

RFQ for New Jersey Distributive Energy Resource,  
New Jersey Board of Public Utilities  
RFQ795100S

**Cost Quote – Best and Final Offer**

Prices Offered from McKinsey's MOBIS Schedule GS-10F-0118S

July 26, 2013

McKinsey & Company, Inc. Washington D.C.  
1200 19th Street, NW, Suite 1100  
Washington, DC 20036  
(202) 662-3300  
Tax ID – **privacy interest**

Contractual Obligation Contact:

Tyler Duvall,  
Principal  
1200 19th Street, NW, Suite 1100  
Washington, DC 20036  
**privacy interest**

*This proposal is the property of McKinsey & Company, Inc. Washington, D.C. ("McKinsey") and must not be disclosed outside of the Government or be duplicated, used, or disclosed—in whole or in part—for any purpose other than to evaluate this proposal.*

*This proposal contains confidential and proprietary information that is exempt from disclosure under the Open Public Records Act ("the Act").*

*If a contract is awarded to McKinsey as a result of, or in connection with, the submission of this proposal, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract and subject to the limitations of the Act. Accordingly, no portion of this proposal should be released without consulting McKinsey & Company.*

*This proposal is contingent on the Parties reaching mutually agreeable terms and conditions and upon acceptance of any limitations described herein.*

## **MCKINSEY VALUES**

McKinsey is an entity 100% dedicated to *values*.

- We consistently put our Clients' interests first.
- We follow the highest ethical standards.
- We diligently preserve Client confidences.
- We always maintain an independent perspective so that our Clients receive the solution that is best for them. We are completely independent from any upstream or downstream solutions. We do not provide, nor do we aspire to provide, any outsourcing or technology solutions that would present an inherent conflict of interest.

## **BEST VALUE APPROACH TO PRICING**

McKinsey acknowledges the direction provided in the amendment to the RFQ that requires the provision of hourly rates for the additional consulting services. However, we do not have the ability to provide hourly rates and our MOBIS schedule reflects this and is accepted and appreciated by our government clients. To remain compliant with the solicitation, we have offered our GSA Schedule MOBIS rates for both the fixed price phases and the optional consulting services phase.

McKinsey maintains a client service approach that requires a **true partnership and shared risk**. Our **firm-fixed price** team model not only **minimizes risk** to the Board of Public Utilities (BPU), but allows BPU to truly obtain the **best value**. Unlike many other consulting companies, McKinsey recognizes that successful efforts of this size and scope require a true partnership and shared risk. To demonstrate our dedication to your success and to shift the majority of the risk away from BPU, **McKinsey proposes to perform all the work under this contract on a Firm-Fixed Price basis**. Regardless of the time, energy, or hours, McKinsey assures BPU that we will do whatever it takes to make this effort a success. We will bring all of our global experts to bear for as many hours as is necessary to overcome the challenges, at no additional cost to you. We will customize our solutions to ensure that we are providing BPU the best of McKinsey on all tasks.

To provide the most effective and efficient services possible, we dedicate multi-party teams to our efforts. The structure of the team varies based on BPU's specific needs but is always comprised of McKinsey experts with substantive knowledge and experience in the task at hand. These teams have full access to McKinsey experts worldwide and regularly draw on the expertise of senior leaders. Our differentiating value proposition is the large number of experts we bring to the effort without additional cost to you.

We do not deploy individual people at an hourly rate. Rather, we deploy a suite of personnel including hands-on partner leads, world-class senior experts, full-time project managers and analysts and research support staff for each project. The team membership is tailored to the unique needs of the client and the individual task. Our "team bundle", firm-fixed price approach ensures that each client receives the best of McKinsey when they work with us. Because we do not believe that hourly/labor hour rates provide the best value to BPU, McKinsey does not have hourly rates available.

**TEAM BASED STAFFING MODEL**

For our engagements, we provide an estimate based on utilization of full-time team(s), composed of an Engagement Manager and Associate(s). The Engagement Manager (also referred to as our Working Team Lead in the Technical Proposal) leads the full-time team and serves as on-site point of contact for the client. Our “full-time” team usually works more than 60 hours per week, but as a fixed price contractor, our team will spend as much time as required to ensure high impact and quality results for your effort, regardless of the estimate. The team bundles also include “all-in” program management support, including research and information (R&I) support, document creation support, and general administrative support, available at whatever volume is needed for the demands of the project. In all, these services typically account for 3-4 additional FTEs/week of support, depending on the needs of the project. Our teams have direct access to the worldwide pool of McKinsey experts who provide on-demand guidance and input for the team. It is the combination of the full expertise of the team and access to McKinsey’s worldwide network of professionals that ensures we deliver the maximum value to the client.

**McKinsey’s Team Construction:**

<b>MOBIS Team</b>	<b>Full-time (often more than 60 hrs/week) dedicated consultant team</b>	<b>Part-time leadership team and additional resources (included in the Team A, B and C Price)</b>
Team A	Engagement Manager (Working Team Lead) and 1 Associate	Senior Partners (~5-15 hours/week) Partners (~15-30 hours/week) Senior McKinsey Experts (~15-25 hours/week)
Team B	Engagement Manager (Working Team Lead) and 2 Associates	
Team C	Engagement Manager (Working Team Lead) and 3 Associates	Research support staff (~30-50 hours/week) Document prep and IT support (~5-10 hours/week) General administrative support (~20-35 hours/week)
Team E	1 Associate	Team E may include a Partner, typically does not include additional leadership support (~5-15 hours/week)

**We deliver the right expertise for your needs.** Your McKinsey team is hand-picked by leadership to ensure that you get the right people and right team configuration for your unique problem. We think about our teams as a collaborative and flexible resource that works with your leadership to address your most pressing needs. Your team is composed of four groups:

- **Leadership.** Our teams are built around a core set of leaders who are responsible for the successful delivery of services. These partners manage the client relationship with a top-management mindset across workstreams as well as oversee specific engagements.
- **Expert advisors.** We regularly call upon our network of other Firm leaders and functional, industry, or regional experts based on your needs. This is a global pool of dedicated experts who invest their careers in developing knowledge in one area through client work and research, as well as partners around the globe who focus on a particular topic area. We also have a robust group of research and information specialists, including advanced analytics and communications specialists, to help teams quickly find the best and latest data and reports to inform our work.

- **Task team.** The partner leadership personally selects a core team to manage the day-to-day work for each engagement. Leadership works directly with the core team of consultants to execute their vision, through problem-solving sessions, document reviews, and impromptu check-ins. The core team is built with the individual skills and size to meet your unique needs.
- **Support.** The entire team has on-call support graphics, administrative, IT, and travel needs. This enables the team to work efficiently and effectively, and quickly adapt to meet your most pressing needs.

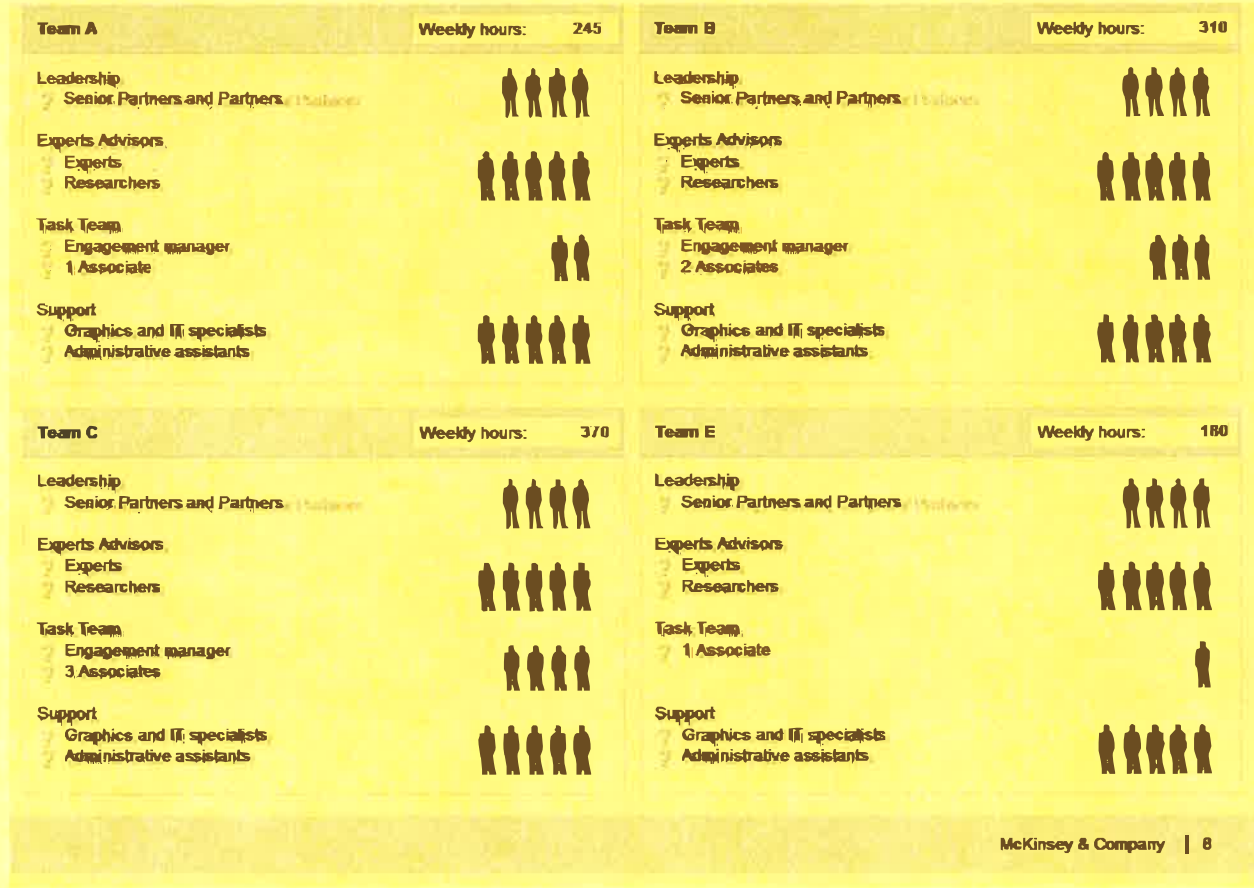
We recommend team structures based on the goal of providing maximum value, delivering the end-products needed, and driving to solutions on your timeline. We match your outcomes with whatever resources are required to deliver.

Our teams are flexible. We commit to bringing to bear whatever resources are necessary to help you achieve your desired outcomes. Our team structure provides much of the flexibility in our approach, as we can adapt our team size and timeline to best meet your needs. Even within a single team, we adapt quickly to your impending needs and can deliver quickly the expert advising you need on any industry, function, or region.

## OUR TEAMS ARE FLEXIBLE BASED ON YOUR SPECIFIC NEEDS

	Team members	Description of roles	Average percent of total hours contributed
<b>Leadership</b>	Senior Partners and Partners	Direct the overall engagement, provide thought leadership, structure and ensure quality of work, coordinate across teams and interact with senior clients	21%
<b>Expert Advisors</b>	Experts	Provide specific industry, functional, or geographic expertise	12%
	Researchers	Support range of analysis including general support, geospatial analysis, focus groups, site visits, etc	
<b>Task Team</b>	Engagement manager	Leads full -time team and is on -site client contact, reports to leadership	54%
	Associates / Business Analysts	Work collaboratively with client team members, manages discrete workstreams , and conduct analysis	
<b>Support</b>	Graphics and IT specialists	Provide document formatting and IT support	12%
	Administrative assistants	Support meeting preparation and provide other administrative support	100%

## TYPICAL HOURS CONTRIBUTED BY OUR MOBIS TEAMS



We price on a firm-fixed price model and not on an hourly basis. The estimated hours are not a commitment but are reflective of the average time spent on similar engagements and are for evaluation purposes only. These figures are averages, calculated based on case studies of our public sector engagements. In our sample, the range of time that leadership typically invests in a study was 40 to 100 hours per week. Each task team member typically worked 55 to 70 hours per week on the study. Support hours typically ranged from 30 to 60 hours per week. Actual hours will vary based on client's specific needs. McKinsey will invest the resources necessary to deliver on the stated need.

## PRICE QUOTE – BEST AND FINAL OFFER

To calculate our Firm-Fixed Price, we estimated the number of weeks and team(s), in compliance with our GSA Schedule (a copy of which is attached), required to complete the tasks and deliverables as described in our technical proposal. As detailed in our technical proposal, McKinsey proposes to complete the work in fifteen weeks.

After a careful review of the resources required to successfully complete the deliverables, McKinsey has determined that we could reduce the firm fixed price proposed for Line Items 3 and 4.

### Basis of Estimate

<b>McKinsey MOBIS Team</b>	<b>Weekly Rate</b>	<b>Estimated Weeks</b>	<b>Total Firm Fixed Price</b>
Team A (EM+1)	\$116,121.95	3	\$348,365.85
Team B (EM+2)	\$146,414.63	6	\$878,487.78
Team C (EM+3)	\$175,656.66	6	\$1,053,939.96
<b>Total</b>		<b>15</b>	<b>\$2,280,793.59</b>

### Estimated Deployment of Resources

As more fully described in our technical proposal, our resources will be ramped up from a smaller team to the full operating team for 6 weeks and then ramping down towards the end of the Phase as shown below.

<b>McKinsey Team</b>	<b>Weekly Rate</b>	<b>Estimated Weeks</b>	<b>Total Firm Fixed Price</b>
Team A (EM+1)	\$116,121.95	2	\$232,243.90
Team B (EM+2)	\$146,414.63	3	\$439,243.89
Team C (EM+3)	\$175,656.66	6	\$1,053,939.96
Team B (EM+2)	\$146,414.63	3	\$439,243.89
Team A (EM+1)	\$116,121.95	1	\$116,121.95
<b>Total</b>		<b>15</b>	<b>\$2,280,793.59</b>

### Estimated Hours Required by Role

<u>Teams</u>	<u>RFP Category</u>	<u>Number of people</u>	<u>Average weekly estimated hours<sup>1</sup></u>	<u>Expected Weeks</u>	<u>Estimated hours</u>
<b>Sr. Leadership</b>	Supervisory/Senior Consultant	4	10-15	15	600-900
<b>Core Leadership</b>	Supervisory/Senior Consultant	3	20-30	15	900-1,350
<b>Core Team – Full Project</b>	Consultant	2	65-70	15	1,950-2,100
<b>Core Team – Part of project</b>	Associate/Staff	1	65-70	12	780-840
<b>Core Team – Part of project</b>	Associate/Staff	1	65-70	6	390-420
<b>Expert Advisors<sup>2</sup></b>	Supervisory/Senior Consultant	10	5-7	15	750-1,050
<b>Support</b>	Administrative Support Staff	n/a	55-60	15	825-900
<b>Total</b>					<b>6,195-7,560</b>

<sup>1</sup> The weekly hours are based on our previous experience

<sup>2</sup> Includes the named expert advisors in the technical proposal as well as additional expert advisors on demand to be leveraged for specific issues throughout the project

### Estimated Hours by Line Item

<b>Line Item</b>	<b>Estimated Hours to Support Fixed Price</b>	<b>Firm Fixed Price</b>
1	325-400	\$116,121.95
2	1,100-1,350	\$408,951.21
3	1,335-1,680	\$497,727.95
4	1,335-1,680	\$497,727.95
5	950-1,100	\$351,313.32
6	825-950	\$292,829.26
7	325-400	\$116,121.95
<b>Total</b>	<b>6,195-7,560</b>	<b>\$2,280,793.59</b>

**ATTACHMENT 1 – PRICE SCHEDULE/SHEET**

Line #	Description of Services	Qty	Unit	Unit Price	Total Price
1	Development and Submission of Final Proposal (RFQ Section 3.2)	1	Each	\$116,121.95	\$116,121.95
2	Report on Policy and Program Options for Statewide Deployment of DER and Microgrids (RFQ Section 3.3.1)	1	Each	\$408,951.21	\$408,951.21
3	Report on Leveraging of Existing State incentives for Statewide Deployment of DER and Microgrids (RFQ Section 3.3.2)	1	Each	\$497,727.95	\$497,727.95
4	Report on Disaster Preparedness and Resiliency through Statewide Deployment of DER and Microgrids (RFQ Section 3.3.3)	1	Each	\$497,727.95	\$497,727.95
5	Market Potential study for DER and Microgrid for Statewide Deployment for Increased Disaster Preparedness and Resiliency (RFQ Section 3.3.4)	1	Each	\$351,313.32	\$351,313.32
6	Report on Financial and Incentive Strategies for Statewide Deployment of DER and Microgrids (RFQ Section 3.3.5)	1	Each	\$292,829.26	\$292,829.26
7	DER and Microgrid Statewide database (RFQ Section 3.3.6)	1	Each	\$116,121.95	\$116,121.95
<b>TOTAL</b>					<b>\$2,280,793.59</b>

Prices are quoted by Line Item, however due to the integrated project schedule, Line Items 1 through 7 are not offered on an individual basis.



## Weekly Rates for Consulting Services

McKinsey Team		Weekly Rate
Team A (EM+1)	McKinsey MOBIS Team A (EM+1) Team A comprises an engagement manager and an associate, both of whom are devoted exclusively to the engagement. They receive ongoing support and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.	\$116,121.95
Team B (EM+2)	McKinsey MOBIS Team B (EM+2) Team B includes an engagement manager and two associates, all three of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.	\$146,414.63
Team C (EM+3)	McKinsey MOBIS Team C (EM+3) Team C is a larger version of Team B, comprising one engagement manager and three associates, all of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.	\$175,656.66
Team E (1 Associate)	McKinsey MOBIS Team E (1 Associate) Team E is our smallest team. It provides our services to clients who do not need a full-fledged engagement team and is often used for implementation support or counseling efforts. The team comprises an associate (who is devoted exclusively to the engagement) and may include an engagement director. The team does not include an engagement manager and typically does not include additional leadership support.	\$50,187.62

Prices quoted are from McKinsey's GSA MOBIS Schedule GS-10F-0118S.

## MCKINSEY CORPORATE DATA

McKinsey & Company, Inc. Washington, D.C.

1200 19<sup>th</sup> Street, N.W., Suite 1100

Washington, DC 20036

Main Telephone: (202) 662-3300

Facsimile: (202) 662-3175

Email: [mckinsey\\_gsa@mckinsey.com](mailto:mckinsey_gsa@mckinsey.com)

DUNS: 82-522-9318

TIN: **privacy**

NAICS: 541611

CAGE: 438P1

SAM: McKinsey maintains a current registration in SAM

ORCA: McKinsey has completed the annual representations and certifications in ORCA under [www.orca.bpn.gov](http://www.orca.bpn.gov) DUNS 825229318

Please wire transfer payment to:

McKinsey & Company, Inc. United States  
Citibank N.A.

**privacy interest**

If remitting by check, please send check to:

McKinsey & Company, Inc. United States  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

## POINTS OF CONTACT

Please contact our representatives below if you have any questions or need additional information regarding this Price Proposal.

### For Technical Inquiries:

Jim Brennan, Principal

**privacy interest**

### For Contractual Inquiries:

Chuck Self, Contracts Manager

**privacy interest**

McKinsey's work for the Government is confidential and intended for the State's internal use only. In order to promote true neutrality on issues, provide an environment for uncensored guidance for our clients, ensure compliance with our contract confidentiality requirements and to better empower our clients, McKinsey does not advocate, present findings or consent to public references in any public meeting, writing or other public forum. Consistent with this, McKinsey does not make public client names, client materials or reports prepared for clients without their prior written permission. In consideration for the Services, the State agrees not to use McKinsey's name, refer to McKinsey's work, or make the Deliverables or the existence or terms of this agreement available outside its organization without McKinsey's prior written permission and understands that McKinsey will not advocate, present findings or speak on the State's behalf in any public forum without specific written authorization and agreement

# General Services Administration Federal Supply Service

Authorized Federal Supply Schedule Pricelist for  
McKinsey & Company, Inc. Washington, D.C.

