
NRU CONSULTING SERVICES, L.L.C.

REQUEST FOR PROPOSALS

ALL SOURCE SUPPLIERS

Request Issued October 6, 2008

Proposals due December 16, 2008

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1. INTRODUCTION

1.1. Northwest Requirements Utilities and NRU Consulting Services, L.L.C.

Northwest Requirements Utilities (“NRU”) is a non-profit trade association of 55 electric distribution utilities within the Pacific Northwest that rely upon the Bonneville Power Administration (“BPA”) as their primary or exclusive supplier of wholesale electric power. These utilities account for nearly 25% of BPA’s power deliveries to public preference customers equal to nearly 1,900 aMW of load annually. NRU was officially formed in 2002, is located in Portland, Oregon, and actively represents the NRU members in all matters of wholesale power supply and transmission service with BPA.

The NRU members are currently Load Following customers of BPA where the Agency by contract covers the variance in each utility’s net requirements for power supply and charges a Priority Firm rate for such power deliveries. Current power supply contracts expire September 30, 2011. Under the new BPA contract offering, BPA will impose a Tiered Rate design where the existing resources of the Federal Base System (“FBS”) will be effectively allocated from a pricing standpoint by the establishment of a High Water Mark (“HWM”) for each utility. Utilities will be able to purchase at embedded costs rates the output of the current generation resources of the FBS, generally referred to as Tier 1 power, up to their HWM. This should meet about 96% of the utilities loads in FY 2012. For forecast power needs above the rate period high water mark, the customer will have the option of relying upon BPA for market priced power or power at the cost of new resources (Tier 2 service), or alternatively to secure non-federal power supply, or a combination of both.

Given the pending implementation of tiered rates by BPA, and the options available to NRU members for serving their load growth after September 30, 2011, NRU formed a separate Limited Liability Company, NRU Consulting Services, L.L.C. (NRU LLC) in 2007 to provide consulting services to its members that are interested in exploring non-federal power supply options. Forty-four members of NRU, representing more than 90% of the organization’s total retail load, signed a participant agreement to have NRU LLC analyze non-federal power supply options. According to preliminary BPA forecasts that will be updated in 2009, these utilities have projected net power supply requirements in FY 2012 of 2,043 aMW, and a Tier 1 HWM forecast contract amount of 1,963 aMW. This results in a currently forecasted above HWM need of 80 aMW, and a potential additional 25 aMW per year assuming a 1.25% growth rate. Given these circumstances, NRU members are seeking via this RFP 100 aMW of non-federal power supply options to cover their above HWM needs for FY 2012 and FY 2013, the first rate period under new contracts. NRU LLC anticipates that it will be building long term power supply relationships for ever increasing amounts of non-federal power.

It is important to note that BPA is planning to issue transitional HWM determinations in 2009, and consequently the above HWM need of the utilities may vary from the above estimate. However, the amount of above HWM load is expected to increase over time, as utilities’ net requirements for power supply grow while the size of the current FBS is unlikely to expand.

The NRU members are seeking non-federal power supply options to serve all or a portion of their above HWM needs over or beyond the effective 17 year term of the new BPA contracts.

1.2. Contracting Entities

NRU LLC is in the process of forming two new legal entities that will allow the individual utilities to achieve economies of scale and efficiencies of operation, while recognizing the differences in their underlying legal authorities. During the fourth quarter of 2008 two new organizations will be formed to secure non-federal power supply. One organization will be a Generating and Transmission (G+T) Cooperative which will include all the participating Cooperatives. The second will be an Intergovernmental Entity composed of all of the municipal utilities, public utility districts and special utility districts. These two organizations will sign power supply contracts and will rely upon the underlying demonstrated creditworthiness of the members. These two organizations, supported by a newly formed Administrative Services Cooperative, will commonly pursue resource acquisition and management of power supply portfolios for renewable and non-renewable resources. This will allow each participating utility to meet its BPA contractual obligations beginning October 1, 2011 for the non-federal power supply selected. Based on the projected load growth of the NRU LLC members, the utilities are seeking long term business relationships with non-federal power suppliers to meet all or a significant portion of their above HWM loads.

