



**Informal Request for Proposals
#18032
Bradley Lake Hydropower
& Alaska Intertie Insurance
Review**

November 17, 2017

The Alaska Energy Authority (AEA) is requesting proposals from Offerors to review the current Bradley Lake Hydro facility and Alaska Intertie coverages and recommend changes that are necessary or appropriate with the Projects.

Proposal must be received on or before **2:00p.m. local time, November 29, 2017**. AEA is estimating a contract amount of approximately \$15,000-\$20,000.

Background Information:

The Bradley Lake Hydro Project

The project is a 120 Megawatt capacity hydroelectric project located 27 air miles southeast of Homer on the Kenai Peninsula. It provides approximately 10 percent of the Railbelt area electrical energy. The project consists of Bradley Lake, a 125-foot-high concrete faced, rock filled dam structure, three diversion structures, a 19,152 ft. long power tunnel, generating plant, interior substation, 20 miles of transmission line, and substation. Due to its remote location, the project has its own airstrip, boat dock, residential quarters, and utility system.

The power generation potential of Bradley Lake was first studied by the U.S. Corps of Engineers and presented in a report dated March 1955. Congress authorized the project in 1962. Federal funds were not available for its construction until 1982. The Alaska Energy Authority (then Alaska Power Authority) assumed responsibility for the project in 1982. Preliminary plans and field investigations started in 1982. In April 1984, the Authority submitted an application for license to the Federal Energy Regulatory Commission (FERC). The license to construct the project was issued on December 31, 1985. Project was declared in commercial operation September 1, 1991.

In December 1987 the Authority and the Railbelt utilities entered into a Power Sales Agreement that established the Bradley Lake Project Management Committee (BPMC). The purpose of the BPMC is to arrange for the operation and maintenance of the Bradley Lake Hydroelectric Project; and the scheduling, production and dispatch of power. The members of the BPMC are AEA and the five utilities that purchase power under the Agreement;

- Chugach Electric Association, Inc.,
- Municipality of Anchorage,
- Alaska Electric Generation & Transmission Cooperative, Inc. acting on behalf of Homer Electric Association, Inc. and Matanuska Electric Association, Inc.
- Golden Valley Electric Association, Inc. and
- City of Seward.

Section 13 of the agreement delineates other BPMC responsibilities that include:

1. Establish procedures for each party's water allocation;
2. Budget for annual Project costs and calculate each party's required contribution to fund annual costs;
3. Approve Project operations and maintenance arrangements. Optional Project work requires a majority affirmative vote and the affirmative vote of AEA.

From 1985 through 2000 AEA issued bonds for the long term financing of the construction costs of the Bradley Lake Hydro Projects and subsequent refunding of previous bond issuances. The outstanding Bradley Lake Bonds mature annually each July 1 through the year 2021.

Among other requirements the Bond Resolution's require bi-annual review of adequacy of insurance coverage by the State of Alaska Division of Risk Management or other qualified insurance consultant and filing of a report of the review with the bond trustee.

The Alaska Intertie

The Alaska Intertie transmission line is a 170-mile long, 345kV transmission line between Willow and Healy that is owned by AEA and operates at 138 kV. The Alaska Intertie is managed by the Intertie Management Committee (IMC). The project includes transmission towers and conductors, transformers at the Healy and Teeland Substations, and system stability devices at three locations that are necessary to allow the Railbelt Utilities to remain interconnected.

The Intertie was built in the mid-1980s with State of Alaska appropriations totaling \$124 million. As a result of the state funds there is no debt associated with this asset. However, the State is interested in having the appropriate amount of insurance for this project.

Current Insurance:

Currently, the Bradley Lake Hydro Project and Alaska Intertie obtains insurance coverage through the Alaska Rural Electric Cooperative Association (ARECA) Insurance Exchange (AIE). The detailed policies are attached [\(Attachment 1\)](#).

Coverage	Deductible	Limits of Insurance
Property		
All Risk Blanket (Attachment 1)	\$2M per occurrence	\$50M
Public Liability (Attachment 1)	\$10,000 per occurrence	\$2M each occurrence
Equipment Breakdown (Attachment 2)	\$100,000 Transformers 100 MVA & larger \$2.50 per KW Hydro-Turbine Generators \$50,000 All other objects	\$50M
Earthquakes & Floods (All Risk)	\$10 M	\$50 M
Directors, Officers and Managers Liability and Corp Indemnification (Attachment 3)	\$10,000 per claim	\$5M Per Occurrence & Aggregate
General Liability (HEA policy)	\$5,000 per occurrence	\$2M each occurrence

The Bradley Lake Hydro Project 2017 Schedule of Values Total is \$428 M.

The Alaska Intertie obtains insurance through AIE. Following is a summary of the current insurance coverage for the Alaska Intertie. The detailed policies are attached (Attachment 2).