Effective May 1, 2013

## GENERAL SERVICES ADMINISTRATION INFORMATION

**Online access** to contract ordering information, terms and conditions, up-to-date pricing, and the option to create an electronic delivery order are available through GSA Advantage!™, a menu-driven database system. The Internet address for GSA Advantage!™ is: <http://www.gsa.gov>

**Schedule title:** Mission-Oriented Business Integrated Services (MOBIS)

**Special item number (SIN) offered:** 874-1, Integrated Consulting Services

**Contract number:** GS-10F-0118S

**For more information** on ordering from Federal Supply Schedules, click on the FSS Schedules button at [fss.gsa.gov](http://fss.gsa.gov)

**Contract period:** January 27, 2006, to January 26, 2016

**Contractor's name and contact information:** McKinsey & Company, Inc., Washington, DC, 1200 19<sup>th</sup> St NW, Suite 1100, Washington, DC 20036; phone (202) 662-3300; fax (202) 662-3175

**Type of contractor:** large

## CUSTOMER INFORMATION

1a.

SIN number offered	SIN name
874-1 (874 1RC)	Consulting services

McKinsey & Company, Inc. Washington, D.C. (McKinsey Washington) works to help clients achieve substantial, lasting improvements in their performance. To do so, we establish working relationships with senior leaders, explore their aspirations and challenges, and jointly define engagements that have the potential for lasting impact. McKinsey Washington will provide expert consulting services to customers on issues such as strategy, organization, operations, and business technology.

1b. **Lowest price model number/lowest unit price**

McKinsey Washington is offering four different teams to its customers under SIN 874-1. These four teams are described briefly below. The table that follows indicates the government price for each team.

1. **Team A** comprises an engagement manager and an associate, both of whom are devoted exclusively to the engagement. They receive ongoing support and guidance from an

engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.

**2. Team B** includes an engagement manager and two associates, all three of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.

**3. Team C** is a larger version of Team B, comprising one engagement manager and three associates, all of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.

**4. Team E** is our smallest team. It provides our services to clients who do not need a full-fledged engagement team and is often used for implementation support or counseling efforts. The team comprises an associate (who is devoted exclusively to the engagement) and may include an engagement director. The team does not include an engagement manager and typically does not include additional leadership support.

Each of the four types of teams also draws upon the worldwide resources available from McKinsey affiliates, including a research and information network of 1,200 people and over 20 global functional and industry practices.

Team Type	Brief Team Description	GSA Weekly Price
Team A	EM+1	\$116,121.95
Team B	EM+2	\$146,414.63
Team C	EM+3	\$175,656.66
Team E	No EM, 1 Associate	\$50,187.62

- 1c. **Hourly rates:** not applicable
2. **Maximum order:** \$1,000,000.00
3. **Minimum order:** \$100.00
4. **Geographic coverage:** domestic and overseas
5. **Point(s) of production** (city, county, and state or foreign country): not applicable
6. **Discount from list prices:** discounts are reflected in the prices shown in 1b
7. **Quantity discount(s):** none
8. **Prompt payment terms:** none
- 9a. **Credit card acceptance:** McKinsey Washington will accept payment by government purchase card for purchases *at or below* the micro-purchase threshold of \$2,500

**9b. Credit card acceptance:** McKinsey Washington verifies that the Firm will not accept payment by purchase card in accordance with Clause 552.232-77, Payment by Government Commercial Purchase Card for purchases *over* the micro-purchase threshold of \$2,500

**10. Foreign items:** none

**11a. Time of delivery:** specified on each Task Order

**11b. Expedited delivery:** not applicable

**11c. Overnight and 2-day delivery:** not applicable

**11d. Urgent requirements:** not applicable

**12. FOB points:** destination

**13a. Ordering address**

McKinsey & Company, Inc. Washington, DC  
1200 19<sup>th</sup> St NW Suite 1100  
Washington, DC 20036  
Attention: Cameron Kennedy or Shannon Kelly  
Telephone: 202-662-3300  
Fax: 202-662-3175  
Email: [McKinsey\\_GSA@mckinsey.com](mailto:McKinsey_GSA@mckinsey.com)  
Website: [www.mckinsey.com](http://www.mckinsey.com)

**13b. Ordering procedures:** for supplies and services, the ordering procedures, information on Blanket Purchase Agreements (BPAs), and a sample BPA can be found at the GSA/FSS Schedule homepage ([fss.gsa.gov/schedules](http://fss.gsa.gov/schedules))

**14. Payment information:**

*By wire transfer payment*  
McKinsey & Company, Inc. – United States  
Citibank N.A.

privacy interest

*By check*  
McKinsey & Company, Inc. – United States  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

Federal tax ID#: privacy interest

**15. Warranty:** not applicable

**16. Export packing changes:** not applicable

**17. Terms and conditions of government purchase card acceptance** (any thresholds above the micro-purchase level): not applicable

**18. Terms and conditions of rental, maintenance, and repair:** not applicable

- 19. Terms and conditions of installation:** not applicable
- 20a. Terms and conditions of repairs parts indicating date of parts price lists and any discounts from list prices:** not applicable
- 20b. Terms and conditions for any other services:** not applicable
- 21. List of service and distribution points:** not applicable
- 22. List of participating dealers:** not applicable
- 23. Preventive maintenance:** not applicable
- 24a. Special attributes** such as environmental attributes (e.g., recycled content, energy efficiency, and/or reduced pollutants): not applicable
- 24b. Section 508 compliance:** not applicable
- 25. Data Universal Number (DUNS):** 82-522-9318
- 26. Registration in Central Contractor Registration (CCR) database:** McKinsey & Company, Inc. Washington, D.C. is registered in the Central Contractor Registration (CCR) database
- 27. Uncompensated overtime:** not used for offered services
- 28. Service Contract Act:** The Service Contract Act (SCA) is applicable to this contract as it applies to the entire MOBIS Schedule and all services provided. While no specific labor categories have been identified as being subject to SCA due to exemptions for professional employees (FAR 22.1101, 22.1102 and 29 CFR 541.300), this contract still maintains the provisions and protections for SCA eligible labor categories. If and / or when the contractor adds SCA labor categories / employees to the contract through the modification process, the contractor must inform the CO and establish a SCA matrix identifying the GSA labor category titles, the occupational code, SCA labor category titles and the applicable WD number. Failure to do so may result in cancellation of the contract.

New Jersey Distributive Energy Resources, Board of  
Public Utilities (BPU)

State of New Jersey Division of Purchase and Property  
RFQ795201S

Presented to:  
Roy Hambrecht  
Department of the Treasury, Division of Purchase and Property  
9<sup>th</sup> Floor, 33 West State Street, Trenton, New Jersey 08625

Presented by:  
McKinsey & Company, Inc.,  
1200 19th St NW, Washington, D.C. 20036  
Tel.: (202) 662-3100

Tax ID number

Contact Person: Chuck Self, Contract Manager  
1200 19th St NW, Washington, D.C. 20036

Direct contact info

July 24, 2013

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July 23, 2013  
Roy Hambrecht  
Department of the Treasury  
Division of Purchase and Property  
9th Floor, 33 West State Street  
Trenton, New Jersey 08625

Dear Mr. Hambrecht:

Please find attached McKinsey & Company, Inc.'s response to Request for Quotation RFQ799100S to partner with the State to develop a Statewide energy program to increase the resiliency of the New Jersey energy distribution system. We would be proud to serve the State of New Jersey on this important topic and look forward to working with you to help prevent future emergencies from disrupting the availability of energy across the State. Choosing McKinsey would provide you a partner with deep experience in:

- **Public and Private Sector Energy with hundreds of utilities around the world**, that allows us to understand the opportunities and key success factors for resilience efforts focused on Distributed Energy Resources
- **Public sector management and finance** experience with dozens of state and federal government agencies, that brings deep understanding of state government finance and incentive programs as well as federal government programs such as Community Development Block Grants
- **Disaster recovery**, drawing on experience with Superstorm Sandy, Hurricane Katrina, and more than a dozen other major disasters globally, to inform our support to NJBPU
- **New Jersey knowledge**, with experience with Superstorm Sandy recovery efforts and with several decades serving public, private, and social sector clients in New Jersey
- **Ability to delivery impact on an accelerated timeline**, through an intensive engagement management approach that will allow us to deliver in thirty percent less time (or 7 weeks sooner) than the timeline laid out in the RFQ, if that accelerated timeline is approved by NJBPU

We have served public, private and social sector clients in New Jersey extensively through our New Jersey Office, and have all appropriate State business licenses in place. We have also been extensively involved in Superstorm Sandy recovery efforts not only in New Jersey, but also at the federal level. Our record of performance is one of our most prized corporate assets, and I hereby certify that we have had no record of substandard work within the past five years. Our corporate ethics are a cornerstone of our culture, and I hereby certify that we have not engaged in any unethical practices within the past five years. If the State awards this contract to McKinsey, I hereby certify that we acknowledge our responsibility for the entire contract, including payment of any and all charges resulting from the contract. Finally, I hereby certify that no key team member, subcontractor, or subcontractor's key team member is listed on any State or Federal suspension, debarment, or disqualification list.

McKinsey is the world's leading management consulting firm, with more than 9,000 professionals working in nearly 100 offices in 50 countries worldwide. For more than 80 years, our mission has been to help private and public sector enterprises achieve distinctive, substantial, and lasting improvements in their performance. Our success is based upon our unwavering



commitment to driving impact at clients – by bringing the facts to the table and providing an unbiased framing of the issues, opportunities, and risks. We facilitate executive decision-making and deliver a comprehensive, integrated path forward.

Per your request, we have identified the information in our technical and cost proposals which we believe is protected from disclosure under the exceptions to OPRA found at N.J.S.A. 47:1A-1.1, et seq., and have identified the protected information by page number and applicable exception. This information is Exhibit 1 to our memorandum stating the factual and legal basis for the assertions attached hereto.

Thank you for the opportunity to serve the State. Our formal response to your solicitation follows. We would welcome the opportunity to work with you. Please contact me at 202-662-3300 with any questions.

Regards,



Vivian Riefberg, Partner  
202-662-3300– telephone  
202-662-3175 – facsimile  
[vivian\\_reifberg@mckinsey.com](mailto:vivian_reifberg@mckinsey.com)

Attachment

July 23, 2013

**BY EMAIL**

Attn: Roy Hambrecht  
Department of the Treasury  
Division of Purchase and Property  
9<sup>th</sup> Floor 33 West State Street  
Trenton, NJ 08625

Subject: **Legal and Factual Assertions Under the Exceptions to the New Jersey Open Public Records Actions for Protection of Information in McKinsey's Proposal Response to RFQ795201S**

Dear Mr. Hambrecht;

McKinsey & Company, Inc. Washington D.C. ("McKinsey") respectfully submits this letter stating its legal and factual assertions to protection of certain information contained in its proposal response to the State of New Jersey's Request for Quotation ("RFQ") for New Jersey Distributive energy Resources, Board of Public Utilities RFQ795201S. The information McKinsey seeks to protect is excepted from public release under New Jersey's Open Public Record's Act, N.J.S.A. 47:1A-1 ("OPRA"). In the event of a request for release of McKinsey's response to the RFQ, the information McKinsey proposes to redact is listed in the attachment hereto as **Exhibit 1**. Upon request, McKinsey is prepared to provide the State with the proposed redactions as made to the actual documents.

**IDENTIFICATION OF INFORMATION PROPOSED TO BE WITHHELD**

OPRA by its terms exempts broad swaths of corporate confidential and competition sensitive data, including all of the information McKinsey has proposed to redact in Exhibit 1. *See, e.g., Communications Workers of Am. v. McCormac*, 417 N.J. Super. 412, 426, 9 A.3d 1106, 1115 (Ch. Div. 2008) ("the Legislature amended New Jersey's freedom of information act to explicitly contain an exemption for proprietary commercial or financial information"). Specifically, OPRA exemptions for proprietary commercial or financial information, trade secrets, and information that would put McKinsey at a competitive disadvantage are all applicable to the redactions McKinsey requests.

## **A. LEGAL STANDARDS**

First, OPRA exemptions from the definition of a public record – and thus exempts from disclosure – all “trade secrets and proprietary commercial or financial information obtained from any source.” N.J.S.A. 47:1A-1.1. New Jersey courts have held that “the proper application of the exemption [for proprietary information] asks whether the records are (a) proprietary (b) commercial or financial information (c) obtained from any source.” *Communications Workers of Am. v. McCormac*, 417 N.J. Super. 412, 428 (Ch. Div. 2008). The term “proprietary” has been given its plain meaning as denoting “something privately owned and not communally shared,” while “commercial information” has been defined broadly as information relating to “trade or business,” and “financial information” has been defined as information relating to the “management of money, banking, investments and credits.” *Id.* Furthermore, information is generally considered proprietary commercial or financial information if: “(1) a party has expended its resources developing the information; (2) the information is not generally disclosed to the public; and (3) if the information is disclosed, it is disclosed for a limited purpose with a provision for confidentiality.” *Id.* at 430.

Second, New Jersey courts have defined “trade secret” per the definition and comments set out in the Restatement of Torts. A trade secret is “any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.” *Trump's Castle Associates v. Tallone*, 275 N.J. Super. 159, 162 (App. Div. 1994). Additionally:

A trade secret can consist of a formula, pattern, compilation of data, computer program, device, method, technique, process, or other form or embodiment of economically valuable information. A trade secret can relate to technical matters such as the composition or design of a product, a method of manufacture, or the know-how necessary to perform a particular operation or service. A trade secret can also relate to other aspects of business operations such as pricing and marketing techniques or the identity and requirements of customers[.]

*Id.*

Third, OPRA also exempts all information that, “information which, if disclosed, would give an advantage to competitors or bidders[.]” *Id.* New Jersey courts have held that this exception may apply where disclosure of the information contained in a record “would give a real, not speculative advantage to competitors who could simply piggyback on the experience of” a company by obtaining their records under OPRA. *See Communications Workers of Am. v. McCormac*, 417 N.J. Super. 412, 443 (Ch. Div. 2008).

**B. ALL THREE EXEMPTIONS APPLY TO MCKINSEY'S REDACTED MATERIAL**

The three overlapping exemptions set out above – for (1) proprietary commercial and financial information, (2) trade secrets, and (3) competitively sensitive information – all apply to the information McKinsey has proposed to redact from its Proposal. For your convenience, McKinsey has identified the specific reason for each redaction in Exhibit I hereto.

First, the information McKinsey proposes to redact from the Proposal consists of proprietary commercial and financial information. As a private corporation, McKinsey strives to keep this information entirely confidential, and we have parsed out the responses that the requestor would be able to determine from public sources. The information proposed for redaction includes information related to pricing, the structure of McKinsey's procurement teams, and confidential corporate information. McKinsey is disclosing that information to the State under the express understanding that it would remain private, including on the cover of the proposal the legend that it "contains confidential and proprietary information that is exempt from disclosure under the Open Public Records Act." See Proposal. The redacted information is owned by McKinsey and not shared outside McKinsey's organization. In fact, McKinsey closely protects the information at issue, treating it as confidential and proprietary. Internally, this information is disclosed only to McKinsey employees who have a need to know, and even then with strict controls (such as requiring the approval of authorized executives, execution of non-disclosure agreements, and copying restrictions). Externally, McKinsey takes pains to ensure that information is not provided publically, and McKinsey is well-known within the industry as a company that carefully protects the privacy of its clients' data and its own data. There is no way that McKinsey's competitors could get the information contained in McKinsey's Price Proposal absent the OPRA request. Furthermore, the information is clearly of a commercial and financial nature, relating to McKinsey's consulting business and finances. The redacted information should therefore be excluded from disclosure under OPRA based upon the "commercial and financial" information exception alone.

Second, the redacted information constitutes McKinsey's trade secrets. Specifically, the redacted information is in the nature of a compilation of information regarding McKinsey's pricing and proposal structure. As New Jersey courts have held, "[a] trade secret can also relate to other aspects of business operations such as pricing and marketing techniques or the identity and requirements of customers[.]" *Trump's Castle Associates v. Tallone*, 275 N.J. Super. 159, 162 (App. Div. 1994). Furthermore, as set out in large part in the prior paragraph, the information McKinsey proposes to redact also meets the secrecy and economic value requirements for trade secrets. The information is not known outside of McKinsey, and McKinsey makes great efforts to guard its secrecy, including without limitation restricting the McKinsey employees who have access to it. As stated above, there is no way for McKinsey's competitors to acquire the redacted information outside of the OPRA request. In fact, McKinsey's pricing structures and proposal information are highly sought after by McKinsey's competitors, precisely because of the economic value that would be derived from having it. Therefore, McKinsey's proposed redactions should also be excluded from disclosure under OPRA as trade secrets.

Third, the redacted information is competition sensitive. The disclosure of McKinsey's trade secrets and proprietary commercial or financial information, which is not generally available, would put McKinsey at a competitive disadvantage in future bids for consulting services. McKinsey clearly faces actual, intense competition in the market for consulting services. These companies have and can be expected to compete with McKinsey regularly for business in the government and commercial markets. The release of the redacted information would cause McKinsey competitive harm in the government and commercial marketplaces by providing McKinsey's competitors with previously unavailable McKinsey information on McKinsey resources and operations, which they could use to reverse engineer a blueprint of McKinsey's consulting operations or use to attempt to underbid McKinsey on future projects. Furthermore, some redactions relate to McKinsey's corporate confidential information, which as a private company McKinsey strives to keep confidential and which could be used by McKinsey's competitors in an attempt to undermine McKinsey or paint it in a bad light.

### CONCLUSION

McKinsey again appreciates this opportunity to present its justifications for its redactions. As set out above, the information McKinsey proposed to redact from its Proposal is (1) proprietary commercial or financial information, (2) trade secrets, (3) competition sensitive, or (4) some combination thereof. It is therefore exempt from disclosure under OPRA. To the extent that your office needs further information, McKinsey would be happy to provide additional detail or an affidavit. If you have further questions, please contact me via telephone (202-662-3153) or email ([Melissa\\_Milstead@McKinsey.com](mailto:Melissa_Milstead@McKinsey.com)).

Regards,



Melissa Milstead  
Associate General Counsel  
McKinsey & Company, Inc.

Attachment:

Exhibit 1 – Proposed Redactions

## Exhibit 1 – Requested Redactions

Document	Page(s)	Reason	Applicable Exemption under OPRA
Technical Proposal	Cover (Chuck Self's phone number)	Unlisted Telephone Number and email	Personal identifying information
	i - vi (subheadings and exhibit titles)	Trade Secret/Proprietary approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	3 - 4	Proprietary commercial information: lists confidential company information which is not otherwise known	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	4 – 64, Exhibit 77 on page 65, 66-72	Trade Secret/Proprietary approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	73 - 84	Trade Secret/Proprietary approach and proprietary commercial information: lists confidential company information which is not otherwise known	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	85 – 111	Trade Secret/Proprietary approach and proprietary commercial information: discloses the team composition which is integral to McKinsey's proprietary approach, as well as the education, work history and experience that provide the reasoning for why that employee is essential to the team. Also lists confidential clients which are not otherwise known	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
Technical Proposal (cnt.)	112 - 114	Proprietary commercial information: lists confidential clients which are not otherwise known	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders

Document	Page(s)	Reason	Applicable Exemption under OPRA
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	116 (9.0)	Trade Secret/Proprietary approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	118-121 (excluding headings)	Proprietary commercial information: lists confidential company information which is not otherwise known	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	124	Trade Secret/Proprietary approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	130	Proprietary commercial information: lists confidential company information which is not otherwise known	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
Cost Quote	Cover (Thomas Dohrmann's phone number)	Unlisted Telephone Number and email	Personal identifying information
	1	Pricing technique/financial information and proprietary commercial approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	2 (text and hours listed in Team Construction Chart)	Pricing technique/financial information and proprietary commercial approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders

Document	Page(s)	Reason	Applicable Exemption under OPRA
Cost Quote (cnt.)	3 - 4	Pricing technique/financial information and proprietary commercial approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	5 (all text, columns listing estimated weeks and Total Firm Fixed Price in both charts)	Pricing technique/financial information and proprietary commercial approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	6 - 7	Pricing technique/financial information and proprietary commercial approach	Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders
	8 (Jim Brennan and Chuck Self's phone numbers) Last paragraph	Unlisted Telephone Number and email  Pricing technique/financial information and proprietary commercial approach	Personal identifying information  Trade secrets and proprietary commercial or financial information; information which, if disclosed, would give an advantage to competitors or bidders







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## 1.0 Management Overview – Tab 1

McKinsey & Company, Inc. Washington D.C. (“McKinsey”) is pleased to submit this proposal in response to the State of New Jersey Distributive Energy Resources, Board of Public Utilities (NJBPU) RFQ 795201S. We would welcome the opportunity to serve the NJBPU on this critical topic to help the State develop a statewide distributed energy, demand management, and electric distribution grid resilience program. Such a program offers the potential to substantially increase New Jersey’s capacity to deliver safe reliable energy to residents and businesses during future emergencies. It also will build overall economic resilience.

