

Attachment 5

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-150205

DOCKET NO. UG-150206

EXHIBIT NO. ____ (JMK-7)

JAMES M. KENSOK

REPRESENTING AVISTA CORPORATION



March 11, 2011

**Regarding: Avista's Request for Information RFI No. R-37173
Customer Service System Replacement Project**

Avista Corporation ("Avista") is pleased to invite your company to respond to this Request for Information ("RFI") for selection of a vendor to aid in the development and implementation of the replacement of Avista's Customer Service System (the "Project"), specifically Phase One of the Project, as further outlined below.

Avista Corporation is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is the operating division that provides electric service to 357,000 customers and natural gas to 316,000 customers. Avista's service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.5 million. Avista's primary, non-regulated subsidiary is Advantage IQ. Avista's stock is traded under the ticker symbol "AVA." For more information about Avista, visit www.avistacorp.com.

This RFI is being sent to your company for the sole purpose of understanding your company's qualifications, knowledge and experience in providing the specified services. Based on the responses Avista receives to this RFI, Avista will compile a list of "pre-qualified" vendors from whom Avista may request a formal proposal (the "Short-Listed Vendors") or supplemental questions to this RFI for additional information. Short-Listed Vendors will be allowed to provide a proposal for any or all of the services described herein and in the subsequent Request for Proposal as part of Phase Two of the project.

Avista plans to replace its Customer Information System, also referred to as the Customer Service System ("CSS"). The current CSS legacy system has been in place for over 20 years and is highly customized. Avista is seeking to replace its legacy CSS to update technology, improve system performance and expand capabilities to prepare for future customer information needs.

Avista intends to replace its CSS system by engaging in the following three phase process:

1. Phase One - The Phase One vendor will help Avista develop the business requirements, process decisions, perform gap analysis, assist in the production of the Request for Proposal document and participate in selecting the system integration ("SI") vendor as part of the RFP process for Phase Two.

The Phase One vendor will be required to provide the following:

- a) Industry analysis: compare Avista's CSS needs and the requirements to the industry.
- b) GAP analysis: identify the gap(s) between Avista's current system and the requirements for the new system.
- c) Alternative analysis: identify alternatives for achieving the requirements of the new system.



- d) Business analysis: define the cost, benefits, return on investment, risk and time frame for the project.

The Phase One vendor will also be required to consult on the installation plan that would identify the necessary steps for successful implementation of the new system. The installation plan may include, but not be limited to, the following:

- a) Project overview: An introduction of the entire project, identifying the scope, objectives, purpose, needs assessment and alternative solutions.
 - b) Technology plan: Identify the hardware, software and environment, database management system, application software, network connectivity, and desktop environment, and any other technology related requirements.
 - c) Installation plan: Address the project and quality management, hardware and software setup and training, business development, product configuration and conversion, data perpetration and cleanup, system format development product modifications, interfaces, reporting, training, testing, go-live, post implementation, and sign-off.
 - d) Management plan: Detail the project timeline, organization, staffing, risk, contingency and procurement requirements. The marketing plan should identify all of the business change management and external stakeholder campaign philosophies.
 - e) Project approach and Business Plan: Identify the expectations for the planning, selection, implementation, and post-implementation phases of the project. Costs should be identified in the business plan, which would allocate and track the project costs and vendor disbursement schedules.
2. Phase Two – System Integration: Engage a vendor to perform the system integration identified in Phase One. Avista understands that a second vendor *may* need to be chosen to perform this function. In the case that the Phase One provider is unable to provide system integration support, it is intended that the Phase One services provider will assist with developing a separate Request for Proposal, if necessary.
3. Phase Three- Quality Assurance. This may be a third separate vendor or may be performed by the vendor selected to perform Phase One. The advantage of selecting the same vendor will be that the vendor will already be very familiar with the project and will be able to determine if the SI vendor met the requirements of the CSS system implementation and if all the business requirements were met as part of the project. However, choosing a separate third vendor would allow for a second set of eyes and expertise to review both Phase One and Phase Two work.

