the authority to conduct all business for and on behalf of the JV in
35 this procurement process.
36

37
38 2.2.6 Contents of Pre-Qualification Proposal, per Cover Letter

1
2 The Pre-Qualification Proposal shall include a cover letter listing the contents,
3 substantially as provided just below. The Offeror must submit, and sign, the cover
4 letter, and include in the Pre-Qualification Proposal the referenced materials. While this
5 Invitation presently requires an electronic filing by the due date, with multiple hard
6 copies to follow, a prospective Offeror concerned about a large volume of material may
7 request CUC to allow a substitute for hard copies – a reference in whole or in part to an
8 available website with downloadable pages, or supplied CD/DVD's, or supplied
9 thumb/flash drives. Such a request should be submitted to the CUC website no more
10 than 7 days in advance of the electronic filing deadline.

11 12 13 2.2.7 Language

14
15 The Pre-Qualification Proposal, as well as all correspondence and documents relating
16 to the pre-qualification exchanged by the Offeror and CUC, shall be written in the
17 English language. Supporting documents and printed literature that are part of the Pre-
18 Qualification Proposal may be in another language, provided they are accompanied by
19 an accurate translation of the relevant passages into the English language, in which
20 case, for purposes of interpretation of the Pre-Qualification Proposal, the translation
21 shall govern.

22 23 24 2.2.8 Signatures and Number of Copies

25
26 The Offeror shall prepare one original of the documents comprising the Pre-
27 Qualification Proposal, and clearly marked as "ORIGINAL". The original of the Pre-
28 Qualification Proposal shall be typed or printed.

29
30 The original shall be signed under oath by an authorized officer or representative of the
31 Offeror as well as each of its JV Members/Participants. The electronic filing may include
32 a scanned signature page, or indicate the original signature by an "/s" on the signature
33 line.

34
35 In addition to the e-copy, the Offeror shall submit an original hard copy and seven (7)
36 hard copies of the signed original Pre-Qualification Proposal, with each copy clearly
37 marked as "Copy 1", "Copy 2", etc. (This is a total of 8 documents.)

1 2.2.9 Discrepancy
2

3 In the event of any discrepancy between the original and the copies, the original shall
4 prevail. If the event of a discrepancy between the e-filed version and the later-filed
5 original hard copy, the earlier-filed electronic version shall control.
6
7

8 2.3 Evaluation Procedures
9

10 2.3.1 Opening of Pre-Qualification Proposals
11

12 Regardless of the date filed, CUC will open all Proposals at once. Electronically-filed
13 copies will be locked by the webmaster so that no one else may review them until the
14 opening date and time. Received hard copies will be kept in their mailers, in a secure
15 place. The Pre-Qualification Proposals will all be opened at the same time. CUC will
16 prepare a record of the opening of Pre-Qualification Proposals that includes the name of
17 each Offeror. A copy of the record will be distributed to all Offerors who have submitted
18 the Pre-Qualification Proposals.
19
20

21 2.3.2 Evaluation of Pre-Qualification Proposals
22

23 Each Pre-Qualification Proposal will be evaluated by CUC for approval or disapproval,
24 as the case may be, based on the criteria stated in Part 4, below. Evaluation will
25 proceed quantitatively – the evaluation will award points on a predetermined scale to
26 various aspects of the Pre-Qualification Proposal.
27

28 The principal areas are:

- 29
- | | |
|---|-----|
| 30 1. Technical capability ----- | 57% |
| 31 2. Financial capability ----- | 23% |
| 32 3. Business experience ----- | 10% |
| 33 4. Other objectives ----- | 10% |
- 34

35 Details may be found at the end of this document. Offerors will be ranked by score.
36 CUC will set a cutoff score. Those Offerors who have secured points above the cutoff
37 will be invited to participate in the RFP stage. CUC's ranking decision will be final.

1
2 2.3.3 Truthfulness and accuracy
3

4 CUC may, in its sole discretion, reject and/or disqualify any Pre- Qualification Proposal
5 if it determines that anything in the Pre-Qualification Proposal fails to comply materially
6 with the requirement for information, or is false, misleading, or inaccurate.
7

8
9 2.3.4 Cancellation of the process
10

11 CUC reserves the right to cancel the Pre-Qualification process and reject all Pre-
12 Qualification Proposals at any time.
13

14
15 2.3.5 Clarification requests
16

17 CUC may ask an Offeror, in writing, for a clarification of its Pre-Qualification Proposal.
18 CUC will do so only to assist in the evaluation of Pre-Qualification Proposals. The
19 Offeror must respond, in writing, within a stated, reasonable period of time. Failure to
20 respond within the requested time may produce a rejection of the Pre-Qualification
21 Proposal.
22