Over the last several years the region has been impacted by several major storms including: East Coast Derecho in July 2011; Hurricane Irene in August 2011; a major snow storm on October 30, 2011; Super Storm Sandy October 29, 2012; Northeaster November 7, 2012; and East Coast Derecho June 2013. These storms and others resulted in varying degrees of power outages for millions of homes and businesses across New Jersey and the Mid-Atlantic/Northeastern states.

A recent study by Rutgers’ Bloustein School for Public Policy estimated that Superstorm Sandy alone initially caused an \$11.7 billion economic loss to the State’s gross domestic product and the total recovery after rebuilding could cost approximately \$25.1 billion through 2015. Rutgers found that there were 4,200 jobs lost, a loss of \$1 billion in personal income and \$82 million in lost tax revenues in the 4th quarter of 2012.

Following Hurricane Irene and Superstorm Sandy, New Jersey has focused on developing a more resilient energy infrastructure with a mix of Distributive Energy Resources (DER). This includes the following: demand response (DR); energy efficiency (EE); combined heat and power (CHP) with fossil and renewable fuels; fuel cell (FC) with and without heat recovery with fossil and renewable fuels; solar photovoltaic (PV) with storage; and other renewables with storage.

Most of the components of New Jersey’s critical infrastructure – including hospitals, water and wastewater facilities, schools, shelters, police and fire stations – rely on traditional power systems, and in the best cases, back up diesel generators to be used during a power outage.

New Jersey currently has over 1,000 MW of solar that provides over 1% of the state’s electricity. By the end of the 2014 Energy Year, this will increase to 2% of the in-state electricity. New Jersey has over 3,000 MW of combined heat and power (CHP) that provides over 10% of the in-state electricity. The majority of this power can and does sell into the PJM wholesale market.

The Governor’s Energy Master Plan (EMP) sets a goal to install an additional 1,500 MW of CHP. This would increase the State’s energy production to 24% of electricity generation. The majority of this new CHP will be distributive generation (DG). New Jersey’s Renewable Energy Portfolio Standard (RPS) law requires the development of solar to produce 4% of the State’s electricity by 2028. The RPS also requires the development of 22.5% of Class I and Class II renewables in addition to solar by 2021. A portion of this 22.5% RPS will be DG.

The 2011 New Jersey EMP calls for a 17% reduction of the electrical energy usage through energy efficiency measures (EE) from 2010 levels by 2021 and the implementation of 1,500 MW of demand response (DR) by 2021. New Jersey has several programs to advance DG fuel cells and other renewables. In total, including EE, DR, and the RE RPS approximately 30% of New Jersey’s energy could be generated by DG and RE sources by 2020. This could be as high as

50% if the cost for these technologies including PV, storage and micro-CHP continues on the current cost reduction curves.

One important issue that Sandy highlighted is that the majority of the DG that is currently installed in New Jersey including solar, CHP, fuel cells and other renewables, did not operate during or after the storm when the grid was down. Most DG is designed with an inverter that senses the outage of the grid and shuts down the DG as a safety precaution in addition to the external disconnect switch. To operate during and after an emergency when the grid goes down, DG must be specifically designed to operate in isolation of and independent from the grid. This independent and isolated operation as a microgrid is capital intensive and more expensive to retrofit into an existing facility, but if properly designed into a new facility it could be only a relatively small portion of the overall cost.

However, with Superstorm Sandy and other large regional storms, governmental entities are beginning to evaluate the overall costs and the potential savings to operating during and after a storm when the grid goes down. A smart and resilient energy infrastructure, including DER and microgrids, is necessary over the long-term recovery process.

### **New Resiliency Program – Potential Solution**

While 70% of the electric distribution system was down after Superstorm Sandy there were several entities throughout New Jersey in the storm impacted areas that had full power even with a loss of the distribution grid. These islands of power had DG units, specifically combined heat and power (CHP) units that were able to operate by isolating their CHP unit from the regional grid and keeping power flowing to their campus grids when the regional power network went down because of the storm. Entities like The College of New Jersey, Rutgers University, Princeton University, Bergen County Utilities Authority and dozens of businesses, industries and public facilities including hospitals that continued to provide electricity, space conditioning and food to their residents and customers while the regional grid was down because of the storm.

One reason is that the CHP units at these locations operated as a micro-grid independent and isolated from the centrally located electric distribution grid. The other is the energy infrastructure for these micro-grid CHP units are hardened against storms, underground and protected against flooding. The pipes that carry chilled water and steam for cooling and heating also provide a pathway for wires that provide the electricity.

A study by Princeton University risk control unit found that Princeton University's CHP micro-grid that operated for a week when the PSE&G distribution system that served Princeton was down. This saved the University millions in avoided losses of hundreds of critical research projects. The College of New Jersey's CHP microgrid operated while the grid that serves the facility was down. The College of New Jersey served as a central location for 2,000 mutual aid workers from other states that helped to restore power after the storm. The College of New Jersey's CHP microgrid provided heat, power, hot food, and a hot shower to these workers who helped restore power in New Jersey.

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A potential solution to respond to recent regional storm events could be DG-microgrids. However, there are a number of technical, regulatory and financial barriers that need to be evaluated in order to implement this solution.

From our broad experience with the public and private sectors, **McKinsey is best in class in several areas critical to this work. Specifically, we believe we have distinctiveness** in the following areas:

- **Public and Private Sector Energy:** McKinsey has completed more than 1,400 energy engagements in the past five years with public and private sector energy clients on power, transport, buildings and infrastructure, and water and waste. The firm has served 60+ of those engagements on energy services and developing smart grids. Very recently, the Firm's work in energy has involved assessing regulatory and commercial frameworks that enable and foster distributed generation in the form of solar, CHP, storage, small-scale gas turbines and integrated micro-grids. We serve multiple clients on the smart grid and demand management technologies that enable microgrid operations. We provided some of the first support to DoD technology suppliers, seeking to support the DoD DG-microgrid programs. We are also a leader among consulting firms in developing and maintaining current knowledge on a host of critical energy trends, including solar power and microgrids (e.g., "Solar Power: Darkest before Dawn;" "Home of the Future")
- **Disaster Recovery, Preparedness, and Resilience:** McKinsey has leveraged its expertise in strategy, organization, and operations to deliver impact on 40+ engagements in 2007-2012, advising on medium to long-term recovery from major emergencies in both developed and developing countries and on government capability building for disaster mitigation, including response to natural disasters such as flooding and hurricanes. We have helped the Federal government and other impacted States in connection with their own Sandy response requirements. We have a deep understanding of the Federal disaster recovery programs and post-disaster project management. We also have evaluated the impact of natural hazards on critical energy generation and distribution grid infrastructure, including work focusing on another highly exposed region, the Gulf Coast.
- **Public sector management and finance:** McKinsey public sector practice served 250+ engagements with federal, state/regional, and local agencies responsible for energy and environment and the management of government-owned lands in 44 countries from 2008-2012. Those same years, McKinsey also served 350+ engagements with finance departments, tax authorities, and financial regulators and agencies across the world in 37 countries. We understand how to design public sector processes at scale to deliver public benefits efficiently, maximizing the returns to public funds (e.g., delivering the most resilience per dollar), increasing the alignment with private sector investors and markets, and minimizing the risks of public sector involvement. Our leadership team has deep experience in consulting to governments and leading multi-billion dollar infrastructure finance programs while in government.
- **Understanding New Jersey:** McKinsey knows the New Jersey landscape better than any other consulting firm based on its deep footprint in the State, and experiences working with public and private sector clients in New Jersey. The McKinsey New Jersey Office is our largest in the Mid-Atlantic, with more than 300 consultants working on engagements that span every major industry and function. In recent years, our consultants have worked on

disaster recovery, economic development, and energy studies in and adjacent to New Jersey including ongoing work on recovery from Superstorm Sandy with New York State, an economic development study with Atlantic City that resulted in increased tourism through better planning and marketing.

- **Ability to deliver impact on an accelerated timeline:** McKinsey employs an intensive engagement management approach that will allow us to deliver in thirty percent less time (or 7 weeks sooner) than the timeline laid out in the RFQ, if that accelerated timeline is approved by NJBPU. One of the things that our clients in the public and private sectors value about our work is our ability to deliver high quality products rapidly. This is particularly critical in a disaster recovery situation, with NJBPU seeking quickly to put into place a resilience program to mitigate the effects of future hurricanes and superstorms.

Below, we detail our specific approach. While we understand the RFQ contemplates finalizing various scope of work elements post-award, we have developed some preliminary perspectives on each of the workstreams.

### 1.1 Development and Submission of DER Financing Program Proposal

McKinsey will bring the same principled approach to problem solving and solution development to the New Jersey DER Financing Program Proposal that it brings to all of its clients. Proprietary

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The McKinsey Center for Government (MCG) is a dedicated center of expertise within McKinsey & Company's Public Sector Practice (PSP) to support government leaders in their goal to achieve greater and lasting performance, described by the market in **Exhibit 3**.

“  The Economist


McKinsey, a consultancy, has established a **Centre for Government** in order to make the exchange of best practices as much a part of the life of governments as it is part of the life of multinationals. The centre has identified 40 big successful programmes that governments have implemented over the past 20 years to improve their productivity and rationalise their budgets. It has demonstrated that good ideas are popping up all over the place.

- Schumpeter, 2 Feb 2013 ”

“ **International Herald Tribune**

Diana Farrell, an economist who recently returned to the consulting firm McKinsey after a two-year stint in the White House, thinks smart pragmatists should seize this common ground... "We see a massive opportunity in what is a meaningful part of GDP to make it work better," Farrell, who leads the new **McKinsey Center for Government**, told me... The McKinsey collection is bursting with other good ideas.

- Chrystia Freeland, 4 Oct 2012 ”

“  CNBC

Employers are struggling to fill entry-level vacancies, despite the fact that there are 75 million unemployed young people worldwide, Diana Farrell, Director and Co-founder at the **McKinsey Center for Government** told CNBC.

A new survey conducted by the group says employers struggle with a lack of skills among graduates of academic and vocational courses, particularly for medium and high-skilled jobs, such as teaching and medicine.

- CNBC, 12 Dec 2012 ”

“ **COUNCIL on FOREIGN RELATIONS**

In a report launched yesterday, Education to Employment: Designing a System That Works, the **McKinsey Center for Government** addresses what it describes as "two crises, one paradox"—widespread youth unemployment and jobs left vacant due to a lack of qualified people. The report looks at 100 skills training programs in 25 countries, and includes interview results from more than 8,000 youth, employers, and educational institutions across nine different countries.

- Isobel Coleman, 11 Dec 2012 ”

*Exhibit 3: The McKinsey Center for Government is known for world class research on government effectiveness.*

McKinsey has extensive experience executing both finance and energy related projects within the public sector having completed over 350 and over 250 engagements in each respective area. Not only has McKinsey worked in these areas, but we are a thought leader in the areas of public finance and energy and the environment. McKinsey continuously publishes articles that push the thinking in these areas forward through our publications: McKinsey quarterly, the McKinsey Global Institute and McKinsey on Government. **Exhibits 4 and 5** below outline some of our service and publications around Public Finance and Energy and the Environment.

**Recent publications**

- “Working out of debt,” *McKinsey Quarterly*, January 2012
- “The Growing US Jobs Challenge,” *McKinsey Global Institute*, June 2011
- “Government’s productivity imperative,” *McKinsey on Government*, June 2009
- “The Road to Improved Compliance: A McKinsey Benchmarking Study of Tax Administrations 2008-2009,” report, 2009
- “Performance Improvement and the Stimulus,” *McKinsey on Government*, Issue 4, 2009

*Exhibit 4: McKinsey’s Public Finance practice helps agencies like NJBPU navigate challenges like post-Sandy reconstruction.*



**Energy and environment**

[SEE SRP QUAL PACK FOR ADDITIONAL DETAILS](#)

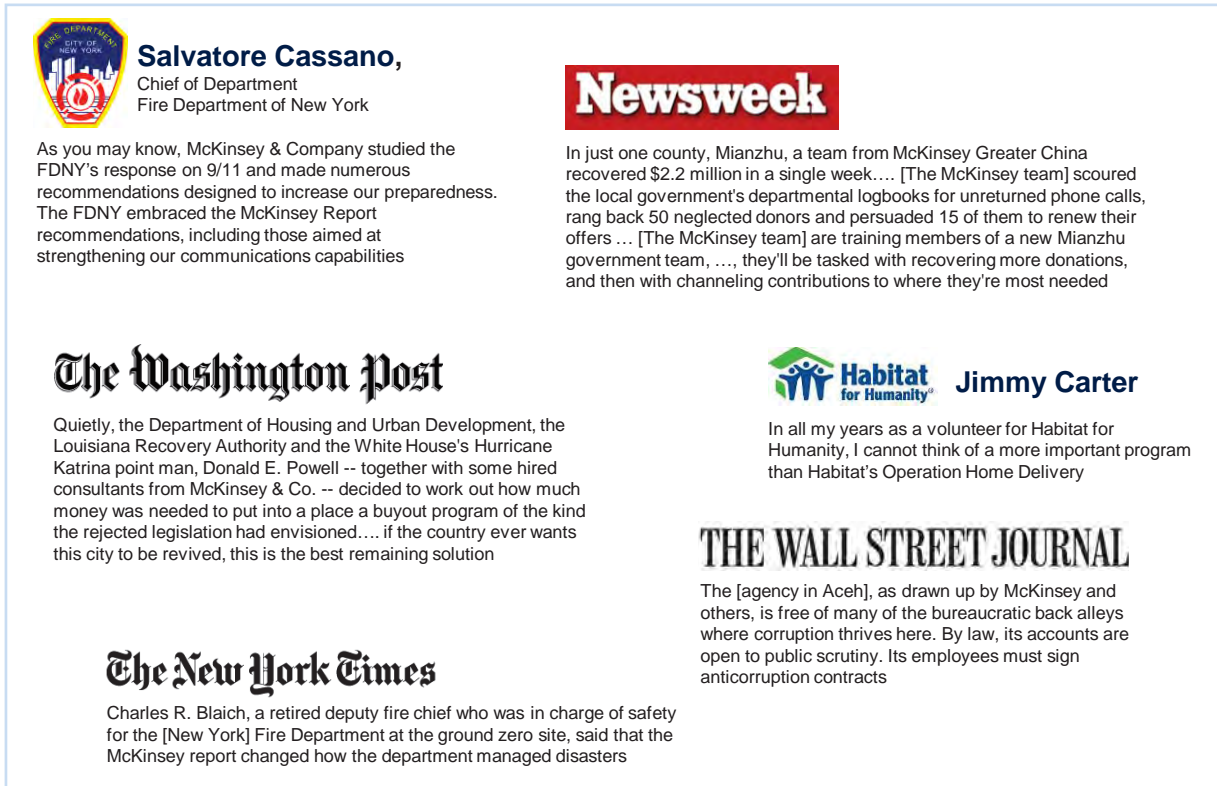
**Recent publications**


- “Mobilizing for a resource revolution,” *McKinsey Quarterly*, January 2012
- “Manufacturing resource productivity,” *McKinsey Quarterly*, June 2012
- “The Fast Lane to the Adoption of Electric Cars,” *McKinsey Quarterly*, February 2011
- “How Green are China’s Cities,” *McKinsey Quarterly*, January 2011

*Exhibit 5: McKinsey’s Energy and Environment Practice focuses on helping government agencies manage energy and lands around the world.*




McKinsey's expertise in disaster recovery and response is clearly head and shoulders above our competitors. We have extensive experience serving countries and municipalities around the world that are recovering from recent disasters. Since 2007, McKinsey has conducted over 40 engagements, advising on medium to long term recovery from major emergencies in both developed and developing countries and on government capability building for disaster mitigation. McKinsey has served clients across many functions in disaster recovery, and has demonstrated specific expertise in planning, developing and implementing infrastructure solutions for our clients. **Exhibit 6** shows some of the recognition McKinsey has received for our disaster recovery work.



 **Salvatore Cassano,**  
Chief of Department  
Fire Department of New York


As you may know, McKinsey & Company studied the FDNY's response on 9/11 and made numerous recommendations designed to increase our preparedness. The FDNY embraced the McKinsey Report recommendations, including those aimed at strengthening our communications capabilities



In just one county, Mianzhu, a team from McKinsey Greater China recovered \$2.2 million in a single week.... [The McKinsey team] scoured the local government's departmental logbooks for unreturned phone calls, rang back 50 neglected donors and persuaded 15 of them to renew their offers ... [The McKinsey team] are training members of a new Mianzhu government team, ... they'll be tasked with recovering more donations, and then with channeling contributions to where they're most needed

**The Washington Post**

Quietly, the Department of Housing and Urban Development, the Louisiana Recovery Authority and the White House's Hurricane Katrina point man, Donald E. Powell -- together with some hired consultants from McKinsey & Co. -- decided to work out how much money was needed to put into a place a buyout program of the kind the rejected legislation had envisioned.... if the country ever wants this city to be revived, this is the best remaining solution

 **Jimmy Carter**

In all my years as a volunteer for Habitat for Humanity, I cannot think of a more important program than Habitat's Operation Home Delivery

**THE WALL STREET JOURNAL**

The [agency in Aceh], as drawn up by McKinsey and others, is free of many of the bureaucratic back alleys where corruption thrives here. By law, its accounts are open to public scrutiny. Its employees must sign anticorruption contracts

**The New York Times**

Charles R. Blaich, a retired deputy fire chief who was in charge of safety for the [New York] Fire Department at the ground zero site, said that the McKinsey report changed how the department managed disasters

*Exhibit 6: McKinsey's ability to deliver high-impact disaster relief service is widely recognized.*

**Exhibit 7** describes our Infrastructure Practice, which helps clients plan, develop, and implement robust infrastructure solutions.

#### Who we serve

Cities, regions, and other government authorities responsible for identifying public infrastructure needs and aligning and timing investments in an infrastructure portfolio against those needs

#### Areas of expertise

- Strategic asset portfolio planning, defining underlying infrastructure needs, and maximizing return for constituents
- Industry value chain analyses to support investment priorities
- Funding and financing
- Portfolio delivery

#### Example engagements

- Developed a state-wide transportation infrastructure investment strategy for a US state
- Helped a North American state government entity to move out of the political and organizational constraints to develop and deliver the necessary new highways

#### Recent publications

- "A City Consolidates its Data Centers," *McKinsey Quarterly*, October 2011
- "Urban World: Mapping the Economic Power of Cities," *McKinsey Global Institute*, March 2011
- "Keeping Britain Moving: The United Kingdom's Transport Infrastructure Needs," *McKinsey Report*, February 2011
- "How Investors Can Get More Out of Infrastructure," *McKinsey Quarterly*, February 2008
- "Private investment opportunities for public transport," *McKinsey Quarterly*, April 2007

*Exhibit 7: McKinsey's Infrastructure Practice helps agencies like NJBPU develop integrated solutions to meet statewide infrastructure challenges.*

Our Energy practice, especially our work in Clean Technology and Smart Grid programs, makes McKinsey uniquely qualified to complete this work. McKinsey has been ranked #1 in Energy consulting for the past five years. McKinsey has completed 84 public sector engagements related to Electric Power and Natural Gas (EPNG) since 2009. We rely on our global reach, distinctive industry understanding, deep functional expertise and impact-driven approach to deliver results for our clients. **Exhibit 8** shows our value proposition in the EPNG industry.