Questions about the corporate structure of NRU LLC, the contracting entities or the Administrative Services Cooperative should be directed to:

NRU LLC
Attn: John Saven
825 NE Multnomah, Suite 1135
Portland, OR 97232
(503) 233-5823
jsaven@pacifier.com

2. RESOURCE NEED

2.1. Initial NRU LLC Procurement

This initial RFP being issued by NRU LLC will be for an aggregate supply of 100 aMW. Some member utilities have Renewable Portfolio Standards (“RPS”) requirements, and such requirements vary by State and by size of utility. Furthermore, certain member utilities are likely to see renewable resources as a means to hedge against various risk factors potentially associated with non-renewable resources. In addition, State legislation in Washington and Oregon impose limits on the amounts or duration of carbon emitting resources that can be used by a significant portion of the LLC members. In light of these circumstances, of the 100 aMW of supply, there is an expectation that there will be a strong interest in renewable resources, as well as non-renewable resources, depending upon the performance of these resources relative to evaluation criteria.

2.2. Term and Transaction Structure

The 100 aMW is a long-term supply need. In this initial resource acquisition effort NRU LLC is prepared to evaluate offers from short-term bridge contracts all the way to 20 year supply contracts. Given forecasted regional load growth and concerns regarding resource adequacy, long term contracts that are asset backed will be preferable to long term market transactions.

3. RESOURCES SOUGHT

NRU LLC is seeking power supplies to meet load needs above rights to BPA Tier 1 Power. This solicitation specifically seeks proposals for Power Purchase Agreements based on the following seller-owned resources:

1. Market bridge contracts
2. Simple cycle combustion turbines
3. Combined cycle combustion turbines
4. Wind projects
5. Small hydro resources
6. Biomass resources
7. Landfill gas resources
8. Coal resources
9. Geothermal resources

3.1. Renewable Resources

For renewable resources seller should include all environmental attributes for the account of the buyer and all tax benefits of proposed projects should be retained by the seller.

4. DESIGN OF THIS RFP

In order to facilitate bid submission and review, NRU LLC will accept bids via email using an initial streamlined format. On or before the day when bids are due, bidders should email submissions consisting of a Word document including an executive summary describing the bid and resource as well as a description of the experience of the project team. The information sought in this summary is described in Section 4.1 below. Bidders offering market bridge proposals should include in the executive summary information about its company, credit support and track record and proposed deal structure as requested in Section 4.2 below. In addition to the executive summary, bidders of resource specific offerings should return the Excel spreadsheet Bidder's Packet provided with this RFP including information requested for each resource type.

Upon completion of its initial review, NRU LLC will contact leading bidders to have them submit detailed back-up information to support detailed due diligence leading to resource procurement decisions.

4.1. Executive Summary

In addition to filling out the Excel spreadsheet contained in the Bidder's Packet provided with this RFP, bidders should provide a brief summary of the project, including any and all key elements that are appropriate for evaluating proposals from this RFP. Project summaries should be high-level summaries appropriate for use in executive briefing sessions and limited if possible to no more than two pages. The project summary shall include but not be limited to such facts as the status of siting and lease arrangements, permits, interconnection agreements, environmental studies, turbine/engine equipment and project design overview, status of construction agreements, expected date of commercial operation, project schedule and an overview of your company and project financing plans or capability. Please also describe the proposed credit support available to support the bidder's obligations under the proposal. If options for transfer of ownership of resources to NRU LLC at some time during the term of the PPA are available, describe the terms and timing of these alternatives. If the seller is looking to sell output prior to October 1, 2011, state this in the Executive Summary and provide price and planned availability information.

Include a description of your project team, its experience, qualifications and track record of developing and operating similar projects.

4.2. Market Bridge Contracts

NRU LLC is seeking bids for flat 7X24 supply commencing on October 1, 2011 and going for terms of two or three years. Price should be quoted as a single rate in \$/MWh through the term. It is assumed that initial prices will be indicative. Proposals should include a summary of the process by which the prices can be updated and executed upon at a later date.

4.3. Bid Submission

Bids should be submitted via email according to the schedule in Section 5.1 of this RFP. Bid submittals should be sent to:

jsaven@pacifier.com and castille@landsenergy.com

5. Schedule and Administration

5.1. Schedule

ITEM	DEADLINE DATE	DEADLINE TIME
Release of RFP	October 6, 2008	N/A
Deadline for Written Questions	October 22, 2008	4:00 pm PPT
Reply to Written Questions Issued	On Bidder's Call or shortly thereafter	N/A
Bidder's Conference Call	November 5, 2008 (morning)	TBA
Deadline for Intent to Respond	November 14, 2008	4:00 pm PPT
Deadline for Receipt of Proposals	December 16, 2008	4:00 pm PPT

5.2. Intent to Respond

NRU LLC, in order to facilitate organization, is requesting that bidders submit Intent to Respond forms (Appendix A) indicating an intent to respond. All Intent to Respond forms should be received by NRU LLC by the date and time specified in Section 5.1. Parties submitting Intent to Respond forms will be included in a distribution list and provided with updates to the RFP and responses to bidders' questions.