23
24 2.3.6 Confidentiality
25

26 The procurement process is, ultimately, a public one. (Procurement Regulations 70
27 NMIAC 30.3-050) However, submissions will be made on a website through private
28 pages, for which each Offeror will have password-protected access for its own material.
29 Only a limited group at CUC, including its agents, consultants, attorneys, and the RFP
30 committee members, and Procurement & Supply staff, will have access to the
31 submissions during the procurement process; and even their access will be limited, as
32 with the opening date discussed above.
33

34 An Offeror wishing to keep information confidential after the procurement process ends
35 shall request in writing the confidential treatment, and shall state with specificity why the
36 information is confidential or proprietary. The Offeror should do this as far as
37 practicable in advance of the closing date for submissions in order to avoid rejection or
38 an ultimate “surprise” decision by the Director of P&S that the information, or part of it,

1 should not remain confidential.

2
3 For assertedly confidential matters, the Offeror should submit a complete version of the
4 particular confidential material and a redacted version. "Redacted" means that the
5 confidential information is removed or blacked out. Upon a favorable decision, the
6 redacted version would then be preserved as the public document.

7
8 The Director of Procurement makes the decision on confidentiality. (Procurement
9 Regulations 70 NMIAC 30.3-050) No government employee may use confidential
10 information for anyone's personal gain. (Procurement Regulations 70 NMIAC 30.3-745)

11 12 13 2.3.7 Request for Proposal - the next stage

14
15 Pre-qualified Offerors will be eligible to participate in the next stage of the procurement,
16 the RFP Stage. CUC will issue a Certificate of Pre-Qualification, which will indicate the
17 time and place for the issuance of the Request for Proposals. CUC will thereafter issue
18 the RFP to each Pre-Qualified Offeror paying the non-refundable participation fee of
19 \$50,000.00 (US).

20 21 22 **Part 3 Pre-Qualification Proposal Forms**

23
24 The following forms **must** be provided. The required cover letter lists the required
25 forms. The definitions in this Invitation control. The Offeror may provide additional
26 information, as it sees fit. Such additional information may include, but is not limited to,
27 annual reports to shareholders, media stories, resumes, company publications, plans
28 and reports.

29 30 3.1 Offeror's Cover Letter Format

31
32 Each Offeror must transmit its submission with a cover letter that includes the following
33 statements. The term "zzz" indicates a place where the Offeror will fill in the required
34 information.

35
36 zzz Date

1 Mr. Anthony C. Guerrero, Executive Director
2 Commonwealth Utilities Corporation
3 P.O. Box 501220
4 3rd Floor, Joeten Dandan Building tel: 670.235.7025 to 7032
5 Saipan, MP96950 www.cuccnmi.com
6

7 Re: CUC Invitation for Pre-Qualification to submit proposal on privatization, RFP 07-
8 001
9 Submission of Pre-Qualification Proposal, declaration and undertaking
10

11 Dear Sir:
12

13 I have been authorized to represent the Offeror for the above-listed matter: [zzz Name
14 of Offeror] ("Offeror"). The Offeror is a [zzz state type of business organization, like
15 corporation, joint venture], organized under the laws of [zzz jurisdiction]. Our business
16 address and contact information, including fax, email and url, if any, are as follows: zzz.
17

18 The Offeror submits the attached Pre-Qualification Proposal in response to the above-
19 listed matter. The Offeror has read and understood the Pre-qualification Requirements
20 Invitation Document of February 2007 and agrees to be bound by and fully comply with
21 the terms and conditions stated therein. The Offeror has paid the fees required as
22 follows: [zzz describe payment method, like "with cashier's check no. zzz, in the amount
23 of \$25,000, drawn on zzz Bank" or "by wire transfer to CUC account zzz at the Bank of
24 Guam, on zzz date"]. There are two sets of attachments:
25

26 A. The Offeror submits the following information, in the following Required Forms:
27

28 Form 1 Organizational Documents ([Page 31 of 42](#))

29 Form 2 Information on Pending Litigation or Claim ([Page 32 of 42](#))

30 Form 3 Aggregate Minimum Net Asset Value and/or Market Capitalization ([Page 33 of](#)
31 [42](#))

32 Form 4: Financial Statements ([Page 34 of 42](#))

33 Form 5: CNMI Tax Clearance Form or Equivalent ([Page 34 of 42](#))

34 Form 6: Technical Requirements ([Page 35 of 42](#))

35 Form 7: Responsibilities of Joint Venture Members ([Page 35 of 42](#))

36 Form 8: Key Personnel ([Page 37 of 42](#))

37 Form 9: Standard procurement required agreements and declarations ([Page 38 of 42](#))

1
2
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15

B. The Offeror submits the following information additional information: Zzz.

No official or employee of CUC or its consultants has been employed or retained in the preparation of this Pre-Qualification Proposal. To the best of my information, knowledge, and belief, everything in this submission is true and correct. I declare this under penalty of perjury as of the date of this letter