<p><b>Client view</b></p>	<ul style="list-style-type: none"> <li>Ranked #1 in Energy Consulting<sup>1</sup></li> <li>Numerous client senior decision makers can provide testimonials of our impact if requested</li> </ul>
<p><b>Global leader in scale and scope</b></p>	<ul style="list-style-type: none"> <li>Continuous engagements for almost all leading industry players in each geographic region</li> <li>Very broad coverage of all relevant business and functional topics</li> <li>Global network of industry experts in energy, relevant customer and supplier industries</li> </ul>
<p><b>Distinctive power and gas industry understanding</b></p>	<ul style="list-style-type: none"> <li>In-depth understanding of industry markets structures, competitive dynamics, market regulation in all relevant geographies and value chain segments</li> <li>Proprietary insights based on quantitative models (e.g., power, gas and CO2 market models), tools (benchmarking) and knowledge investments (industry &amp; technology perspectives)</li> </ul>
<p><b>Broad and deep functional expertise</b></p>	<ul style="list-style-type: none"> <li>In-depth understanding of best practice in core functions, e.g., operational excellence, strategy, corporate finance, organization, risk management gleaned from our work with global champions and latest McKinsey research</li> <li>Capability to deliver large transformational programs (e.g., turnarounds, divestitures, PMM, growth)</li> </ul>
<p><b>Impact-driven approach</b></p>	<ul style="list-style-type: none"> <li>Partnership vs. transactional approach</li> <li>Capability building, e.g., during engagements, on McKinsey conferences, connecting peers</li> <li>Problem solving: combination of fact-based, objective analyses and integrated business perspective beyond moderator role</li> </ul>

1 Vault Survey 2012

*Exhibit 8: McKinsey's EPNG Practice was ranked #1 in Energy Consulting in a 2012 Vault Survey.*

**Exhibit 9** summarizes the reasons our clients turn to us again and again to help develop and implement solutions that last to challenging problems.



<p><b>Ability to shape direction and make change happen</b></p>	<p><b>Deep commitment to your success</b></p>	<p><b>Access to unequalled expertise and insights</b></p>
<ul style="list-style-type: none"> <li>Extensive experience from serving clients globally: &gt;600 projects in our clean tech service line in past 5 years across a broad set of clients and topics as part of an extensive agenda of client work across sustainability and energy topics</li> <li>We are part of the debate and enable cross-industry exchange through client round-tables and conferences, high presence in public forums, collaborating with the top decision makers in the field, and highly recognized publications and research</li> <li>We have developed a large number of proven approaches, concepts, models, benchmarks and databases in each of our service lines, which are the basis of our consulting work</li> </ul>	<ul style="list-style-type: none"> <li>Clients select us for their sustainability transformation journey: More than 150 clients have worked with us already on 4 or more SRP-related engagements</li> <li>We invite our clients to experience the impact of our work at our training labs ("Green model factories") in Atlanta, Singapore, and Munich and to explore their own companies' potentials and challenges in our Client Leadership Forum</li> <li>Our clients play an active role in our most important internal training programs, passing on their experiences in working with the practice to consultants on all levels and thus contributing to our aim of continuously improving our service</li> </ul>	<ul style="list-style-type: none"> <li>We couple distinctive models and knowledge on all key renewable, LED and smart grid technologies, and energy efficiency with in-depth expertise on GHG abatement and related regulatory mechanisms, and unrivaled experience in oil, gas, power and carbon markets globally</li> <li>Our dedicated leaders are anchored in all relevant industry sectors, functional practices, and regions</li> <li>A pool of 250 consultants with highly relevant backgrounds, dedicated research and analytics teams, and a global network of 2,000 affiliated colleagues with distinctive expertise and capabilities from all McKinsey offices are available to serve our clients</li> </ul>

*Exhibit 9: McKinsey consistently enables high-impact changes through our deep commitment to client success and unparalleled access to game-changing expertise.*

**McKinsey Interviewing Methodology and Data Gathering Techniques.** The McKinsey problem solving approach begins with a planning process and a clear problem statement, from which we develop issue trees and hypothesis trees that will help us clearly structure interviews. We clearly map critical success factors to the issues where our experience and inherent risks suggest may promote or impede the current state of execution capabilities.

Once we have formulated hypotheses, we will create an interview guide that is informed with

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**1.1.1 Deliverables and Timing**

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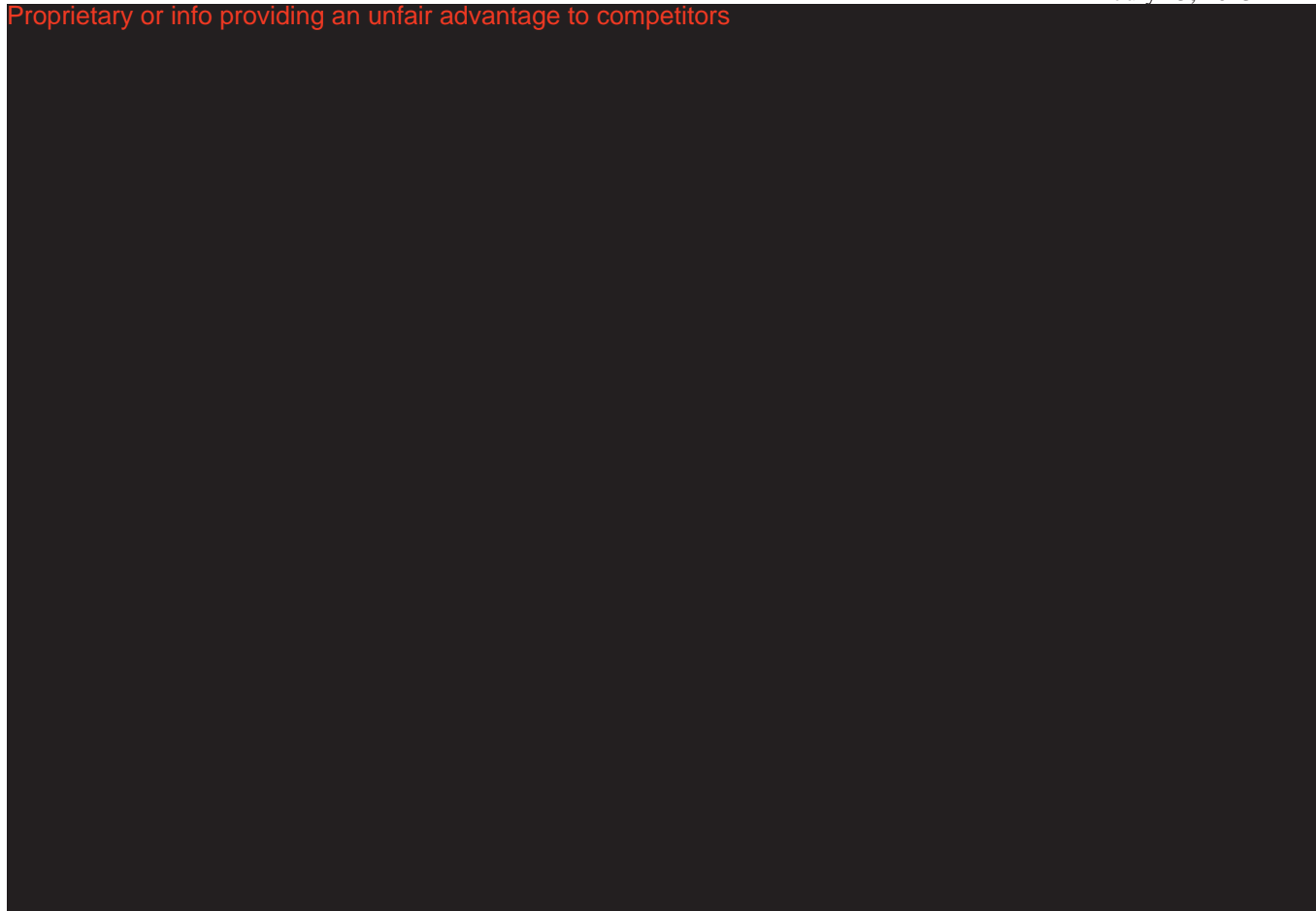
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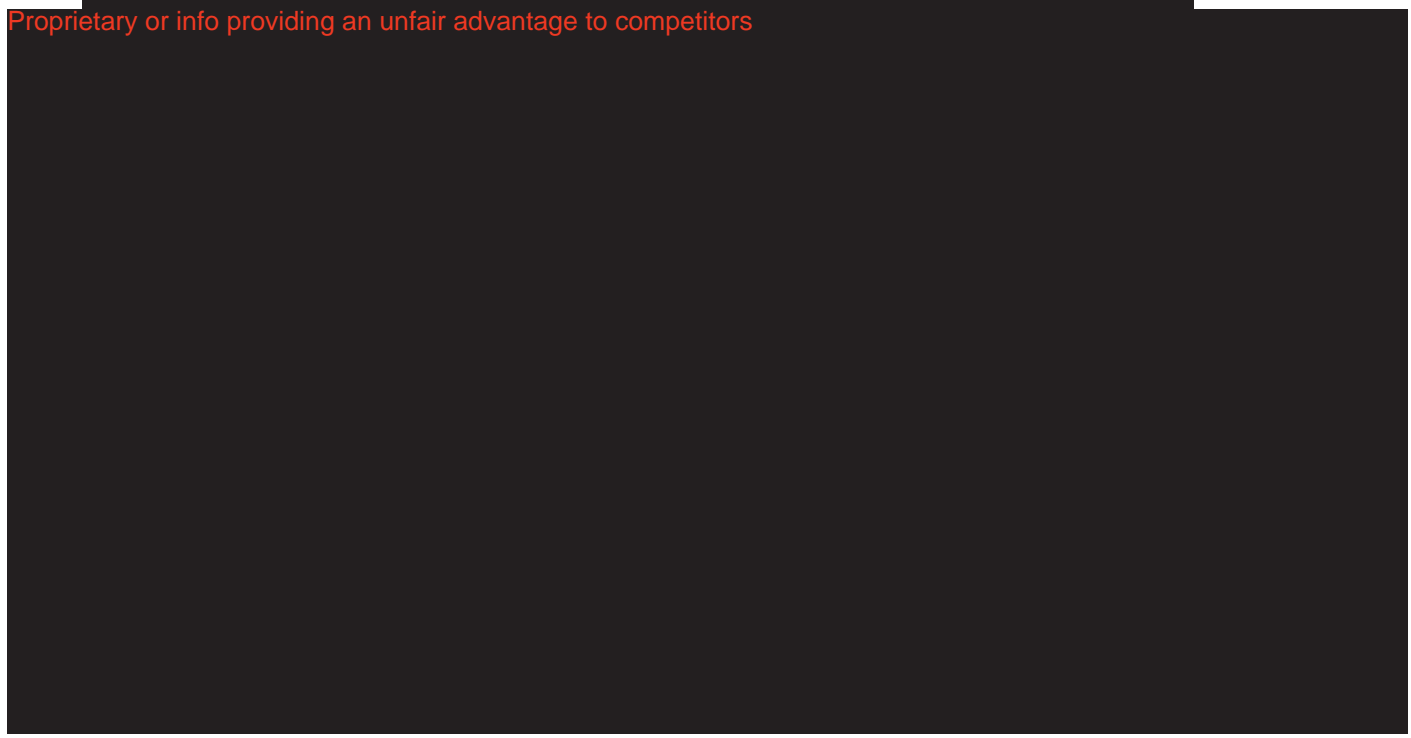
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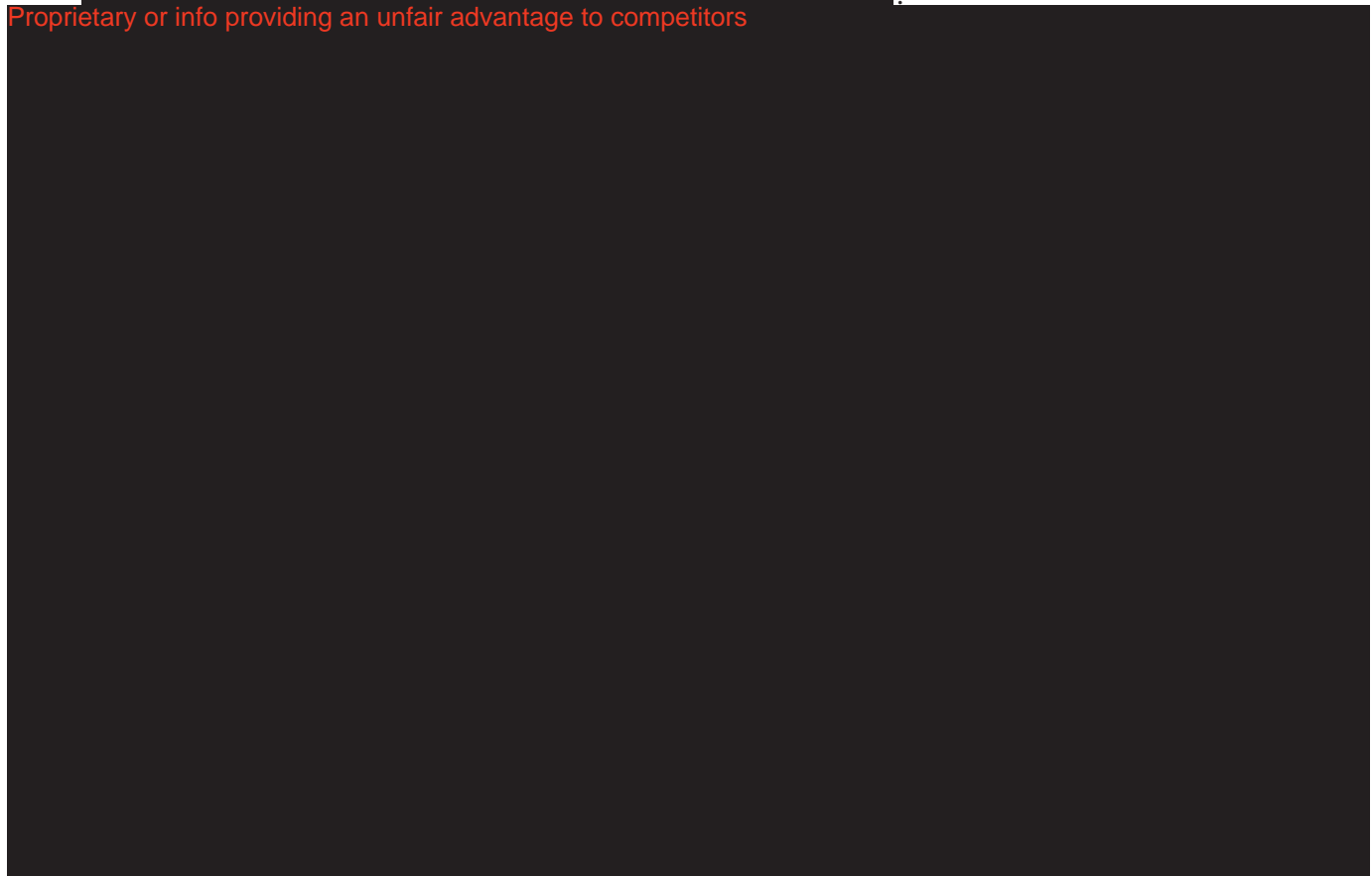
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## 1.2 Additional Deliverables

This section details the overall approach we will use to produce the series of reports NJBPU requires.

### **1.2.0 Overview of How We Do Our Work**

McKinsey teams bring the best of the entire firm's knowledge and expertise to bear in serving its clients. **Exhibit 27** shows the mission and values that guide us as we leverage top talent to deliver highly impactful results for our clients.



## Mission

To help our clients make distinctive, lasting, and substantial improvements in their performance, and to build a great firm that attracts, develops, excites, and retains exceptional people

## Values

- |  |   |
|--|---|
| Adhere to the highest professional standards           | <ul style="list-style-type: none"><li>▪ Put client interests ahead of the firm's</li><li>▪ Observe high ethical standards</li><li>▪ Preserve client confidences</li><li>▪ Maintain an independent perspective</li><li>▪ Manage client and firm resources cost-effectively</li></ul>   |
| Improve our clients' performance significantly         | <ul style="list-style-type: none"><li>▪ Follow the top management approach</li><li>▪ Use our global network to deliver the best of the firm to all clients</li><li>▪ Bring innovations in management practice to all clients</li><li>▪ Build client capabilities to sustain improvement</li><li>▪ Build enduring relationships based on trust</li></ul> |
| Create an unrivaled environment for exceptional people | <ul style="list-style-type: none"><li>▪ Be nonhierarchical and inclusive</li><li>▪ Sustain a caring meritocracy</li><li>▪ Develop one another through apprenticeship and mentoring</li><li>▪ Uphold the obligation to dissent</li><li>▪ Govern ourselves as a "one-firm" partnership</li></ul>  |

“ This is a firm that prides itself on its integrity, its standards, and above all, its absolute dedication to clients' interests.”

– Fortune 2009

*Exhibit 27: Our mission and values drive every decision in service to our clients.*

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“ The implicit contract with McKinsey is that nobody else has the intellectual wattage or the relentless devotion to the task.”

