

**QUESTIONS AND ANSWERS
PROJECT NO. 06-04**

Date: October 31, 2005

To: All Prospective Respondents

From: Houston Community College System, Procurement Operations

Subject: Informational Letter #1 – Request for Proposals (RFP) for Supply Electricity and Associated Services (Project No. 06-04).

The following questions regarding subject RFP were received in the Purchasing Department prior to the deadline for submitting written inquiries of October 27, 2005:

Question #1:

Does HCC intend for pricing to be held open at least one day or will we have the option of withdrawing pricing intra-day if the market is excessively volatile?

HCCS Answer:

Sealed Proposals will be accepted no later than 3:00 P.M. November 3, 2005. Please state on Page 3 of the RFP, the conditions of your price proposal.

Question #2:

Will HCC accept an alternative agreement form that more fully describes the nature of the relationship; the obligations of the parties with respect to the product selected?

HCCS Answer:

HCC requires Attachment “C” to be completed in it’s entirety. HCC will review any alternative agreement form submitted in the proposal documents.

Question #3:

Will HCC provide a tax exemption certificate to the winning bidder?

HCCS Answer:

If a tax exemption certificate is required, HCC will provide one.

Question #4:

The RFP notes contract modifications will be made in writing by HCC's Procurement Director. Does HCC anticipate that any such modifications to be upon mutual agreement between the parties?

HCCS Answer:

HCC requires that any modification be signed by both parties.

Question #5:

Subject to applicable law, will HCC indemnify the REP from any claims resulting from HCC's negligence or gross negligence?

HCCS Answer:

No.

Question #6:

Will HCC reimburse the REP for any costs, if any, associated with the hedged quantities of energy purchased by the REP for HCC at the time the agreement is executed? If the REP is unable to be kept whole, this risk will most result in a substantial increase in pricing.

HCCS Answer:

HCC will not reimburse the REP for services not provided to HCC including hedged quantities.

Question #7:

HCC suggests that only the REP may assign the agreement subject to HCC's written consent. Does HCC not intend to have a similar assignment right?

HCCS Answer:

This will be answered during contract negotiations, if any.

Question #8:

In the RFP, HCC suggests payment terms should be net 45 days and in the suggested agreement it is net 30 days. Does HCC have a preference on payment terms? Additionally, would HCC be interested in a discount to the price for net 20 or net 25 days as payment terms?

HCCS Answer:

Net 45 days is the current payable term. However, if there is a discount payment term, please place in the comment section.

Question #9:

HCC reserves audit rights in the RFP. Other than information related to metered energy consumption and invoice calculation, what other records does HCC foresee that may need to be audited?

HCCS Answer:

Any record that may be perceived as public information may be audited, and is related to this procurement and any resulting contract.

Question #10:

Given the relative inability of small businesses to actively provide electric energy in the wholesale market due to credit concerns and required FERC approvals, Suez has several ideas how to utilize small business concerns in the proposed transaction. Who is the responsible person within HCC to determine whether or not any of the structures we may propose meet HCC's requirements?

HCCS Answer:

Put your ideas in the comment section of the proposal documents.

Question #11:

What is the amount of funds HCC has appropriated for the current fiscal year to pay for electric energy expenditures? Additionally, in the event enough funds are not appropriated and the agreement is cancelled, does that mean HCC will not be able to receive electric energy from any other source? If HCC is able to receive electricity from another party in this instance, where will the funds come from if not appropriated?

HCCS Answer:

\$6,000,000.00. No. HCC will find the funds to purchase electricity.

Question #12:

Would HCC be interested in seeing pricing with and without the energy audit requirement/demand side management?

HCCS Answer:

Add in the comment section.

Question #13:

Do any of the procurement cooperatives have preferential rights in terms of rights of last refusal or last look rights in terms of providing pricing for the proposed transaction? Would HCC consider utilizing the selected REP to explore whether or not there are benefits to providing energy to all or part of the membership of the procurement cooperative(s)?

HCCS Answer:

HCC reserves the right to negotiate with the vendor who offers the Best Value for the organization. HCC also can utilize cooperatives or inter local agreements if it is the Best Value to HCC. Not at this time.

Question #14:

Meter #1008901023816070770105 only has 2 months of usage in Aug. and Sept. Looks like a new meter ...what type of meter is this and/or do you have another meter we can use as a proxy?

HCCS Answer:

This is a standard meter for a new sign at Southeast College.

Question #15:

Also, it looks like the usage for #1008901000163820012100 is ramping up. Is this indicative of future usage?

HCCS Answer:

HCC added additional classroom space at this location which was first utilized in August, 2005.