Very truly yours,

(ZzzName of Offeror) By: _____ (Position/Title
of Signatory) Acknowledgment or Jurat
(before a Notary Public of a US jurisdiction or US Consular Official authorized to administer oaths)

1 3.2 Documents to be included in Pre-Qualification Response

2
3 3.2.1 Form 1 Organizational Documents

4
5 The following documents should be attached, as indicated for the Offeror and/or for
6 each member or participant in a joint venture: (Check if submitted)

7
8 3.2.1.1 Sole proprietorship registration and d/b/a permission

9 3.2.1.2 Joint venture agreement

10 3.2.1.3 Joint venture members' business organization
11 documents

12 3.2.1.4 Partnership agreement

13 3.2.1.5 LLC or LLP members' agreement

14 3.2.1.6 Corporate articles and bylaws

15 3.2.1.7 Other: _____

16
17 3.2.1.8 Business license or business permit and/or certificate
18 of convenience of necessity or other governmental
19 permission to engage in the utility business

20 3.2.1.9 For non-US applicant: statement by the US consulate
21 or US Embassy commercial attache that the submitted
22 documents are what they purport to be
23

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17

3.2.2 Form 2 Information on Pending Litigation or Claim

Please provide the following information regarding pending litigation. If pending litigation is discussed in current Notes to the Offeror's Financial Statements (and/or the same for each member or participant), please attach the Notes as well.

- 3.2.2.1 Name and docket number of pending litigation
- 3.2.2.2 Year filed
- 3.2.2.3 Parties
- 3.2.2.4 Brief description of matter in dispute
- 3.2.2.5 Status
- 3.2.2.6 Amount of claims, counter-claims and cross-claims (in US dollars)
- 3.2.2.7 Claim as a percentage of Offeror's (or Offeror member/participant) net worth

1
2 3.2.3 Form 3 Aggregate Minimum Net Asset Value and/or Market
3 Capitalization
4

5 3.2.3.1 Please state the Offeror's net asset value for each of
6 the years 2004, 2005 and 2006. Indicate whether the
7 figure is audited.
8

9 3.2.3.2 Please state the Offeror's market capitalization for
10 each of the years 2004, 2005 and 2006. Please state
11 whether the figure is audited.
12

13 3.2.3.3 Please state item 1 for each member/participant in a
14 joint venture.
15

16 3.2.3.4 Please state item 2 for each member/participant in a
17 joint venture.
18

19 3.2.3.5 Please state whether Offeror, and each
20 member/participant in an Offeror's joint venture, is
21 worth more than \$30 million as of 12/31/2006.
22

1
2 3.2.4 Form 4: Financial Statements
3

4 3.2.4.1 Please provide the Offeror's (and each
5 member/participant's) balance sheets for each of the
6 years 2004, 2005, 2006. State whether the figures are
7 audited.
8

9 3.2.4.2 Please provide the Offeror's (and each
10 member/participant's) income statements for each of
11 the years 2004, 2005, 2006. Please state whether the
12 figures are audited.
13

14 3.2.5 Form 5: CNMI Tax Clearance Form or Equivalent
15

16 3.2.5.1 For a local Offeror (and/or each local
17 member/participant), please provide the following
18 forms demonstrating good standing, the CNMI
19 Clearance Forms for:
20

21 3.2.5.1.1 Commonwealth Department of Finance,
22 Division of Revenue and Taxation for each year
23 2004, 2005, and 2006;
24

25 3.2.5.1.2 Commonwealth Department of Commerce,
26 Division of Customs for each year 2004, 2005,
27 and 2006.
28

29 3.2.5.2 For an Offeror (and each member/participant)
30 domiciled in another jurisdiction, please provide the
31 equivalent of a tax clearance form demonstrating good
32 standing for all taxes for each of the years 2004, 2005
33 and 2006.
34
35

1 Each of the undersigned swears under the penalty of perjury that:

2
3 (1) I and my firm/organization understand that our participation in
4 this venture is necessary to meet the qualifications requirements of
5 CUC's invitation to submit a competitive proposal for the
6 privatization of the CUC system AND that CUC is relying on the
7 continued participation of the undersigned's company or other
8 entity;