– Financial Times 2011

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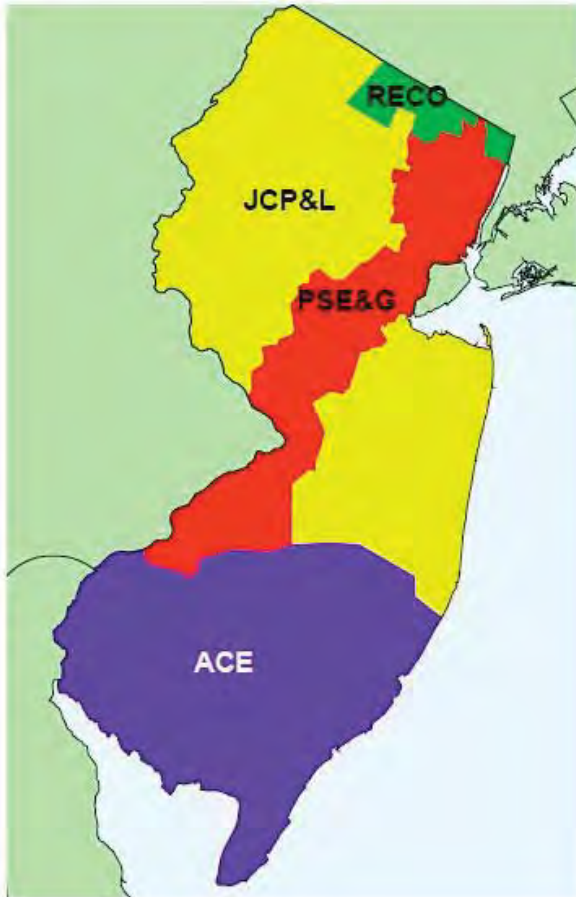
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### Utility operators

- ACE: Atlantic City Electric Company
- JCP&L: Jersey Central Power and Light
- PSE&G: Public Service Electric and Gas Company
- RECO: Rockland Electric Company

*Exhibit 29: New Jersey is served by four major energy utility operators, and McKinsey knows them well.*

**Exhibit 30** shows an overview of the New Jersey energy transmission system.

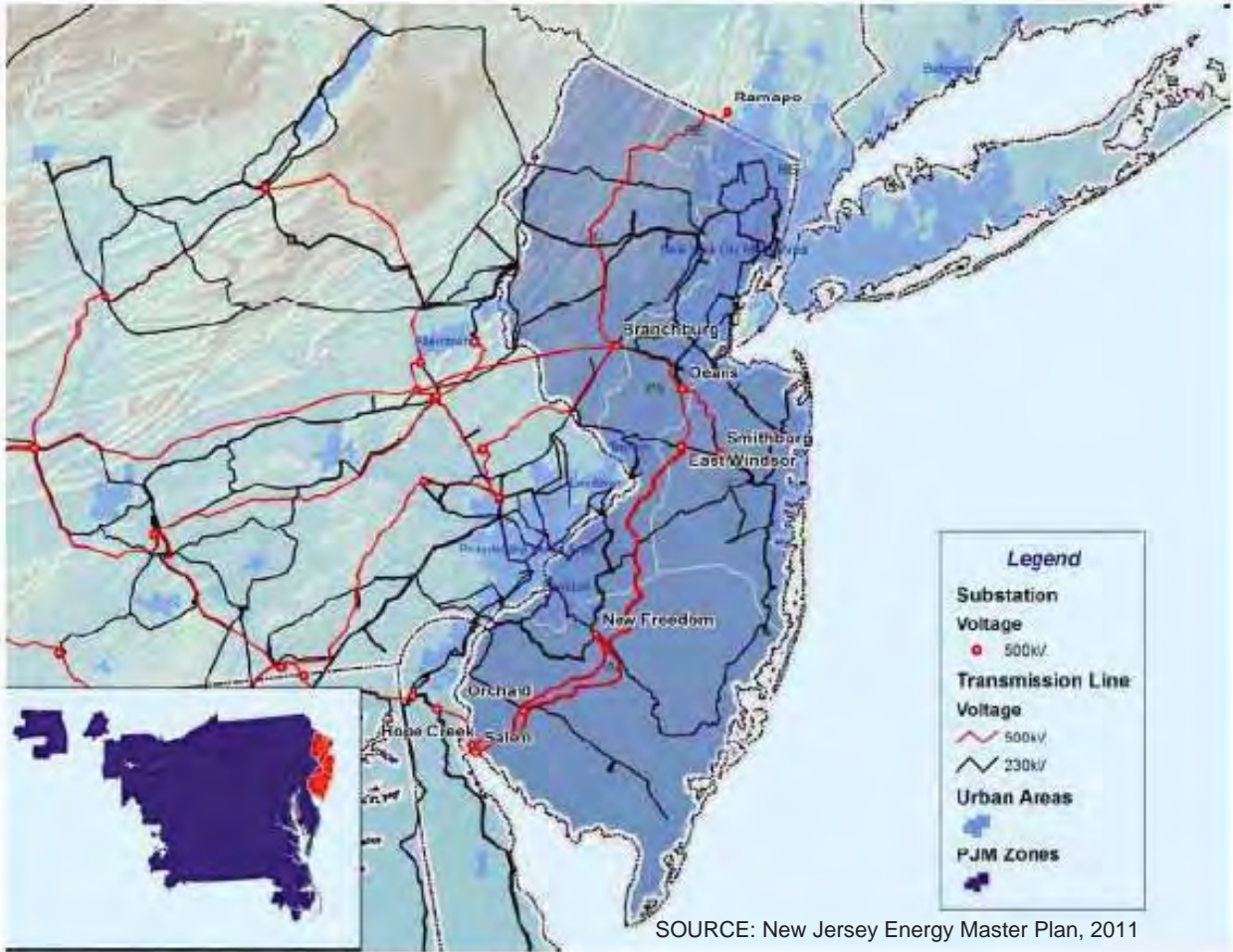
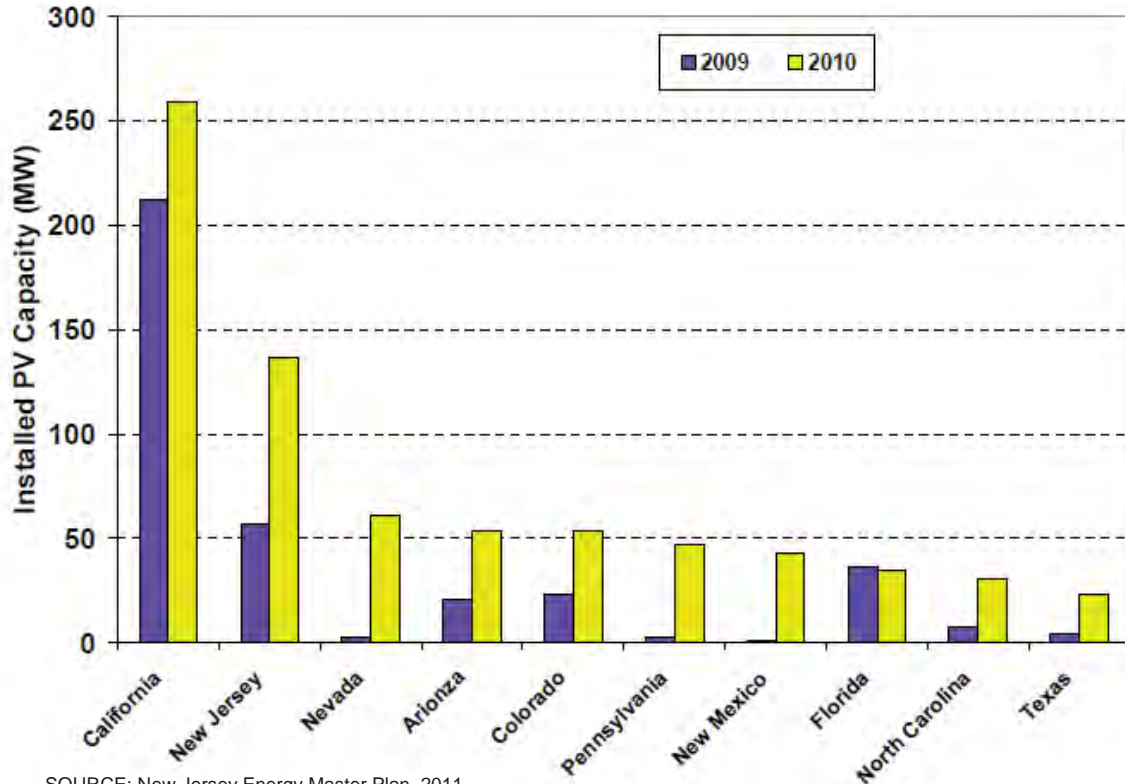


Exhibit 30: New Jersey is served by a complex regional energy transmission system.

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SOURCE: New Jersey Energy Master Plan, 2011  
Exhibit 31: New Jersey ranks in the top portion of U.S. States in terms of Solar PV capacity.

Exhibit 32 shows the cumulative PV solar capacity in New Jersey by program as of September 2011.

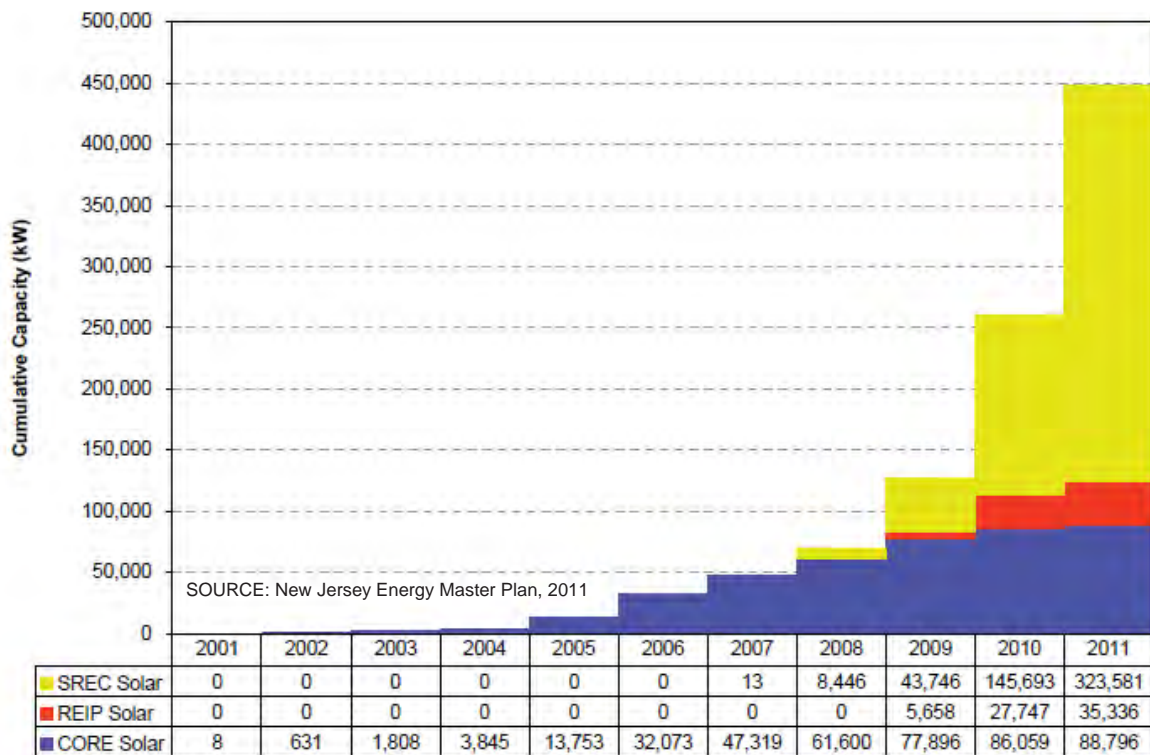


Exhibit 32: New Jersey's PV solar capacity comes through the CORE, REIP, and SREC programs.

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**Superior industry insight**

- McKinsey's clients benefit from proprietary models, knowledge and global experts
- The McKinsey Solar Initiative with experts and leaders of the energy, high tech and chemical industry sector practices globally ensures superior industry insights

**Serving the industry shapers**

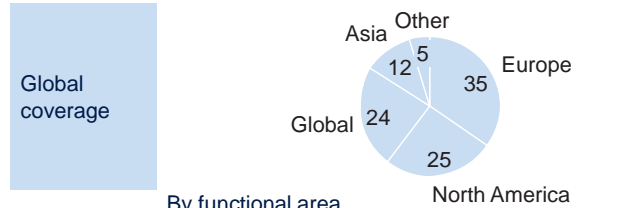
- Served clients across solar value chains. Clients include major solar pv and csp players including top cell producers of all technologies and top silicon/ingot/wafer manufacturers as well as leading international utilities and financial investors



**Engagements with major focus on solar between 2007-12<sup>1</sup>**

Percentage; 100% = 130 engagements

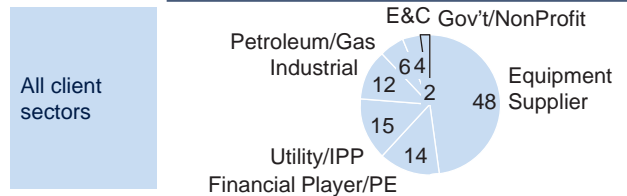
**By regional scope**



**By functional area**



**By client sector**



<sup>1</sup> Not including broad renewable engagements with solar as one of many areas of focus; YTD November 2012

*Exhibit 33: McKinsey's experience gives us deep understanding of solar market dynamics and value chains.*

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U.S. distributed solar economic potential overall and by state.

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**Exhibit 37** shows New Jersey's overall energy generating capacity by source from 1990 through 2009.

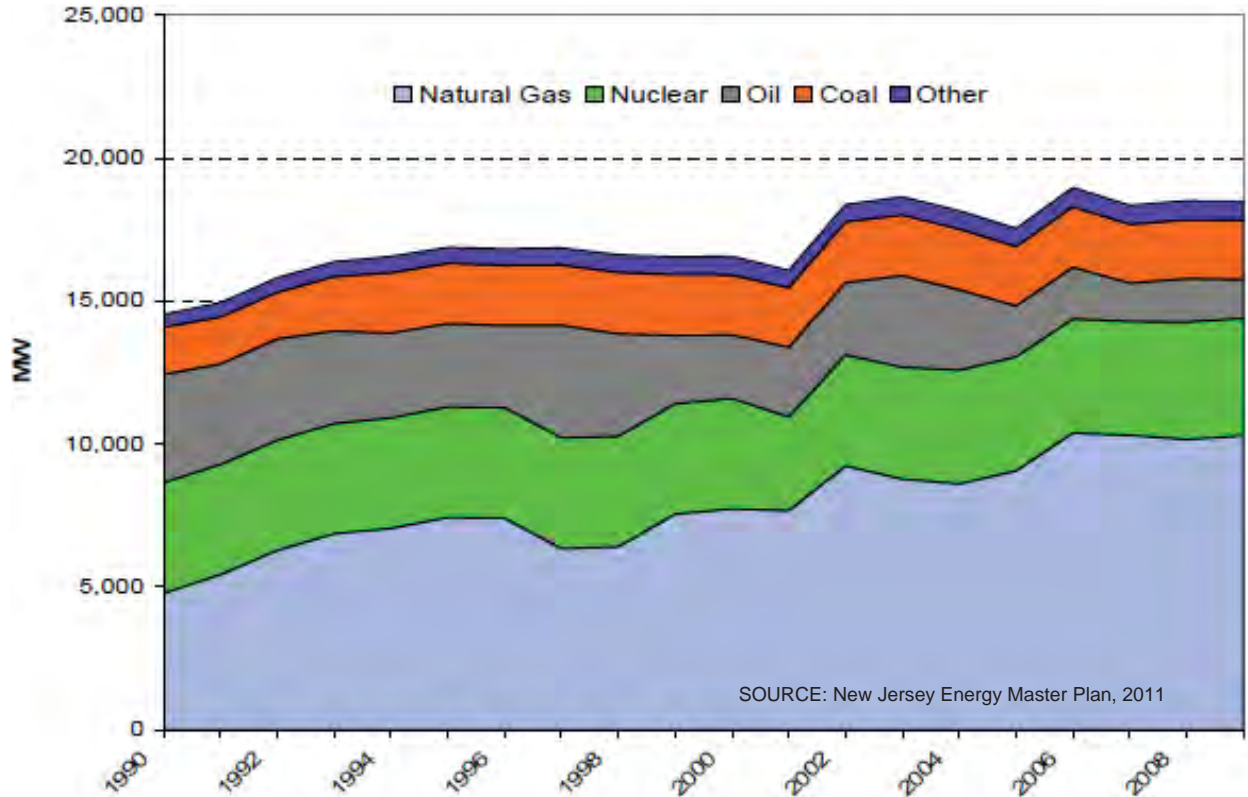


Exhibit 37: New Jersey's reliance on natural gas has grown over the past decades.

Exhibit 38 shows New Jersey's electric generation over the same period, illustrating the growth of nuclear and natural gas and reduced reliance on coal.

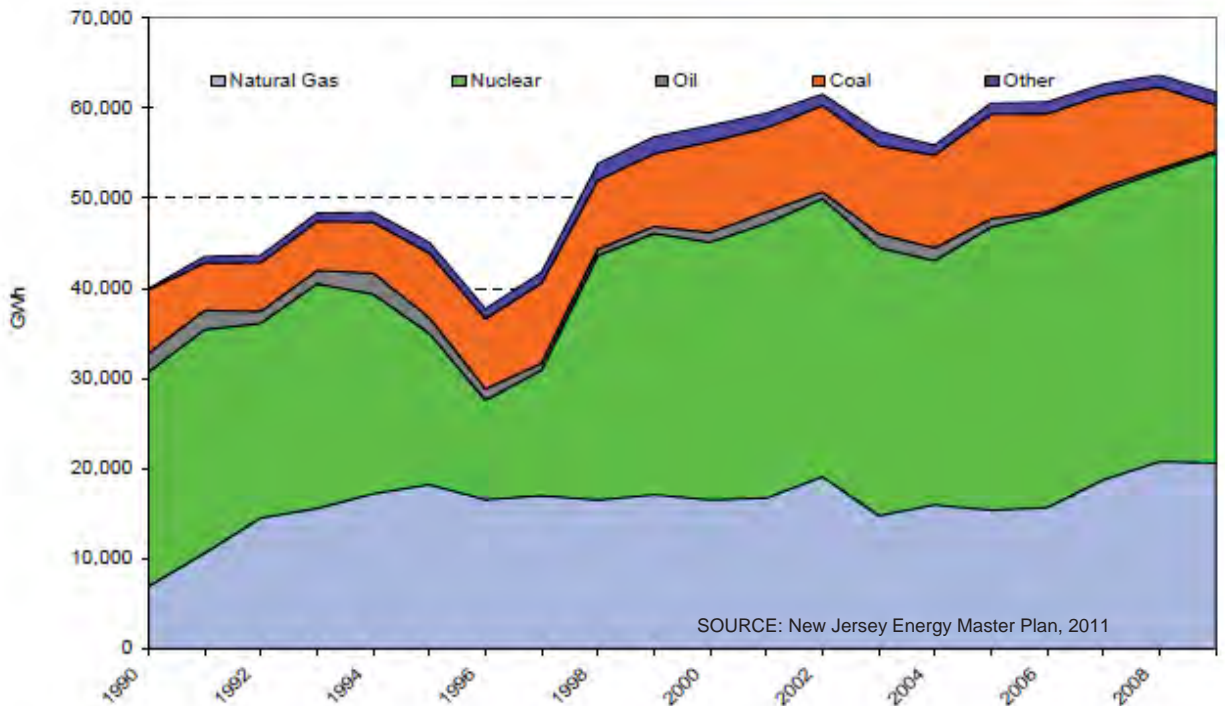
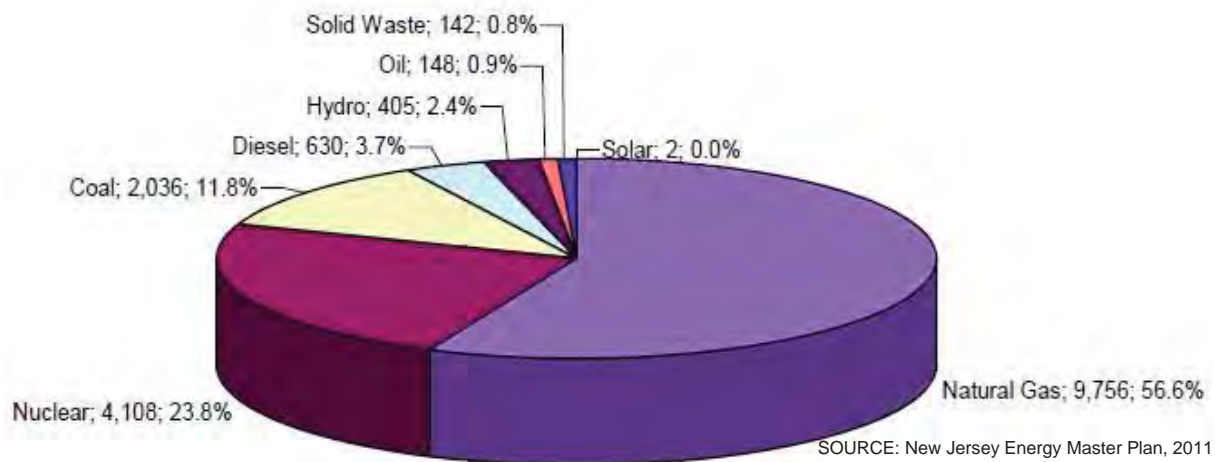


Exhibit 38: New Jersey's nuclear electric generation has grown as its reliance on coal has shrunk.