This Request for Information is intended to aid in the selection of the Phase One vendor for the services detailed above. Participating vendors should provide information specific to their expertise and participation in projects of the same magnitude for the Phase One Services as it relates to a total CSS system replacement and implementation. As part of this RFI, vendors are requested to provide, at a minimum, the following information in order for Avista to best determine each vendor's ability to provide the Phase One requirements of a CSS replacement project.



Based on the information provided above, please provide as much information as possible regarding the following requested inquiries:

- a. Please provide in-depth information about your product and service offerings regarding CSS systems,
- b. Please describe the anticipated timeline to complete Phase One of the Project;
- c. Please describe in detail your approach and project activities that would ensure a successful CSS replacement project: This could include, but is not limited to, a commercial off-the-shelf system, a practical implementation process; business process modifications typically needed, project management requirements, change management requirements, composition of the project team, proactive business process improvements, change controls, project planning and communication strategy(ies),
- d. Please describe your company's understanding of the business process necessary to perform a full, successful CSS replacement; please provide your approach to this type of work;
- e. Please describe in detail your company's "best practices" philosophy regarding CSS replacement projects; describe some of the "lessons learned" that would help Avista avoid some typical pitfalls of this kind of project and describe, in your company's experience, the key success factors for a successful Phase One portion of the Project.
- f. Please provide two or more case study examples of your experience in providing the consulting services for CSS systems, preferably for utility companies.
- g. Please describe your company's overall resource mix. Please also provide detail of the available experience level of your resources that would be available to Avista to successfully execute Phase One
- h. Please advise whether your company would allow Avista the option to interview the specific individuals in your company that would comprise the Avista CSS Project team to accomplish the Phase One requirements if your company is chosen as the Phase One provider.
- i. Please describe the kind of resource commitment your company would be willing to make if Avista requests specific resources.
- j. Please provide current references, especially any utility companies that your company has provided CSS replacement services for in the past three (3) years;
- k. Please describe the portion of your current business that Avista comprise if your company were selected to partner with Avista on the CSS Project; describe whether Avista's business would comprise more than 20% of your company's existing business.
- l. Please detail whether your company will utilize subcontractors to perform any of the defined scope of work.
- m. Please describe any additional value-added service offerings that could benefit Avista, such as management consulting services, access to technology partners, internal knowledge capital or SMEs, or other business relationships that you would bring to bear on Avista's CSS Project to ensure its success.
- n. Please provide information regarding whether your, or your recommended vendor's CSS system, can align with its own or another Work Management System, on a forward looking basis for a possible future replacement of Avista's own Work Management System.



The following factors will be essential in Avista's selection of a Phase One vendor: interpersonal relationships, vendor experience and level of independence, cost to perform the services and references for assurance. The chosen vendor is critical to Avista for developing the business requirements, process decision, RFP production and participation in the selection of the SI vendor. Ultimately, this will make the CSS replacement project as a whole, successful, efficient, economically sound and meet both Avista's and its customers' expectations.

All information shared with Avista under this RFI, the RFI process and the ultimate vendor selection will be confidential.

Once a vendor is selected, a contract for services for the Phase One services will be negotiated between the Parties prior to work commencing.

Please note that Avista is interested in proceeding immediately on the Phase One portion of the CSS Project so time is of the essence.

You may send an electronic copy of your response to Stacey Levin, Senior Contract Manager, at slevin@avistacorp.com. All RFI responses are due on or before 5:00 p.m. Pacific Time on March 25, 2011. All responses should refer to Avista's RFI No: R-37173.

Please direct any questions you may have regarding this RFI to Pat Dever at pat.dever@avistacorp.com. All inquiries should refer to Avista's RFI No: R-37173.

Sincerely,

A handwritten signature in cursive script that reads "Stacey M. Levin".

Stacey M. Levin
Senior Contract Manager
Avista Corporation

Cc: Avista Contract File No. R-37173