9
10 (2) the representations and other statements in the Offeror's Pre-
11 Qualification Proposal for which my firm is responsible are true and
12 correct to the best of my knowledge, information and belief;

13
14 (3) my firm/entity is, and shall continue to be, a member/participant
15 in this joint venture at all times relevant to CUC's evaluation of this
16 Pre-Qualification Proposal and to any later Proposal which Offeror
17 will submit in response to CUC's RFP;

18
19 (4) my firm/entity shall not decrease its stake in Offeror without the
20 express approval of either CUC or of the CNMI's PUC, or of their
21 successors in interest; and

22
23 (5) my firm/entity agrees that it may be held jointly and severally
24 liable for any proposal submitted in response to the RFP.

25
26 Signed: [name, title and company/entity];

27 Date;

28 Witnessed [notary public or US consular or embassy official, and
29 jurat].
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3.2.8 Form 8: Key Personnel

3.2.8.1 Key individuals

Please identify the key personnel who you claim will be actively involved in the operations, management and control of the privatized business, should you, as Offeror, prevail in securing the franchise. Explain each individual's qualifications and credentials, and attach the resume for each.

3.2.8.2 Chart or table

Please include Offeror's proposed organization table or chart showing the relationship of these individuals.

3.2.8.3 Proposed business organization chart

Please include Offeror's proposed organization chart, showing the relationships between generation, transmission, distribution, fuel supply, billing and other principal aspects of the privatized business.

1 3.2.9 Form 9: Standard procurement required agreements and
2 declarations
3

4 With respect to this procurement, CUC # 07-001, the Offeror, by the signature below, is
5 prepared to make the following assurances and agreements if it is awarded the
6 advertised contract for a franchise, including assurances pursuant to CNMI
7 Procurement Regulations 8-205 Gratuities and Kickbacks (70 NMIAC § 30.3-725), 8-
8 206 Prohibition against Contingent Fees (70 NMIAC § 30.3-730), and 8-207 Contract
9 Clauses (70 NMIAC § 30.3-735):
10

- 11 1. Regulations Controlling: This contract is null and void if either the procurement
12 process or contract execution fails to comply with the CNMI Procurement
13 Regulations, 70 NMIAC § 30.3-001 - 760, as amended. Any procurement action
14 of a Government official or employee in violation of said regulations is not
15 authorized by the government and is an act for which the Government will not
16 take responsibility or be liable for in any manner. The Offeror and the
17 Government contracting officer hereby certify that they have read and understand
18 said procurement regulations and have complied with all such regulations.
19
- 20 2. Penalties For Violation of Regulations: If this contract is in violation of the
21 procurement regulations referred to above, the Offeror may be subject to
22 debarment or suspension from government contracting and the Government
23 officials may be personally liable for any damages incurred, in addition to other
24 penalties provided for by law or regulation.
25
- 26 3. Contract Disputes: Any dispute arising under this contract between the
27 Commonwealth and the Offeror shall be submitted to administrative review and
28 appeal as provided for in Section 5-201 (70 NMIAC § 30.3-501 - 520) of said
29 regulations before any action may be brought at law or equity for a remedy.
30
- 31 4. Gratuities: It shall be a breach of ethical standards:
32
- 33 a. for:
- 34
- 35 i. the Offeror to offer, give or agree to give any Government employee
36 or former Government employee; or
37
- 38 ii. for any Government employee or former Government employee to
39 solicit, demand, accept or agree to accept from the Offeror,

- 1
2 b. a gratuity or an offer of employment in connection with:
3
4 i. any decision, approval, disapproval, recommendation, preparation
5 of any part of a program requirement or a purchase request;
6
7 ii. influencing the content of any specification or procurement
8 standard;
9
10 iii. rendering of advice, investigation, or auditing, in any proceeding or
11 application; or
12
13 iv. a request for ruling, determination, claim or controversy, or other
14 particular matter, pertaining to:
15
16 (1) any program requirement;
17 (2) a contract or subcontract; or
18 (3) any solicitation or proposal thereof.
19
20 5. Kickbacks: It shall be a breach of contract for any payment, gratuity or offer of
21 employment to be made by or on behalf of a subcontract under a contract to the
22 prime Offeror or higher tier subcontractor or any person associated therewith as
23 an inducement for the award of a subcontract or order.
24
25 6. Representation of Offeror Concerning Contingent Fees: The Offeror hereby
26 represents that it has not retained any person to solicit or secure government
27 contracts upon an agreement or understanding for a commission percentage,
28 brokerage or contingent fee, except for the retention of bona fide employees or
29 bona fide established commercial selling agencies for the purpose of securing
30 business.
31
32 7. Changes/Change Order.
33
34 a. By a written order at any time, and without notice to a Surety, the
35 Government may, subject to all appropriate adjustments, make changes
36 within the general scope of this contract in any one or more of the
37 following:

