

CUC-RFP- 07- 001

Invitation to Apply for Pre-Qualification, for the Privatization of CNMI's Power Business *Questions and Response – March 13, 2007*

1. Original Message –

From: webmaster@cuccnmi.com

To: rfpinfo@cuccnmi.com

Sent: Wednesday, February 14, 2007 3:00 PM

Subject: RFP Information Request from cuccnmi.com

Why are you charging us these fees?

Please explain why? A “non-refundable” pre-qualification fee of \$25,000.00 is required to participate in this bid. (djsablan@guam.net)

Then, upon certification that one is “Pre-qualified”, another \$50,000.00 “non-refundable” payment is required just to get the RFP documents. (djsablan@guam.net)

The \$1,000.00 fee just to obtain the pre-qualification is also quite steep, unless there are plans that are part of the pre-qualification documents package, which I serious doubt. (djsablan@guam.net)

Response – There are three reasons for the charges. Any one reason is, in the Committee’s view, sufficient to warrant charging the fees in the form we have selected.

- (1) We anticipated hiring experts to help us evaluate the qualifications and technical proposals. We believe that the aggregate cost of the process, including all consulting fees, website development, and additional costs related to negotiations, will produce substantial consulting bills. The total fee amounts are calculated to cover those costs.**
- (2) We wanted to insure that only serious offerors would participate. The “entry fee” of \$1,000 is calculated to provide a cutoff between those persons/firms who might merely “fish” for a response from Committee. The Committee’s dilemma is that we must carefully evaluate all proposals, whether or not the person offering the proposal is serious. So, one use of the \$1,000 fee is to require potential proposers to address the process seriously. The \$1,000 is a relatively modest amount when the 25-year business opportunity for a \$100-million-per-year utility is considered.**

Similarly, the \$25,000 fee gives the potential proposer pause before submitting a proposal and requiring the Committee and its consultants to attend carefully to the proposal.

(3) We separated the amounts into three payments in order to save money for the proposers while insuring that some amounts would be collected to cover the initial evaluations. We split the process into three parts in order to save time and resources for potential proposers and for Committee. Thus, the first amount, \$1,000.00, reflects the relatively modest effort to review the Invitation (and some part of the substantial work to develop the RFP). Then, instead of bundling a review of qualifications with a review of technical proposals, and requiring proposers to put in the substantial and detailed work required to assess and plan the business, we split off the qualifications part into this stage. The Committee's judgment was that assembling the materials to show who the proposers are is relatively easy. In many cases a firm or a team would have the materials already "on the shelf". The \$25,000.00 payment was pegged to the cost of evaluating a Pre-Qualification proposal. This process thereby puts off the detailed technical and "business plan" assessment by the proposers, and the evaluation by Committee, along with a final payment, which we believe will reflect the true cost of total evaluation. This way those deemed unqualified to proceed would not be otherwise burdened with the work and the fee.

By contrast, a "typical" RFP process would have required all the detailed work up front and a full \$75,000 to evaluate both the qualifications and the technical proposal.

(4) Thus, the fees as they appear are the result of a careful balancing, the product of substantial committee deliberation.

2. Original Message -----

To: [Privatization - CUC](#)

Sent: Tuesday, February 20, 2007 12:37 PM

Subject: about Pre-Qualification

I'm

I would like to know why the payment of \$1,000, \$25,000, \$50,000 is non-refundable.

And I want to know who I should contact when we have some questions as preparing the Pre-Qualification document to submit to CUC.

I look forward to your reply.

Response: Please refer to the preceding response on the reasons why the fees are being collected for the RFP. The fees are non-refundable because we expect to spend them on the professionals we must hire to review the proposals.

All questions to be raised in regard to this RFP must be entered in the URL: <http://www.cuccnmi.com/contact.asp> and submitted in the area for "Comments".

After this first stage, we expect to respond only to specific questions received from persons who have paid the requested fees for the documents and have registered. To respond to all questions, regardless of the source, could unduly tax our limited resources.

3. Original Message -----

From: webmaster@cuccnmi.com

To: rfpinfo@cuccnmi.com

Sent: Tuesday, February 27, 2007 2:20 PM

Subject: RFP Information Request from cuccnmi.com

The information request was sent from cuccnmi.com on 2/27/2007 2:20:17 PM Western Pacific Time.

Name:

Comments: Dear sirs,

We would like to send all the best wishes to CUC.

We. . . received the Pre-Qualification invitation from Joint venture member. . . We are preparing the Pre-Qualification proposal with Joint venture member as a project developer.

We would like to ask some questions about Pre-Qualification invitation on the following.

3-1. When you refer to "worth" (whether offeror is worth more than \$30million) at page 33, what do you mean "worth"? Do you mean net asset value?

Response - Yes, worth is net asset value, the asset side of your balance sheet.

3-2. Regarding Form 6, what should we include specifically for addressing electric power business experience?

Response - Please refer to the breakdowns listed in Form 6 – Technical Requirements – items: 3.2.6.1 TO 3.2.6.9. Also, please review the detailed evaluation criteria at page 42 of the Invitation. Please keep in mind that this is your opportunity to present your experience and capabilities. We welcome that you provide more information rather than less, particularly if you are not sure what to say.