6. Additional Provisions

6.1. Right to Accept or Reject Proposals, Multiple Awards

NRU LLC reserves the right to make multiple awards, reject any and all proposals and to waive any formality in proposals received, to accept or reject any or all of the items in the proposal, and award the contract in whole or in part if it is deemed in the NRU LLC's best interest. Specifically, NRU LLC may select a proposal that is not the lowest cost if another proposal is deemed to have other attributes that warrant a higher overall ranking. Thus the evaluation will be based on both qualitative and quantitative ratings.

6.2. Confidentiality

Respondents shall clearly identify portions of their proposals they do not want revealed to third parties. NRU LLC will not consider proposals or other documents that are marked to indicate the entire document is the confidential or proprietary information of the sender or that restricted handling is required. Normal business practices will be observed in handling proposal materials. If the bidder considers the Cost Proposal or resource data to be confidential or proprietary, those portions of the proposal must be clearly marked "Confidential" on every page.

Except as required under law or for regulatory purposes, the NRU LLC will maintain confidentiality of such information. The NRU LLC may also provide copies of the proposals and any related materials to its consultants, contractors and members, although consultants and contractors will be required by the NRU LLC to maintain the confidentiality of such information. If the NRU LLC is compelled to provide such confidential information, then bidders will be

given reasonable notification before the confidential material is provided and bidders shall be responsible for defending the confidential status of the information.

6.3. Ownership and Return of Proposals

All materials submitted in response to this RFP shall become the property of the NRU LLC and shall not be returned to the bidder.

6.4. No Verbal Addendums

No verbal agreement or conversation made or had at any time with any officer, agent, or employee of the NRU LLC, nor any oral representation by such party shall add to, detract from, affect or modify the terms of the RFP, unless specifically included in a written addendum issued by the NRU LLC.

6.5. Proposal Costs

Each proposal prepared in response to this RFP will be prepared at the sole cost and expense of the bidder and with the express understanding that there will be no claims whatsoever for reimbursement from the NRU LLC.

6.6. Taxes

Bidders selected to develop project(s) are obligated to pay all taxes associated with the project(s), including but not limited to personal property taxes.

6.7. Revisions to Proposals and Questions

6.7.1. Revisions to the RFP

If it becomes necessary to revise any part of this RFP, an addendum will be issued and provided to all parties that have submitted an Intent to Respond form. Respondents should contact Lands Energy Consulting (“LEC”) if they find any inconsistencies or ambiguities to the RFP. Clarification provided to LEC by the NRU LLC may become an addendum to the RFP.

6.7.2. Requests for Additional Information

Any requests for clarification or additional information regarding this RFP shall be submitted in writing via mail, fax or e-mail to/at the following by the deadline specified in Section 5.1 to:

Lands Energy Consulting
18109 SE 42nd St
Vancouver, WA 98683
(360) 885-4567
castille@landsenergy.com

All requests received prior to the stated deadline will be answered in writing, and copies of the questions and answers will be transmitted to all prospective respondents who have submitted Intent to Respond forms.

6.7.3. Withdrawal and Modification of Proposals

Bidders may withdraw their proposal and submit a revised proposal prior to the response deadline. After the response deadline, bidder-initiated changes may not be accepted. Bidders may withdraw their proposal from consideration at any time prior to the response deadline.

6.8. Bidder's Conference Call

A Bidder's Conference Call will be held to elaborate on the RFP and answer questions concerning the RFP and the process on the date shown in Section 5.1. Bidders will be notified of the time of the Bidder's conference call as soon as practical. Attendance on the Bidder's conference call is not required to submit a proposal.

Appendix A

NRU LLC
REQUEST FOR PROPOSALS
ALL SOURCE GENERATION

INTENT TO RESPOND FORM

Submission of this Intent to Respond is Preferred, but Optional

Company: _____
Address: _____
Contact Name: _____
Contact Title: _____
Telephone Number: _____
Facsimile Number: _____
Email Address: _____

The company named above intends to submit a proposal in response to NRU LLC’s RFP for energy from power resources.

Signature of authorized representative: _____
Name: _____
Title: _____
Date: _____

Submit to:
NRU LLC
Attn: John D. Saven
825 NE Multnomah, Suite 1135
Portland, OR 97232
(503) 233-5823
jsaven@pacifier.com