Coverage	Deductible	Limits of Insurance
General Liability	\$10,000 per occurrence	\$2M per Occurrence
Umbrella Liability		\$10M

Scope of Work, Schedule, and Deliverables

A. Scope of Work:

The contractor will review current Bradley Lake Hydro facility and Alaska Intertie coverages and recommend changes that are necessary or appropriate with the Projects.

1. Review the current insurance programs for the Bradley Lake Hydro facility and Alaska Intertie insurance program for adequacy and appropriateness of limits of protection, deductibles, and scope of coverage, including all terms, conditions, and exclusions and report to AEA, Subcommittees of the BPMC, and Subcommittees of the IMC any deficiencies or suggestions for improving coverage or reducing cost. Recommendations should be specific with reasoning.
2. Review *Earthquake Probable Maximum Loss Risk Profile Memorandum*, Chugach Electric Association, Bradley Lake Power Station Homer, Alaska (Attachment 3) for and recommend changes in appropriate coverages for property and equipment coverage, if any.
3. Bradley insurance is required to meet Section 714 of the *Bradley Lake Bond Resolution* (Attachment 4).
4. Make a written recommendation to AEA and the BPMC of the most appropriate options for insurance considering but not limited to cost, scope of coverage, limits of protection, deductible, and financial security.
5. Make a written recommendation to AEA and the IMC of the most appropriate options for liability or other insurance for the Intertie with consideration of Prudent Utility Practices.
6. Structure insurance programs properly to eliminate gaps or overlaps in coverage and provide the limits needed by Bradley Lake. Broker must review existing insurance and be very specific in its RFP response with respect to improvements it can achieve in coverage, limits, and cost.

Site inspections are not part of this RFP.

Bid amounts for the Bradley Lake Hydro and Alaska Intertie are to be kept separate. The sum of the two bid amounts will be used in the scoring.

B. Deliverables: The contractor will provide two written electronic (PDF) reports, one for Bradley Lake Hydro and one for Alaska Intertie containing the review recommendations.

C. Schedule: The performance period of this contract will be approximately 3 1/2 months from the award date or completed by 3/15/2018.

- 11/29/17: Proposals are due.
- 12/17: Contract Award.
- 2/15/18: Draft Insurance recommendations are due.
- 3/15/18: Final Insurance recommendations due

Proposal Format

In response to this request, Offeror's proposals will be limited to 5 pages (max.) and must include the following:

1. A cover letter that contains the complete firm name, mailing address, and telephone number of the contact on the proposal; a statement of commitment to the project; and an Alaska business license number.
2. Include a brief discussion of your understanding of the services required, availability of staff, and any issues, potential conflicts or concerns you may have in participating in this contract.
3. Provide statement of firm qualifications. Provide the names and resumes of at least 2 staff members performing the scope of work. (Resumes do not count towards page count)
4. Offerors shall provide a fixed price cost proposal, which includes the fully loaded labor rates of the staff performing the scope of work. Cost should include staff and contractor time, travel, written materials and other associated costs.

Evaluation Criteria and Contractor Selection

This solicitation does not guarantee that a contract will be awarded. All proposals may be summarily rejected. Our intent however, is to select a contractor that best meets our requirements based on the following weighted criteria:

- 1) Personnel & Firm Qualifications 30%
 - 2) Cost Proposal 60%*
 - 3) Schedule 10%
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- Total 100% = 100 points MAX

*The distribution of points based on cost will be determined by the method set out below. The lowest cost proposal will receive the maximum number of points allocated to cost.

Cost will be converted to points using the following formula:

$$\frac{[(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points for Cost})]}{(\text{Cost of Each Higher Priced Proposal})} = 60 \text{ MAX POINTS}$$

The successful Offeror will be required to submit a certificate of insurance in accordance with Appendix B, Article 2 of the attached Sample AEA contract, as well as a completed Debarment Certification.

Deadline for Receipt of Proposal

Interested firms wishing to submit a proposal may do so by mailing, faxing, or e-mailing its proposal response to Kris Bentler, AEA, 813 West Northern Lights Boulevard, Anchorage, AK 99503, fax to (907) 771-3044, or e-mail at kbentler@aidea.org.

Proposal must be received on or before 2:00 p.m. local time, November 29, 2017.

Firm Name

Signature

Please Print Name and Title Date

Questions

Please direct any questions about this request for proposal to me directly, I may be reached by telephone at (907) 771-3035, or by e-mail at kbentler@aidea.org.

Professional Regards,
Kris Bentler
Contracts Administrator

Attachments:

- 1: Bradley Lake Hydro's Current Insurance Policy
- 2: Alaska Intertie's Current Insurance Policy
- 3: Earthquake Probable Maximum Loss Risk Profile Memorandum
- 4: Bradley Lake Bond Resolution
- 5: Federal Debarment Certification
- 6: Sample AEA PSA Contract