- 1
2 i. Drawings, designs, or specifications, if the supplies to be furnished
3 are to be specially manufactured for the Commonwealth in
4 accordance therewith;
5
6 ii. Method of shipment or packing; or
7
8 iii. Place of delivery.
9
10 b. Adjustments of Price Or Time For Performance. If any change order
11 increases or decreases the Offeror's cost of, or the time required for the
12 performance of any part of the order, an adjustment shall be made and the
13 contract modified in writing accordingly. Any adjustment in contract price
14 made pursuant to this clause shall be determined in advance. Failure of
15 the parties to agree to an adjustment shall not excuse the Offeror from
16 proceeding with the contract as changed, provided that the
17 Commonwealth promptly and duly makes such provisional adjustments in
18 payment or time for performance as may be reasonable. By proceeding
19 with the work, the Offeror shall not be deemed to have prejudiced any
20 claim for additional compensation, or an extension of time for completion.
21
22 c. Time Period For Claim. Within twenty-eight (28) days after receipt of a
23 written change order, unless such period is extended by the Government
24 in writing, the Offeror shall file notice of intent to assert a claim for an
25 adjustment. Later notification shall not bar the Offeror's claim unless the
26 Commonwealth is prejudiced by the delay in notification.
27
28 8. Claims Barred After Final Payment. No claim by the Offeror for adjustment
29 hereunder shall be allowed if notice is not given prior to final payment under this
30 contract.
31
32 9. Notice to Proceed. The Offeror shall be deemed to have received its notice to
33 proceed upon all the required signatures being provided on this Agreement.
34
35 10. Additional Assurances
36

37 Note: Certain of these assurances may not be applicable to this contract. If you have
38 questions, please contact the Awarding Agency. Further, certain federal assistance
39 awarding agencies may require applicants to certify to additional assurances. If such is

1 the case, you will be notified.

- 2
- 3 a. Compliance with the Davis Bacon Act (40 U.S.C. 276a to a-7) as
4 supplemented by US Department of Labor regulations(29 CFR Part 5) .
5 (Construction contracts in excess of \$2,000.00 awarded by grantees and
6 subgrantees when required by Federal grant program legislation)
7
- 8 b. Compliance with section 103 and 107 of the Contract Work Hours and Safety
9 Standard Act (40 U.S.C. 327-330) as supplemented by US Department of
10 Labor regulations (29 CFR Part 5). (Construction contracts awarded by
11 grantees and subgrantees in excess of \$2,000.00, and in excess of \$2,500.00
12 for other contracts which involve the employment of mechanics or laborers).
13
- 14 c. Mandatory standards and policies relating to energy efficiency which are
15 contained in the state energy conservation plan issued in compliance with the
16 US Energy Policy and Conservation Act (Pub. L. 94-163).
17

18 11. Public Auditor: Offeror and subcontractors at all levels shall provide the Public
19 Auditor of the Commonwealth of the Northern Mariana Islands with access to, and
20 the right to examine and copy, any records, data or papers relevant to this contract
21 until three (3) years have passed since the final payment pursuant to this contract.
22

23 The Offeror is prepared to agree to all 11 of the above assurances.
24

25 _____
26 Name:

27 Title/position:
28

29 Date:
30

31 – end of required forms –
32

Part 4 Pre-Qualification Evaluation Criteria

This is a summary of the criteria which CUC intends to use to compare the Offerors' submissions for this Pre-Qualification stage. CUC, of course, reserves the right to modify the criteria.

Category and Criteria	Points	%
Technical qualifications	570	57%
90 MW + generation system	140	
90 MW + demand on system	150	
34.5 kV transmission system	45	
13.8 kV distribution system	45	
20,000+ customers meter & bill	40	
3.25 MW + of renewable energy	150	
Financial qualifications	230	23%
Aggregate net assets \$30 million+	100	
Generation partner in at 30+% or self	50	
T&D partner in at 10+% or self	50	
Purchases fuel on its own	30	
Business experience	100	10%
Location in or close to Marianas	40	
Years of experience	60	
Other objectives (Weight 10%)	100	10%
Approach to the environment	20	
Creatively minimize dependence on foreign oil	20	
Staffing, including present staff and local recruitment	20	
Creative approaches to economic development	20	
Likely focus on and investment in the CNMI	20	
TOTAL	1000 pts	100%

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