



07 JUN -5 P3:25

STATE PROCUREMENT OFFICE NOTICE & REQUEST FOR SOLE SOURCE

- 1. TO: Chief Procurement Officer
- 2. FROM: DCCA/Division of Consumer of Advocacy ("Consumer Advocate")
Department/Division/Agency

Pursuant to §103D-306, HRS, and Subchapter 9, Chapter 3-122, HAR, the Department requests sole source approval to purchase the following:

3. Description of goods, services, or construction:
 The P-Month software is used to run production simulation models for the Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO"), and Maui Electric Company, Ltd. ("MECO"). These production simulation models are critical in the process of reviewing the manner in which electric utility companies are dispatching their electric generating units to meet customer demands. This software will allow the agency to independently review inputs and outputs and run sensitivity analyses.

4. Vendor Name: P Plus Corporation Address: 20370 Town Center Lane, Suite 208 Cupertino, CA 95014	5. Price: <u>\$77,500.00</u>
6. Term of Contract: From: <u>June 30, 2007</u> (mm/dd/yyyy) To: <u>In perpetuity</u>	7. Prior Sole Source Ref No. <u>0</u>

8. Feature: The good, service, or construction has the following unique features, characteristics, or capabilities: The software system is proprietary software used by HECO, HELCO, and MECO. It is important to obtain the exact model used by the companies to eliminate arguments related to different outputs and results due to the use of different models.

The price is for a perpetual "two key" (use by up to two persons at a time) license of the software and includes technical support and maintenance for the first year of the license and a three-day, in-house training session on the use of the software. A technical support and maintenance fee of \$10,000 will be assessed annually beginning in the 2nd year of the license. This support and maintenance fee is not included in the price and will be processed by the Consumer Advocate annually as a recurring annual expenditure of the division. The vendor will provide off-site technical support of the software, assist with trouble shooting any problems, fix any program errors, and answer questions on the use of the software. In addition, the vendor will provide updates to the software, including those necessary to ensure the compatibility with any new or latest version of the Microsoft PC Windows operating system. The vendor indicates that this fee is subject to change in future years.

9. Essential features. How the unique features, characteristics, or capabilities are essential for the agency to accomplish its work: See attached statement.

11. Alternate source. The following other possible sources for the good, service, or construction were investigated but do not meet our needs because: N/A; the system is proprietary.

12. Direct any inquiries to:

Department: Commerce and Consumer Affairs
Contact Name/Title: Catherine Awakuni, Executive Director

13 Phone Number:

586-2770

Fax Number:

586-2780

Expenditure may be processed with a purchase order: Yes No If no, a contract must be executed and funds certified.

Agency shall ensure adherence to applicable administrative and statutory requirements.

14. *I certify that the information provided above is to the best of my knowledge, true, correct and that the goods, services, or construction are available through only one source.*

Lauren M. Reijntje
Department Head

6/5/07
Date

Reserved for SPO Use Only

15 Date Notice Posted: 6/6/07

Submit written objections to this intent to issue a sole source contract within seven calendar days or as otherwise allowed from the above posted date to: Chief Procurement Officer
State Procurement Office
P.O. Box 119
Honolulu, Hawaii 96810-0119

16. Chief Procurement Officer's comments:

This approval is based on the DCCA's representation that this proprietary software is essential to independently review inputs, outputs and run sensitive analyses for the 3 utility companies.

17.

APPROVED DISAPPROVED NO ACTION REQUIRED

James S. Fugle 6/13/07
Chief Procurement Officer Date

REQUEST FOR SOLE SOURCE – ATTACHMENT
DCCA/Division of Consumer Advocacy
Software from P Plus Corporation

9. Essential features.

The production simulation model is used extensively in utility company operations and used in various regulatory filings before the Hawaii Public Utilities Commission. For example, the results of the model are presented in rate case proceedings, capital improvement projects, integrated resource planning and other filings. In the past, the Consumer Advocate has used different models, but always had to address utility criticism relating to those models. The Consumer Advocate's current modeling software is obsolete and no longer supported by any vendor. Obtaining this software will help to eliminate wasteful discussions on model comparisons and allow the parties to focus on more relevant issues. In addition, the Consumer Advocate anticipates that some observable savings in time will occur as a result of using the modeling software identical to that used by the utilities. That is, the software will already be customized to those settings and parameters used by the utilities, and on a case by case basis, the utilities could provide their archived cases to the Consumer Advocate for review. With this model, the Consumer Advocate anticipates that the agency's ability to better protect and advance the interests of electric utility customers in rate case proceedings and other matters will be greatly enhanced. Furthermore, this model will help the Consumer Advocate's ability to produce analyses to help convince the Public Utilities Commission regarding State energy policy matters.