Q. **Reference: Regulated Activities**

Please provide a description of the procurement process Hydro followed to select Hatch to provide the latest generation of models for "determining the average hydroelectric capabilities of its system" (page 2.50). Please indicate the date of any RFP, the number of bidders and the expected value of the contract awarded for supply, implementation, maintenance and consulting services related to the DSS. If Hatch was not the lowest cost bidder, please indicate the approximate pricing spread between Hatch and the lowest cost bidder and indicate the rationale for not selecting the DSS based on best value practices.

A. Hydro first contracted Hatch (then Acres) for the provision of the Vista DSS in 1998. A request for proposals for a medium-term operations planning model was issued to three consultants in February 1998. All three consultants responded; the cost from Acres (approximately $205,000) was neither the highest nor the lowest. Their cost was approximately $50,000 higher than the lowest bidder, but Acres had more North American experience and provided local support. Vista was more developed than the competitors' software and had options for adding a short-term planning module which the competitor did not.

Hydro uses Vista on a weekly basis to assist in system optimization and on a quarterly basis to anticipate average hydraulic production and for budgeting. Vista is also used as required for studies. The model is licensed rather than purchased and Hydro pays an annual fee for the use of various modules required and for maintenance that includes provision of new versions, troubleshooting problems, and provision of advice on model use.

Hatch provided its advice regarding the modeling required for the 2013 GRA as part of the annual maintenance contract, i.e., no additional fees were paid. Since Hydro had acquired the license to use the software, there were no additional charges for using the model for the GRA studies.