**Exhibit 39** details the breakdown of New Jersey’s existing capacity by fuel type, in megawatts and percentages.



*Exhibit 39: New Jersey relies most heavily on natural gas to generate electricity.*

### 1.2.2 Leveraging Existing State Incentives for Statewide Deployment of DER and Microgrids

As mentioned previously in section 1.1.1, the NJBPU currently provides a full menu of incentives for CHP, fuel cell and other DG technologies. These programs and incentives include:

- **Residential programs** such as Home performance with ENERGY STAR, Refrigerator/Freezer Recycling Program, Clothes Washers and Refrigerator Rebates, COOLAdvantage and WARMAdvantage Program, NJCEP Online Lighting Store, Home Energy Analysis, New Jersey ENERGY STAR Homes, and New Jersey Comfort Partners
- **Commercial, Industrial and Local Government Programs** such as New Jersey Smart Start Buildings, Local Government Energy Audit, Direct Install, Sector specific services are now available through New Jersey’s Clean Energy Program, and CHP Fuel Cells
- **Renewable Energy Programs** such as Renewable Energy Incentive Program, SREC Registration Program, Clean Power Choice Program, Utility Financing Programs, and EDA Programs

New Jersey may face challenges with its current set of programs and incentives around

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Exhibit 40 shows some of the investments McKinsey has made in developing the level of distinctive knowledge required to truly shape this industry in service to our clients.



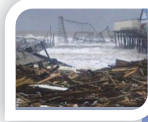
Exhibit 40: McKinsey is committed to developing distinctive knowledge that enables us to shape our industry in service to our clients.

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Many successes to date...  ...yet a long road ahead

- Evacuations of barrier islands and Atlantic City saved lives
- Relief efforts delivered aid
  - 33 disaster response offices
  - 247,000+ FEMA registrations
- Key services restored quickly
- State departments coordinated response to assess damage
- Governor communicated clearly with public

**THE WALL STREET JOURNAL**  
“Despite Sandy’s widespread destruction, New Jersey voters also reported feeling more upbeat about the state’s direction, increasing from a 58% positive view in October to 69% in November.”  
- *Wall Street Journal* (11/26/2012)



**Restore the environment**

- 100+ miles of shoreline severely eroded
- Mountains of debris to clear across communities
- Boardwalks washed away



**Repair/rebuild housing and schools**

- 22,000 housing units uninhabitable
- 324,000 housing units with significant damage
- 51 schools damaged, 6 closed for foreseeable future



**Restart commerce; repair infrastructure**

- Over 70,000 commercial structures damaged
- ~19,000 businesses severely impacted
- ~67,000 Sandy-related unemployment claims
- Transit assets damaged

SOURCE: NJOEM/ JFO Situational Awareness Information (as of 11/21/12); NJ Business Action Center; Dept of Community Affairs

*Exhibit 41: New Jersey has performed well through the initial response, and can now focus on long-term recovery.*

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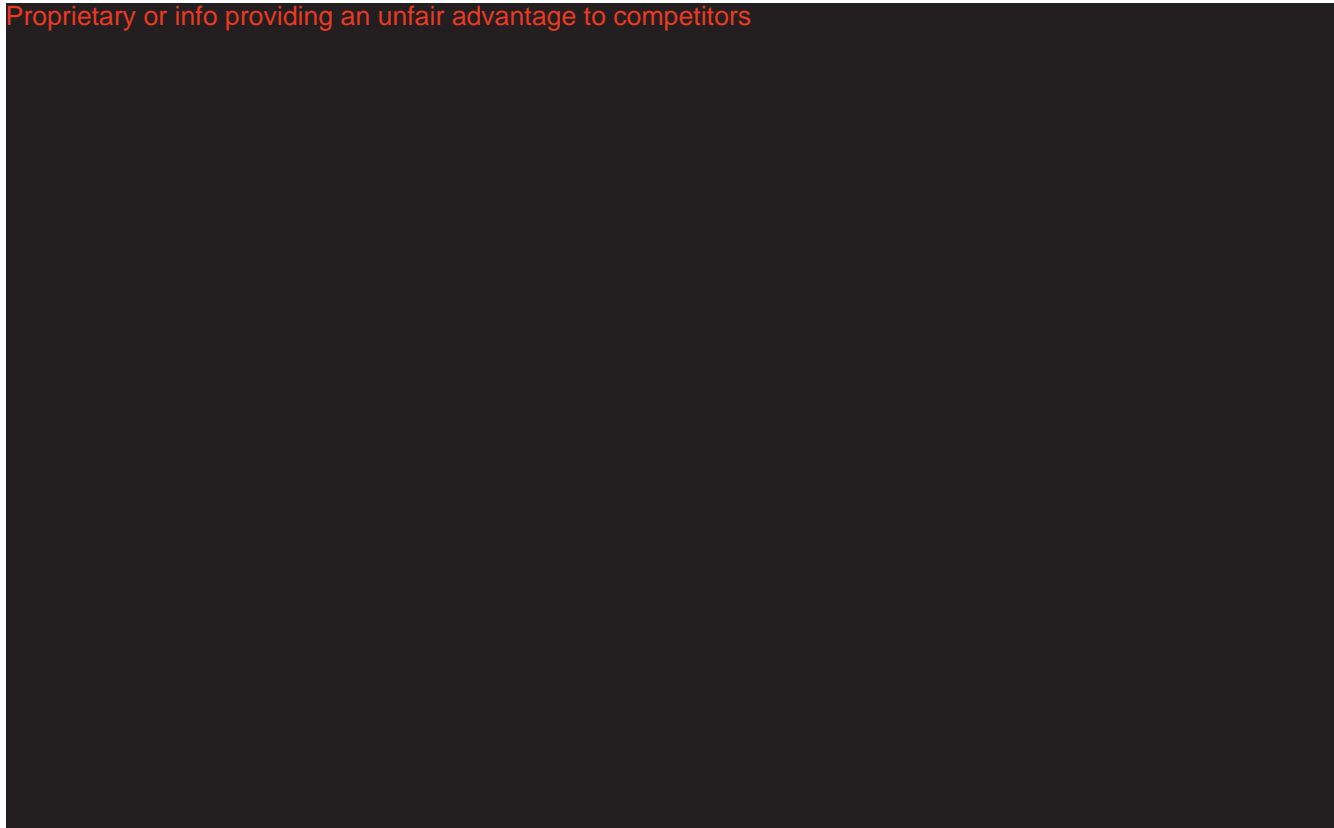
[Redacted]

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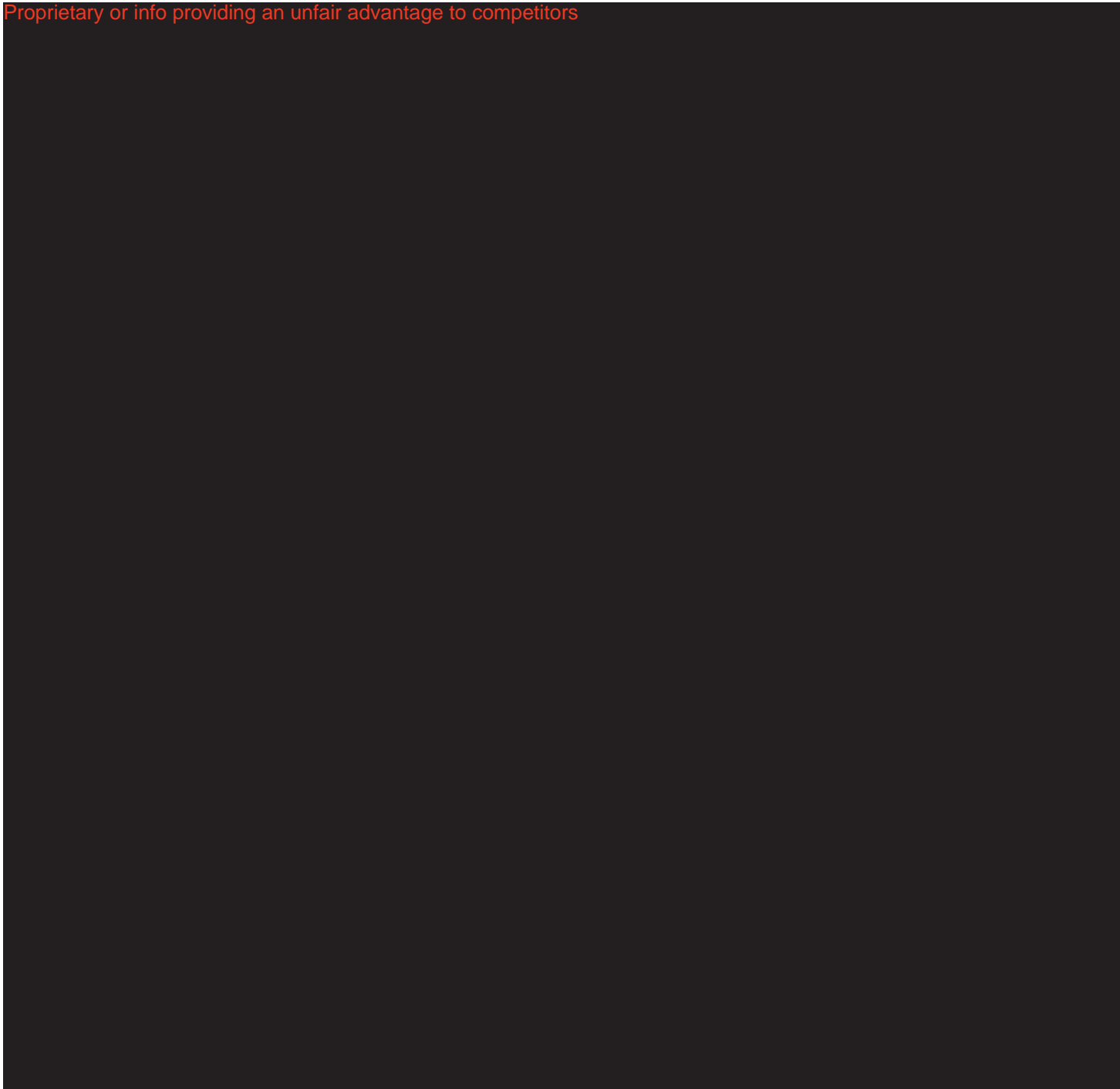
**1.2.3 Disaster Preparedness and Resiliency through Statewide Deployment of DER and Microgrids**

Over the last several years the region has been impacted by several major storms including: East Coast Derecho July 2011; Hurricane Irene August 2011; October snow storm October 30, 2011; Super Storm Sandy October 29, 2012; Northeaster November 7, 2012; and East Coast Derecho June 2013. These storms and others resulted in varying degrees of power outages across New Jersey and the Mid-Atlantic/Northeastern states. Following Hurricane Irene and Superstorm Sandy, New Jersey has been focusing on developing a more resilient energy infrastructure that uses a mix of Distributive Energy Resources (DER) including and not limited to the following: demand response (DR); energy efficiency (EE); combined heat and power (CHP) with fossil and renewable fuels; fuel cell (FC) with and without heat recovery with fossil and renewable fuels; solar photovoltaic (PV) with storage; and other renewables with storage. Storms such as these will likely become a more frequent, long-term issue New Jersey will have to face with the advent of global climate change. It is crucial that New Jersey deploy greater DER and microgrids for greater disaster preparedness and resiliency.


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Proprietary or info providing an unfair advantage to competitors



Proprietary or info providing an unfair advantage to competitors

This service and understanding has been widely recognized. **Exhibit 51** shows some of the public praise we have received for our service.



**Salvatore Cassano,**  
Chief of Department  
Fire Department of New York

As you may know, McKinsey & Company studied the FDNY's response on 9/11 and made numerous recommendations designed to increase our preparedness. The FDNY embraced the McKinsey Report recommendations, including those aimed at strengthening our communications capabilities

**Newsweek**

In just one county, Mianzhu, a team from McKinsey Greater China recovered \$2.2 million in a single week.... [The McKinsey team] scoured the local government's departmental logbooks for unreturned phone calls, rang back 50 neglected donors and persuaded 15 of them to renew their offers ... [The McKinsey team] are training members of a new Mianzhu government team, ..., they'll be tasked with recovering more donations, and then with channeling contributions to where they're most needed

**The Washington Post**

Quietly, the Department of Housing and Urban Development, the Louisiana Recovery Authority and the White House's Hurricane Katrina point man, Donald E. Powell -- together with some hired consultants from McKinsey & Co. -- decided to work out how much money was needed to put into a place a buyout program of the kind the rejected legislation had envisioned.... if the country ever wants this city to be revived, this is the best remaining solution



**Jimmy Carter**

In all my years as a volunteer for Habitat for Humanity, I cannot think of a more important program than Habitat's Operation Home Delivery

**The New York Times**

Charles R. Blaich, a retired deputy fire chief who was in charge of safety for the [New York] Fire Department at the ground zero site, said that the McKinsey report changed how the department managed disasters

**THE WALL STREET JOURNAL**

The [agency in Aceh], as drawn up by McKinsey and others, is free of many of the bureaucratic back alleys where corruption thrives here. By law, its accounts are open to public scrutiny. Its employees must sign anticorruption contracts

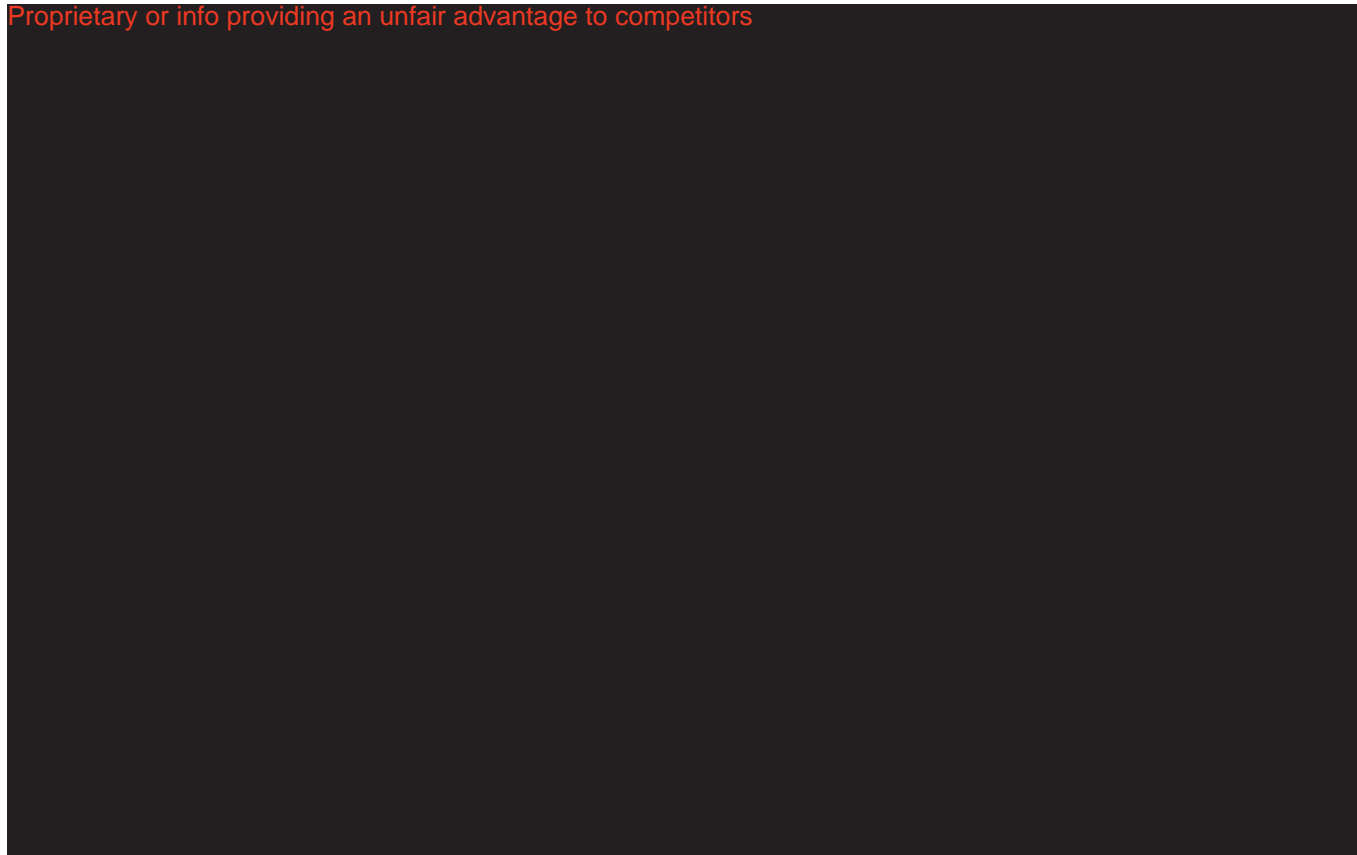
*Exhibit 51: McKinsey's service has garnered broad public recognition.*

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■ **Non-responsive**  
[Redacted]

### 1.2.6 DER and Microgrids Statewide Database

**Non-responsive**  
[Redacted]

### 1.3 Consulting Services

McKinsey is the world's leading management consulting firm, with more than 9,000 professionals working in nearly 100 offices in 50 countries worldwide providing consulting services every day. We have provided consulting services for more than 80 years to help private and public sector enterprises achieve distinctive, substantial, and lasting improvements in their performance. **Exhibit 75** summarizes some of the key values of our consulting capabilities to the State.

**Established firm**

- Founded in 1926 by James O. McKinsey
- Led for 17 years by Marvin Bower, who established performance and ethical standards and had an enormous influence on the consulting profession as a whole
- Current worldwide managing director: Dominic Barton (since 2009)

**Global reach**

- More than 17,000 firm members, including about 9,000 consultants
- Citizens of more than 110 countries
- 99 offices in 56 countries
- Nearly 25,000 former consultants in 110 countries

**Strong client base**

- Long-standing, trust-based relationships with the world's leading corporations, public sector institutions and social sector organizations

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**Areas of expertise and capabilities**

- Cutting-edge expertise in 180 areas of expertise across more than 20 industry sectors and 8 functional areas, supported by substantial research and knowledge development efforts
- The McKinsey Global Institute is McKinsey's business and economics research arm

1 Top 100 of the 2011 Forbes Global 2000 list and 2011 Fortune 500 list

*Exhibit 75: McKinsey is a leading global management consulting firm.*

**Proprietary or info providing an unfair advantage to competitors**  
[Redacted]

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Printed 7/12/2013 2:15 PM Eastern Standard Time

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Proprietary or info providing an unfair

“This is a firm that prides itself on its integrity, its standards, and above all, its absolute dedication to clients' interests.”  
– *Fortune*  
2009



Proprietary or info providing an unfair advantage to competitors

“The implicit contract with McKinsey is that nobody else has the intellectual wattage or the relentless devotion to the task.”  
– *Financial Times*  
2011

#### 1.4 Reporting and Documentation

McKinsey will develop, provide, submit, and retain all reporting and documentation in accordance with the requirements defined in Section 3.5 of RFQ795201S.

#### 1.5 Travel Expenses and Reimbursement

McKinsey will adhere to all GSA published travel rules and rates to include specific amendments in accordance with the Federal Travel Regulations and all requirements defined in Section 3.6 of RFQ795201S.

## 2.0 Start-Up Team – Tab 2

McKinsey has developed a Start-Up Team for this engagement that scales seamlessly up and down to provide precisely the right mix of skills, experience, and capabilities to meet the requirements of each element of our solution. This section details the people we will provide and the model through which we will provide them.