3-3. Regarding Form 6, what type of plants at NO. 3.2.6.1 do you mean? Do you mean diesel engine power plant which is the same type as Saipan power plant?

Response - Any form of thermal generating units are acceptable. Again, if you refer to page 42 and the evaluation criteria, you can see that we are interested in understanding your experience in running power generation facilities that would be used to meet loads experienced on our system. Here is a hypothetical situation: Presently we run certain oil fired units. You, as a potential offeror, might suggest that, as the new utility company, you phase those units out and substitute different kinds of units. We would want to know what experience you had with both types of units.

3-4. When it comes to "these individuals" at NO. 3.2.8.2 (showing the relationship of these individuals), what do you mean "these individual"? Do you refer to individuals mentioned above 3.2.8.1?

Response -Yes

3-5. We received the Pre-Qualification invitation from our Joint Venture member and we are preparing the Pre-Qualification proposal as a project developer. Are we eligible for submitting the Pre-Qualification proposal of Joint venture as an offeror?

Response - Without reviewing the details of your joint venture, the answer would probably be “yes”. Refer to Part 4 , Evaluation Criteria for the composition requirement and section 3.2.7 – Form 7 – Responsibilities of joint venture members. And, without fully understanding your question, we expect that, for a joint venture, one of the parties would be the principal, or lead for the team, who would submit the proposal. The joint venture, however, is the offeror.

4. Original Message

From:

To: ['Privatization - CUC'](#)

Sent: Thursday, March 01, 2007 4:26 PM

Subject: RE: CUC-RFP-07-001 - INQUIRY

Attn: Privatization Pre-Qualification
C/o Mr. Anthony C. Guerrero
Executive Director
Commonwealth Utilities Corporation

Dear Sir,

We would like to request for clarification with regards to the payment of US\$25,000.00; the RFP other than stating wire transfer is applicable does not give exact date by which the US\$25,000.00 is to reach CUC's account; is this payment should be in CUC account on March 12, 2007 when electronic filing is done OR within 7 days from March 12, 2007 when hard copies are to be delivered.

Your clarification to the above matter will be appreciated.

Response - The amount of \$25,000.00 wire transfer should be credited to the CUC account no later than the deadline for receipt of the electronic copy. Thus, for this stage, April 2, 2007 would be the deadline.

5. Original Message

From:
Sent: Thursday, March 01, 2007 4:21 PM
Subject: RE: Local preference law

5-1. Also, how are the aggregate net assets determined? Can the aggregate net assets be the combined total of all the partners submitting in joint venture for the bid?

Please advise.

Response – It's the aggregate of the joint venture's members' assets. The "Offeror" is the team, so the assets are the team's assets. In order to report these, please refer to Part 3.2.3, and to Form 3 – "Aggregate minimum net asset value and/or market capitalization".

6. Original Message

From:
Sent: Thursday, March 01, 2007 4:15 PM
Subject: RE: Local preference law

5-2. How is "experience" measured for a company who is submitting a bid? Can the experience of "teaming partners" working in joint venture for the bid, be accounted for by the main proponent's experience?

Response – We evaluate the team. But, of course, we can only know the team’s capabilities by seeing what is proposed as the knowledge, education, training and experience of its members. Please refer to the Section 3.2.6 – Form 6 – “Technical requirements” Also, please see the breakdowns of experience listed in 3.2.6.1 to 3.2.6.9. Team partners are termed joint venture members. Please see the details requested in 3.2.7 – Form 7 – Responsibilities of joint venture members.

7. Original Message

From:

Sent: Wednesday, March 07, 2007 5:28 PM

Subject: CUC Privatization:

Q: Your procurement regulations mention bids. Are we trying to pre-qualify for a “bid”?

Response: No. The pre-qualified persons would be invited to submit a competitive proposal, per regulation 70 NMIAC 30.3-210. Bids are more likely to be sought when the good or services offered are identical. In this case CUC will have to compare proposals ultimately that compete both as to price (including rates, fees and charges) and as to services in running a power utility.

Q: How many hard copies are required to be submitted after we have sent the electronic filing on the scheduled closing date?

**Response: We require One (1) original + Seven (7) copies to be received within 7 working days of e-filing deadline. Hence based on the current working days in the month of April the hard copies must be received at the address below by the close of business (4.30pm, Saipan local time, 13th April, 2007). Each copy shall be marked Copy 1, Copy 2 ...and so on. The documents shall be marked “Invitation to Apply for Pre-Qualification, for the Privatization of CNMI's Power Business - CUC RFP # 07 – 001” and addressed to
“ c/o ANTHONY C. GUERRERO Executive Director Commonwealth Utilities Corporation P.O. Box 501220 3rd Floor, Joeten Dandan Building Saipan, MP –96950.”**

Q: Can we request additional time to submit our documentation?

The closing of the prequalification was extended by 21 days due to the fact that many of the prospective offerors requested for time extension. In addition there had been delays reported, in downloading of the documents and clearing of the wire transfer. The committee wanted to provide sufficient time to the prospective offerors to review the documents and ask questions and also to ensure that they have sufficient time to consider the response provided to the questions. The committee feels that the 21 days extension is sufficient time to submit the requested pre-qualification documentation.