### 2.1 Organizational Structure

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[Redacted]


- [Redacted]

- [Redacted]

- [Redacted]

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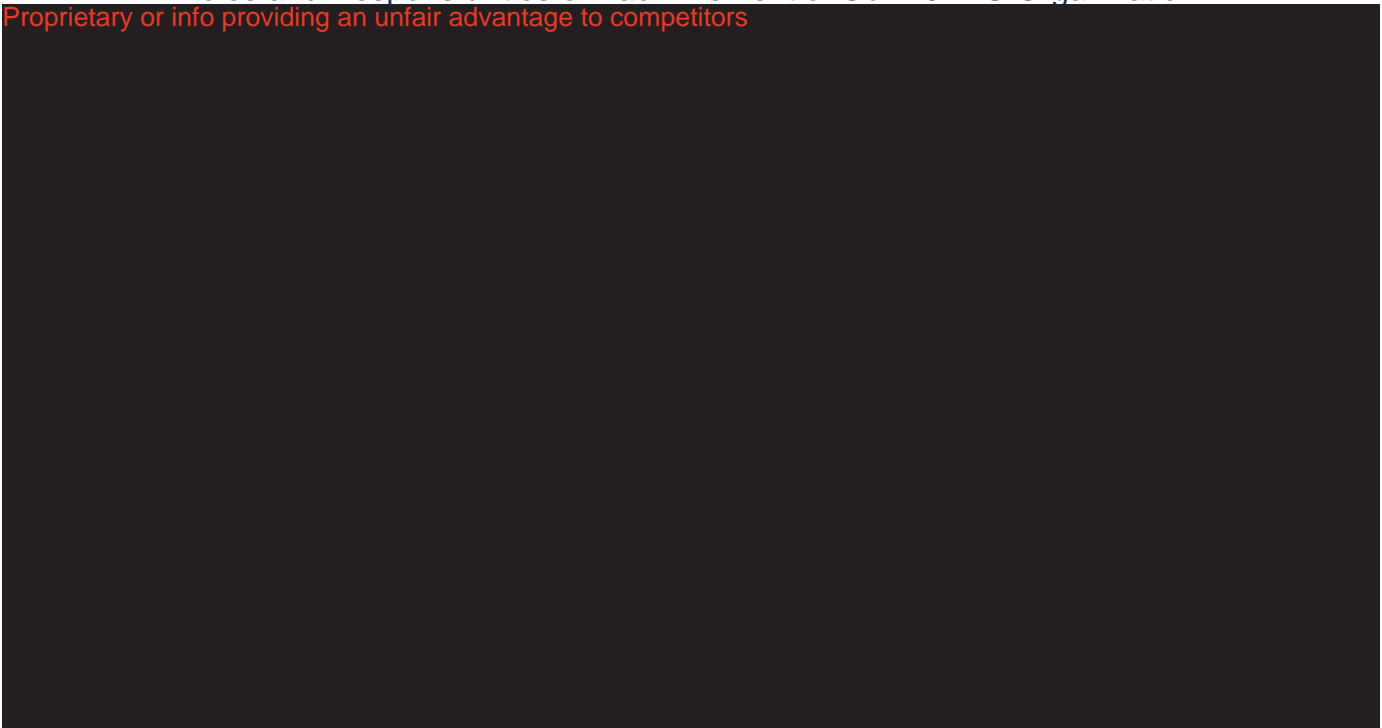
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*Exhibit 78: McKinsey's engagement team is organized to maximize NJBPU's access to our most senior leaders and proven experts.*

## 2.2 Roles and Responsibilities of Each Element of Our NJBPU Organization

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Proprietary or info providing an unfair advantage to competitors



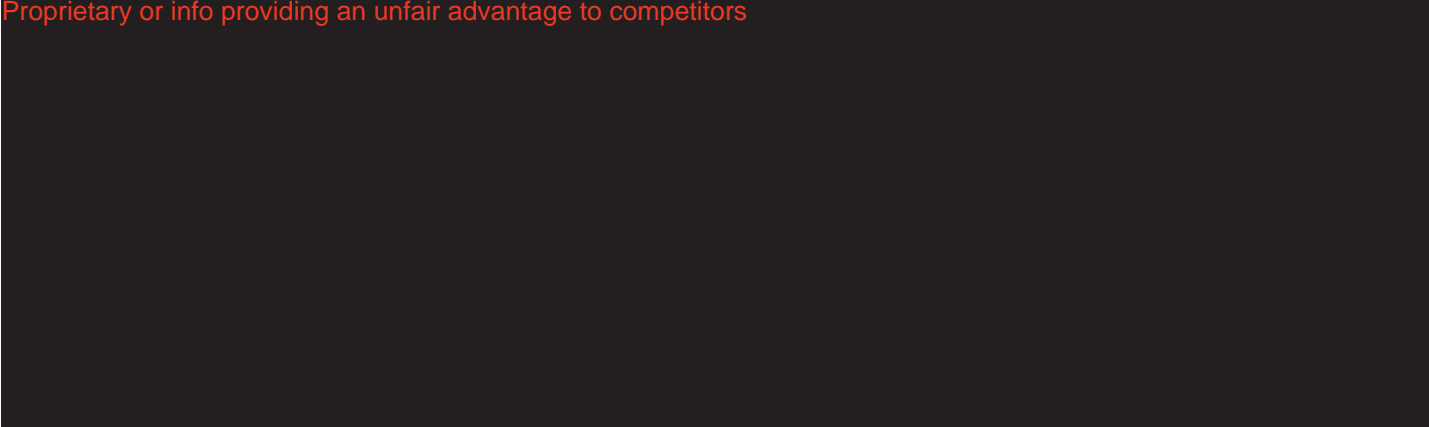
### 3.0 Contract Management – Tab 3

#### 3.1 Management, Control, and Supervision to Ensure Success

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### 3.2 Communication with the State Contract Manager


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## 4.0 Potential Challenges – Tab 4

The risk register below lays out some of the challenges the State faces in the execution of this program, and details some of the ways that partnering with McKinsey would help avoid or mitigate them. **Proprietary or info providing an unfair advantage to competitors**

**Proprietary or info providing an unfair advantage to competitors**





## 5.0 Organizational Support and Experience – Tab 5

McKinsey is the world’s leading management consulting firm, with more than 9,000 professionals working in nearly 100 offices in 50 countries worldwide. For more than 80 years, our mission has been to help private and public sector enterprises achieve distinctive, substantial, and lasting improvements in their performance. Our success is based upon our unwavering commitment to driving impact at clients – by bringing the facts to the table and providing an unbiased framing of the issues, opportunities, and risks. We facilitate executive decision-making and deliver a comprehensive, integrated path forward. Some of the values we bring the State are summarized in **Exhibit 80**.

### McKinsey is a leading global management consulting firm

- Established firm**
- Founded in 1926 by James O. McKinsey
  - Led for 17 years by Marvin Bower, who established performance and ethical standards and had an enormous influence on the consulting profession as a whole
  - Current worldwide managing director: Dominic Barton (since 2009)

- Global reach**
- More than 17,000 firm members, including about 9,000 consultants
  - Citizens of more than 110 countries
  - 99 offices in 56 countries
  - Nearly 25,000 former consultants in 110 countries

- Strong client base**
- Long-standing, trust-based relationships with the world’s leading corporations, public sector institutions and social sector organizations



- Areas of expertise and capabilities**
- Cutting-edge expertise in 180 areas of expertise across more than 20 industry sectors and 8 functional areas, supported by substantial research and knowledge development efforts
  - The McKinsey Global Institute is McKinsey’s business and economics research arm



1 Top 100 of the 2011 Forbes Global 2000 list and 2011 Fortune 500 list

*Exhibit 80: Our Firm and our Staff bring a broad range of values to the State.*

From our broad and deep experience with the public and private sectors, McKinsey is best in class in several areas critical to this effort. Specifically, we have distinctiveness in the following areas:

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<b>Client view</b>	<ul style="list-style-type: none"><li>Ranked #1 in Energy Consulting<sup>1</sup></li><li>Numerous client senior decision makers can provide testimonials of our impact if requested</li></ul>
<b>Global leader in scale and scope</b>	<ul style="list-style-type: none"><li>Continuous engagements for almost all leading industry players in each geographic region</li><li>Very broad coverage of all relevant business and functional topics</li><li>Global network of industry experts in energy, relevant customer and supplier industries</li></ul>
<b>Distinctive power and gas industry understanding</b>	<ul style="list-style-type: none"><li>In-depth understanding of industry markets structures, competitive dynamics, market regulation in all relevant geographies and value chain segments</li><li>Proprietary insights based on quantitative models (e.g., power, gas and CO2 market models), tools (benchmarking) and knowledge investments (industry &amp; technology perspectives)</li></ul>
<b>Broad and deep functional expertise</b>	<ul style="list-style-type: none"><li>In-depth understanding of best practice in core functions, e.g., operational excellence, strategy, corporate finance, organization, risk management gleaned from our work with global champions and latest McKinsey research</li><li>Capability to deliver large transformational programs (e.g., turnarounds, divestitures, PMM, growth)</li></ul>
<b>Impact-driven approach</b>	<ul style="list-style-type: none"><li>Partnership vs. transactional approach</li><li>Capability building, e.g., during engagements, on McKinsey conferences, connecting peers</li><li>Problem solving: combination of fact-based, objective analyses and integrated business perspective beyond moderator role</li></ul>

<sup>1</sup> Vault Survey 2012

*Exhibit 81: McKinsey's EPNG Practice was ranked #1 in Energy Consulting in a 2012 Vault Survey.*

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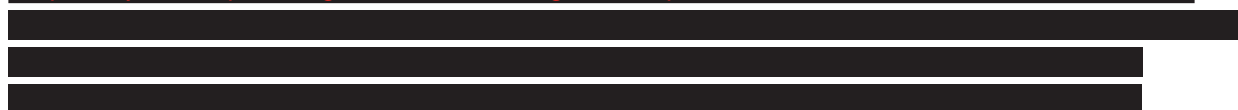
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Exhibit 84 shows some of the specialized research and relevant publications our experience has produced.



Exhibit 84: McKinsey is committed to developing distinctive knowledge to shape our industry.

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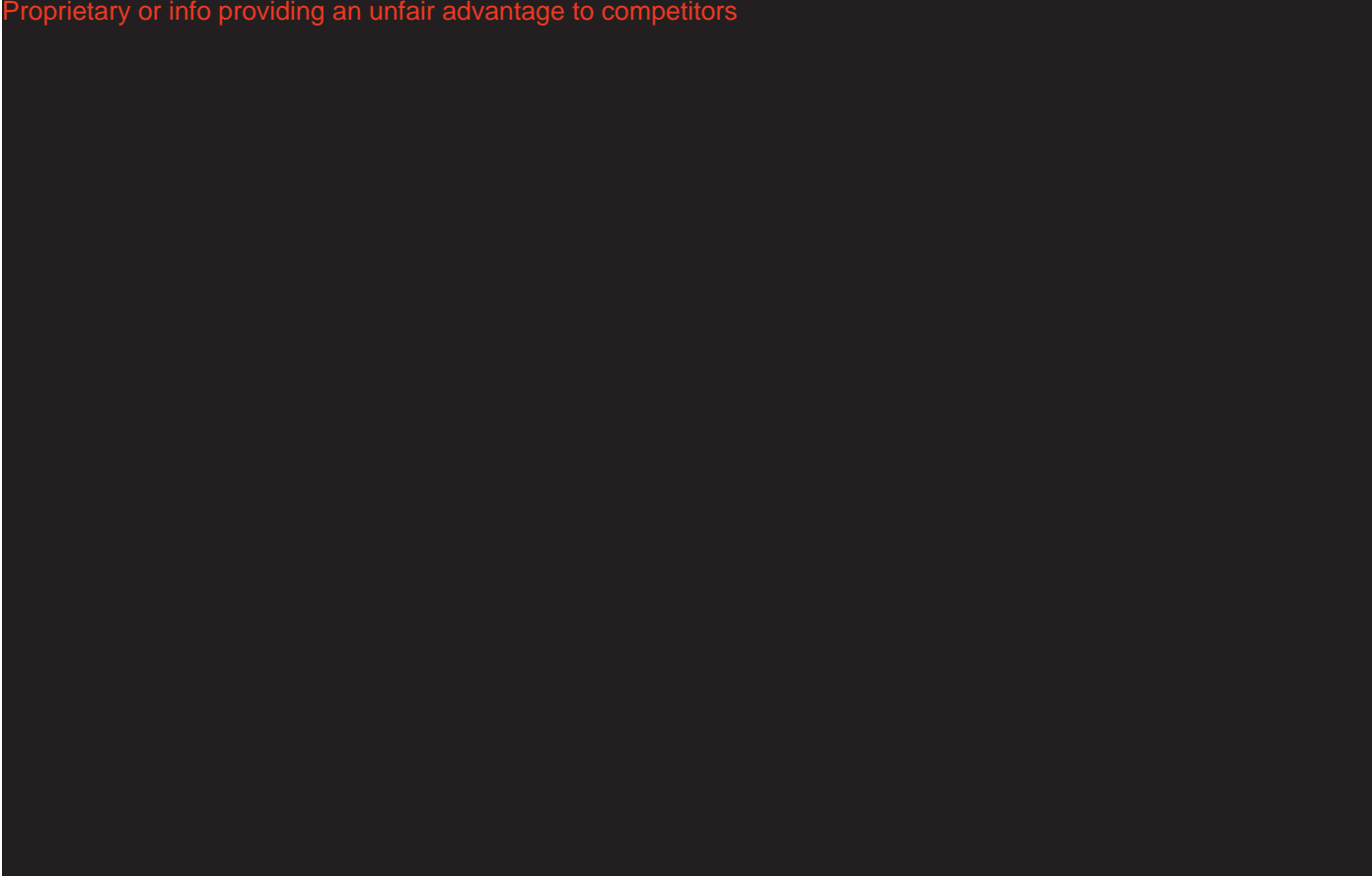
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**Exhibit 88** shows several representative examples of the publications resulting from our service.



*Exhibit 88: McKinsey has invested in a broad range of publications and perspectives based on our disaster recovery experience.*

This service and understanding has been widely recognized. **Exhibit 89** shows some of the public praise we have received for our service.



**Salvatore Cassano,**  
Chief of Department  
Fire Department of New York

As you may know, McKinsey & Company studied the recommendations designed to increase our preparedness. The FDNY embraced the McKinsey Report recommendations, including those aimed at strengthening our communications capabilities



In just one county, Mianzhu, a team from McKinsey Greater China the local government's departmental logbooks for unreturned phone calls, rang back 50 neglected donors and persuaded 15 of them to renew their and then with channeling contributions to where they're most needed



Quietly, the Department of Housing and Urban Development, the Louisiana Recovery Authority and the White House's Hurricane Katrina point man, Donald E. Powell -- together with some hired consultants from McKinsey & Co. -- decided to work out how much money was needed to put into a place a buyout program of the kind

this city to be revived, this is the best remaining solution



**Jimmy Carter**

In all my years as a volunteer for Habitat for Humanity, I cannot think of a more important program



The [agency in Aceh], as drawn up by McKinsey and others, is free of many of the bureaucratic back alleys where corruption thrives here. By law, its accounts are open to public scrutiny. Its employees must sign anticorruption contracts



Charles R. Blaich, a retired deputy fire chief who was in charge of safety for the [New York] Fire Department at the ground zero site, said that the McKinsey report changed how the department managed disasters

*Exhibit 89: McKinsey's service has garnered broad public recognition.*

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**Recent publications**

- *McKinsey Quarterly*, January 2012
- *McKinsey Global Institute*, June 2011
- *McKinsey on Government*, June 2009
- 
- 2008-
- *McKinsey on Government*, Issue 4, 2009

*Exhibit 90: McKinsey's Public Finance practice helps agencies like NJBPU navigate challenges like post-Sandy reconstruction.*



**Energy and environment**

[SEE SRP QUAL PACK FOR ADDITIONAL DETAILS](#)

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**Recent publications**

- *McKinsey Quarterly*, January 2012
- *McKinsey Quarterly*, June 2012
- *McKinsey Quarterly*, February 2011
- *McKinsey Quarterly*, January 2011

*Exhibit 91: McKinsey's Energy and Environment Practice focuses on helping government agencies manage energy and lands around the world.*

**Ability to deliver impact on an accelerated timeline.** Unlike other consulting firms, McKinsey consultants are measured based on the impact we have with clients, rather than commercial metrics such as hours billed. This means we have every reason to bring you the best of our firm, and we will. **Exhibit 92** outlines the foundations of our approach.

## Mission

To help our clients make distinctive, lasting, and substantial improvements in their performance, and to build a great firm that attracts, develops, excites, and retains exceptional people

## Values

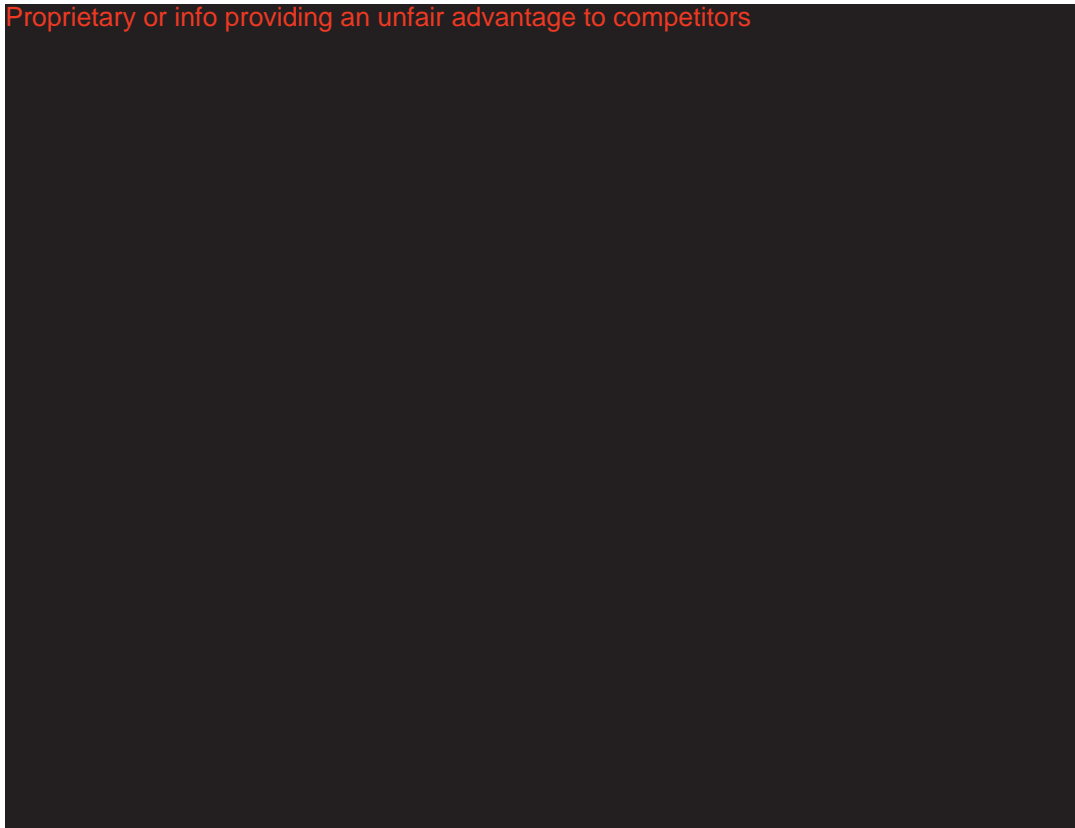
- |  |   |
|--|---|
| Adhere to the highest professional standards           | <ul style="list-style-type: none"><li>▪ Observe high ethical standards</li><li>▪ Preserve client confidences</li><li>▪ Maintain an independent perspective</li><li>▪ Manage client and firm resources cost-effectively</li></ul>  |
| performance significantly                              | <ul style="list-style-type: none"><li>▪ Follow the top management approach</li><li>▪ Use our global network to deliver the best of the firm to all clients</li><li>▪ Bring innovations in management practice to all clients</li><li>▪ Build client capabilities to sustain improvement</li><li>▪ Build enduring relationships based on trust</li></ul> |
| Create an unrivaled environment for exceptional people | <ul style="list-style-type: none"><li>▪ Be nonhierarchical and inclusive</li><li>▪ Sustain a caring meritocracy</li><li>▪ Develop one another through apprenticeship and mentoring</li><li>▪ Uphold the obligation to dissent</li></ul>   |

“This is a firm that prides itself on its integrity, its standards, and above all, its absolute dedication”  
*Fortune*  
2009

*Exhibit 92: Our mission and values drive every decision in service to our clients.*

**Exhibit 93** details the guiding principles that underpin all of McKinsey’s client service.

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“  
The implicit contract  
with McKinsey is  
that nobody else  
has the intellectual  
wattage or the  
relentless devotion  
to the task.”  
*Financial Times*  
2011

service.

The following specific references will answer any questions the State may have about McKinsey’s ability to provide the level of talent and expertise NJBPU requires for this effort, and confirm that we always honor our commitments to drive lasting and significant positive change for our clients.

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## 6.0 Resumes – Tab 6

### Proprietary or info

**Proposed Role:** Subject Matter Expert

**Role in McKinsey:** Electric Power and Natural Gas practice

**Years at McKinsey:** 10

**Years in Public Sector:** 2

### Background

**Proprietary or** is a Partner in McKinsey's San Francisco Office. He co-leads McKinsey's global Smart Grid service line and is a core member of the Business Technology Office and the Electric Power and Natural Gas Practice. **Proprie** serves utilities, solution providers, regulators, investors, and others on issues related to upgrading and transforming energy infrastructure. He has extensive experience in technology-enabled transformations, and deployment, including Smart Grid, Smart Meter/AMI, demand-side management, solar and other renewable energy and IT opportunities.

### Education

Institution	Degree	Graduated
Wharton School of Business, University of Pennsylvania	M.B.A.	2003
Dartmouth College	B.A., Engineering Sciences	1995

### Work History

Organization	Most Recent Role	Date
McKinsey & Company	Principal	2003-present
THINQ Learning Solutions	Product Strategy Manager	1999-2001
Planning Technologies Group	Associate	1996-1999

### Relevant Experience (select examples only):

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**Proprietary or info**

**Proposed Role:** Subject matter expert  
**Role in McKinsey:** Electric Power Practice  
**Years at McKinsey:** 3  
**Years in Public Sector:** 0

**Background**

**Proprietary or** in an Engagement Manager in McKinsey's Dallas office and is a key member of McKinsey's Electric Power & Natural Gas and Sustainability and Resource Productivity practices. **Proprietary or** has served clients on a range of strategic and operational topics, particularly in electric power (CCGT, CHP, solar, distributed generation) and chemicals (green chemicals, advanced composites, fertilizers). Prior to joining McKinsey, **Proprietary or** worked on developing micromechanical devices and manufacturing processes for various applications, and holds seven patents in microsystems design and fabrication with five additional applications pending.

**Education**

Institution	Degree	Graduated
University of California, Santa Barbara	Ph.D. (Material Science/Mechanical Engineering)	2004
Indian Institute of Technology, Kanpur	B.Tech. (Metallurgical Engineering)	1999

**Work History**

Organization	Most Recent Role	Date
McKinsey & Company, Inc.	Engagement Manager	2011 - present
Innovative Micro Technology	Program Manager	2005-2010

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Proprietary or

**Proposed Role:** Core Project Team

**Role in McKinsey:** Associate

**Years at McKinsey:** 1

**Years in Public Sector:** 1

### Background

Proprietary is an Associate in McKinsey's Washington, D.C. office location. Anne has served public sector clients at the Federal and State, on a range of strategy, organizational design and effectiveness, and operational issues. Confidential Client Information Subject to Confidentiality Agreements

She has also served clients in the social and healthcare sectors.

### Education

Institution	Degree	Graduated
Harvard Law School	J.D., magna cum laude	2012
Harvard Kennedy School	M.P.A. in International Development	2012
Princeton University	A.B., Woodrow Wilson School	2004

### Work History

Organization	Most Recent Role	Date
McKinsey & Company	Associate	2011-present
MIT Poverty Action Lab	Senior Evaluation Consultant	2006-2008
ChildFund International	Program Associate	2005-2006
Princeton-in-Africa	Fellow	2004-2005

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Proprietary or info \*

**Proposed Role:** Core Project Team

**Role in McKinsey:** EPNG Practice

**Years at McKinsey:** 2

**Years in Public Sector:** 1

### Background

Proprietary or is an Associate in McKinsey & Company's Dallas Office where he has served leading companies across the electric power value chain. Recent work includes exploring new distributed generation models in emerging markets as part of an effort to extend electric access to rural, off-grid locations in the emerging world. Proprietary has worked with major Investor Owned Utilities to help them identify opportunities to reduce costs in varying environments including back offices and within Nuclear plants.

Prior to joining McKinsey, he studied opportunities for distributed energy business models in emerging countries, including an effort to start a power company in Argentina and additional research while living in Bogotá, Colombia. While working for a major renewable energy developer, Proprietary developed a strategic growth plan to enter the solar PV market in the United States. Proprietary worked with a startup residential home energy management company exploring opportunities to employ solar energy and energy efficiency investments in the residential market in Northern California. Proprietary also worked heavily with Investor Owned Utilities in the United States preparing for major rate cases, identifying best options to comply with Renewable Portfolio Standards, identifying opportunities in Mergers and Acquisitions, and applying for funding from the American Recovery and Reinvestment Act (the "Stimulus" bill) to apply towards smart grid related applications.

### Education

Institution	Degree	Graduated
Harvard University	MBA	2011
Southern Methodist University	B.Sc.(Mechanical engineering)	2006

### Work History

Organization	Most Recent Role	Date
McKinsey & Company	Principal	2011-present
Acciona Energy	Clean Tech intern	2010 - 2010
yoUtilBill	Intern	2010 - 2010
Booz and Company	Senior Consultant	2006 - 2009

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**Proprietary or**

**Proposed Role:** Core Project Team

**Role in McKinsey:** Associate

**Years at McKinsey:** 1

**Years in Public Sector:** 1

**Background**

**Proprietary** is an Associate at McKinsey's Philadelphia Office. At McKinsey, he has been working in the Infrastructure, Energy, and Basic Materials sectors advising public and private sector clients in Strategy, Operational Diagnostics, and Performance Transformations.

**Education**

Institution	Degree	Graduated
University of Pennsylvania (Wharton)	MBA	2012
Technion Institute (Israel)	BA	2009

**Work History**

Organization	Most Recent Role	Date
McKinsey & Company	Associate	2012-2013
Tnuva	Project Manager	2009-2010
Israeli Defense Forces	Section Head	2001-2006

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**Proprietary or info**

**Proposed Role:** Subject matter expert

**Role in McKinsey:** Leader in McKinsey’s Electric Power Practice---Leads Global Smart Grid service line, and Grid Technology, Operations and Resilience

**Years at McKinsey:** 13

**Years in Public Sector:** 5

**Background**

**Proprietary or** is Partner in McKinsey’s Atlanta office. He has spent the last 15 years in the electric power and natural gas industry focusing on Transmission and Distribution grid operations and services, emerging downstream grid and consumer technologies and hazard adaptation and grid resilience.

**Proprietar** has served public sector clients at the State, and local levels. **Proprietary or info** providing an unfair advantage to competitors

**Education**

Institution	Degree	Graduated
Johns Hopkins University	M.A. in International Relations	1996
University of Redlands	B.A. in Government and Business	1994

**Work History**

Organization	Most Recent Role	Date
McKinsey & Company	Partner	2007-present
Deloitte Emerging Markets Group	Manager	1997-2000
World Bank	Consultant, Environment and Energy Departments	1996-1997

**Confidential Client Information Subject to Confidentiality Agreements**



Confidential Client Information Subject to Confidentiality Agreements



Proprietary or

**Proposed Role:** Senior Project Leadership

**Role in McKinsey:** Public Sector Practice; Business Transformation Practice

**Years at McKinsey:** 12

**Years in Public Sector:** 3

### Background

Proprietary or is a partner in the New Jersey office and one of the leaders of McKinsey's Public Sector and Business Transformation Practices. He advises public sector and Consumer products institutions on business transformation, process improvement, pricing, and analytical topics. He has led several McKinsey research efforts on reducing complexity, Proprietary or

info providing an  
unfair advantage  
to competitors

### Education

Institution	Degree	Graduated
Harvard University	JD (Law)	1999
Dartmouth College	B.A. (History, Economics)	1996

### Work History

Organization	Most Recent Role	Date
McKinsey & Company	Principal	2001-present
U.S. Court of Appeals	Clerk	1999 - 2001
Cravath, Swaine & Moore	Summer Associate	1998 - 1998
Whitman Breed Abbott & Morgan	Consultant	1997 - 1997

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**Proprietary or info**

**Proposed Role:** State of New Jersey Client Service Team Leadership and Project Oversight

**Role in McKinsey:** Leader Mid-Atlantic Office

**Years at McKinsey:** 24

**Years in Public Sector:** 0

**Background**

**Proprietary or info** is a Director in McKinsey's New Jersey Office. **Propri** leads our Mid-Atlantic Office which comprises our New Jersey, Philadelphia and Washington, D.C. locations. The Mid-Atlantic Office has over 400 consultants and is one of 5 Offices McKinsey has in the USA. She also serves on McKinsey's Shareholders Council (the Governing Board for McKinsey & Company worldwide) and has been with McKinsey almost 25 years.

**Propri** is a physician by training and focuses her client work in the Pharmaceutical industry. She is one of the leaders of our global Pharmaceutical Practice.

**Education**

Institution	Degree	Graduated
Oxford University	BM.BCh (UK equivalent of MD); MA.	1984
Harvard Business School	MBA	1988

**Work History**

Organization	Most Recent Role	Date
McKinsey & Company	Director (Senior Partner)	1988 to present
UK National Health Service	Physician	1984-1986

**Relevant Experience (Select Examples Only):**

Confidential Client Information Subject to Confidentiality Agreements

Proprietary or info \*

**Proposed Role:** Subject Matter Expert  
**Role in McKinsey:** Electric Power Practice  
**Years at McKinsey:** 5  
**Years in Public Sector:** 1

### Background

Proprietary or info is a Director in McKinsey's Philadelphia office and a leader in McKinsey's Electric Power and Natural Gas, Operations, Transformational Change, and Capital Productivity Practices. He also leads McKinsey's Combined Cycle Gas Turbine (CCGT) operations service line and McKinsey's power plant dispatch optimization service line

Has served industrial clients on strategic, operational, and organizational topics within electric power (coal, CCGT, biomass, offshore wind), petroleum, aerospace, and pulp and paper.

### Education

Institution	Degree	Graduated
Harvard University - Kennedy School of Government	M.P.P. (Economic Development)	2008
Vanderbilt University	B.A. (Economics)	1999

### Work History

Organization	Most Recent Role	Date
McKinsey & Company, Inc.	Associate Partner	2008 - present

### Relevant Experience (Select Examples Only):

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**Proprietary or**

**Proposed Role:** Senior project leadership

**Role in McKinsey:** Energy practice

**Years at McKinsey:** 12

**Years in Public Sector:** 2

**Background**

**Proprietary or** is a Director in McKinsey's San Francisco location. He focuses on the role technology and innovation play in restructuring markets, especially in oil, gas, power, aerospace, and other energy and industrial companies.

**Prop** has spent 25 years serving energy and clients globally. Over time, he has led the Americas Petroleum and Electric Power and Natural Gas practices and helped establish the Firm's Resource Productivity and Clean Technology practices. He has written extensively on oil, gas, power, and resource markets.

During 2009-10, **Prop** served as the Senior Advisor to the US Secretary of Energy, leading the Recovery Act Implementation. In this role, he had responsibility for managing the Department of Energy's \$35.2B in Recovery Act appropriations. The Department of Energy reviewed more than 30,000 applications and funded more than 5,000 projects through the Recovery Act, accelerating US innovation in energy efficiency, advanced transportation, renewable energy, transmission and distribution infrastructure, carbon capture and sequestration, environmental clean-up, and basic and applied science.

**Education**

Institution	Degree	Graduated
Princeton University	AB, Politics	1985
Yale University School of Management	MBA	1989

**Work History**

Organization	Most Recent Role	Date
McKinsey & Company	Director	1999-2009; 2011-present
US Department of Energy	Senior Advisor to the Secretary for Recovery Implementation	2009-2010
Booz Allen & Hamilton	Vice President	1989-1999
Credit Suisse/First Boston	Analyst	1985-1987

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Proprietary or

**Proposed Role:** Core Project Team

**Role in McKinsey:** Associate Principal, Infrastructure Finance Service Line Leader

**Years at McKinsey:** 9

**Years in Public Sector:** 7

**Background**

Proprietary or is an Associate Partner in McKinsey’s Philadelphia Office and with our Infrastructure and Public Sector Practices. He leads McKinsey’s North American Infrastructure Investors Service Line, and specializes in public finance of infrastructure development. He has helped an infrastructure development bank to build a strategy for improving power access, quality, and sustainability, including through distributed generation solutions and microgrids. Proprietary or info providing an unfair advantage to competitors

[Redacted text block]

**Education**

Institution	Degree	Graduated
Harvard University	M.P.A., Non-Profit Organizations, International Development	2005
Harvard University	M.B.A., Business Administration	2005
Princeton University	B.A., Woodrow Wilson School of Public and International Affairs	1997

**Work History**

Organization	Role	Date
McKinsey & Company	Associate Principal	2005-Present; 1998-2000
Rwanda Microfinance Forum	Consultant	2003
Nuestra Comunidad Development Corporation	Economic Development Project Manager	2000-2002
Unisys Brazil	Assistant Financial System Manager	1996
American Chamber Mexico	Co-Author of economic development chapter of "Guide to Mexico for Business"	1995



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**Proprietary or**

**Proposed Role:** Subject Matter Expert

**Role in McKinsey:** Co-Leader of Global Infrastructure Practice

**Years at McKinsey:** 18

**Years in Public Sector:** 5

**Background**

**Prop** is a Director in the Toronto office of McKinsey & Company. He is the leader of McKinsey's Infrastructure Practice for North and South America. He has worked across all infrastructure sectors but has a particular focus on electricity generation, transmission and distribution as well as natural gas transmission, storage and distribution. He serves some of the world's largest pension funds, infrastructure funds and private equity funds.

He was named Canada's Top 40 Under 40 in 2005. He is also the author of the Private Equity Canada series of reports that has been published from 2002 to 2011

**Education**

Institution	Degree	Graduated
University of Western Ontario	M.B.A with High Distinction	1995
University of Toronto	Honours B.A. (International Relations) with Distinction	1992

**Work History**

Organization	Most Recent Role	Date
McKinsey & Company	Director	1994-present
Procter & Gamble Inc. (Canada)	Account Manager Consumer Products	1992 - 1993

**Relevant Experience (Select Examples Only)**

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Proprietary or info

**Proposed Role:** State of New Jersey Client Service Team Leadership and Project Oversight

**Role in McKinsey:** Public sector practice, Business Technology

**Years at McKinsey:** 15

**Years in Public Sector:** 10

### Background

Proprietary or info is a Senior Partner with McKinsey & Company's New Jersey Office.

He serves leading private and public sector organizations on issues related to strategy development, organization design, operations and technology. Over his 20-plus year career in consulting he has led many large scale performance transformations of organizations, improving both effectiveness and efficiency through restructuring, technology enablement, sourcing, capability building and lean process design.

Proprietary or info is also the co-leader of McKinsey's Business Technology Practice. In this role he is both responsible for the North American group of partners and consultants who focus their client activities on business technology and operations and for leading the research agenda for the Firm in Business Technology. He is a frequent contributor to leading publications and conferences and he recently Proprietary or info providing an unfair advantage to competitors

Proprietary or info was the senior McKinsey Consultant responsible for the Firm's service to the State of New Jersey on Hurricane Sandy damage/recovery assessments.

### Education

Institution	Degree	Graduated
Hope College	B.A. (History, Economics)	1985

### Work History

Organization	Most Recent Role	Date
McKinsey & Company	Director (senior partner)	1998-present
Baxter Healthcare, Inc.	VP of Information Technology	1993 - 1998
Anderson Consulting	Consultant	1985 - 1993

### Relevant Experience (Select Examples Only):

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Proprietary or

**Proposed Role:** Core Project Team

**Role in McKinsey:** Partner in Infrastructure and Public Sector Practices

**Years at McKinsey:** 4

**Years in Public Sector:** 7

### Background

Proprietary or is a partner in McKinsey & Company's Washington, D.C., office focused on serving public and private sector entities seeking to improve infrastructure strategy, organization and operations. Proprietary has deep expertise in disaster recovery and infrastructure finance, Proprietary or info providing an unfair advantage to competitors

. Proprietary previously served as Under Secretary (acting) and Assistant Secretary for Transportation Policy at the U.S. Dept. of Transportation following his nomination by President Bush and confirmation by the U.S. Senate. In that role, he developed and oversaw implementation of policy and regulations for a \$75B agency. Proprietary led USDOT's efforts to develop public private infrastructure partnerships and integrate national energy and transportation initiatives designed to encourage alternative energy and reduced energy consumption. Mr. Duvall is a nationally recognized infrastructure expert.

Proprietary has served many large organizations in evaluating programs and budgets, and implementing operations for the most complex, multi-layer organizations in the public sector. His operational experience in government has included leading several multi-billion dollar infrastructure finance programs, catalyzing public-private partnerships, monetizing infrastructure assets, fiscal review, and oversight of regulatory processes.

Proprietary Proprietary or info providing an unfair advantage to competitors

has deep expertise on Federal disaster recovery programs.

### Education, professional licenses, certifications, and memberships

Institution	Degree	Graduated
University of Virginia Law School	J.D.	1998
Washington & Lee University	B.A. (Economics)	1995

### Work History

Organization	Most Recent Role	Date
McKinsey & Company	Partner	2010-present
U.S. Department of Transportation	Under Secretary (Acting) and Assistant Secretary for Transportation Policy	2002-2009
Hogan & Hartson LLP	Associate in Corporate practice focused on mergers & acquisitions	1998-2002

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*\* McKinsey will provide the best our Firm has to offer at every phase of our service to the State. Our client relationships are highly confidential, and respecting the privacy of our clients is one of our core operating principles. Due to this corporate commitment to discretion and the rapid timeline for creating this proposal, we have been unable to secure permission to use all of the references the State requested. At the State's request, we will continue to pursue this information before our personnel begin their service to NJBPU.*

## 7.0 Experience on Contracts of Similar Size and Scope – Tab 7

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## **8.0 Subcontracts – Tab 8**

McKinsey does not anticipate requiring help from any other firms or businesses, but we will monitor our progress regularly to ensure that this remains the case. In the event that we require subcontractor support, we will engage the State Contract Manager to ensure that we maximize the opportunities for local small businesses that could help us address the State's requirements. We will not engage any other party to help us deliver any in-scope services without the express written approval of the State.

## 9.0 References – Tab 9

McKinsey does not anticipate requiring help from any other firms or businesses, but we will monitor our progress regularly to ensure that this remains the case. In the event that we require subcontractor support, we will engage the State Contract Manager to ensure that we maximize the opportunities for local small businesses that could help us address the State's requirements. We will not engage any other party to help us deliver any in-scope services without the express written approval of the State, and we will provide at least three references for State approval before requesting final approval.

### 9.1 Disclosure

McKinsey & Company, Inc. Washington D.C. confirms that it does not have any current or past business relationship that they have with the contractor providing service on State Contract G-8034, Consulting: Disaster Recovery, G8037, Housing Strategy Advisor, G2010, Housing Program Advisor, or any other consultant providing consulting services on disaster recovery services.

McKinsey & Company, Inc. Washington D.C. confirms that it has not participated in any proceeding in front of the New Jersey Board of Public Utility (the Board) as an expert witness on behalf of any party, participated as an intervener in any case or proceeding in front of the Board.

N

McKinsey & Company acknowledges all New Jersey Standard Terms and Conditions.

## Subcontractor Utilization Form

McKinsey does not proposed to utilize subcontractors in performance of the work. While we have not identified any opportunities for subcontracting, should opportunities arrive as a result of additional consulting services, McKinsey would make a concerted effort to meet the State's small business subcontracting goal.

**"N.J.S.A. 52:34-13.2 CERTIFICATION"**

**SOURCE DISCLOSURE CERTIFICATION FORM**

McKinsey & Company, Inc.

Contractor: Washington D.C. Waiver Number: \_\_\_\_\_

I hereby certify and say:

I have personal knowledge of the facts set forth herein and am authorized to make this Certification on behalf of the Contractor.

The Contractor submits this Certification in response to the referenced contract issued by the Division of Purchase and Property, Department of the Treasury, State of New Jersey (the "Division"), in accordance with the requirements of N.J.S.A. 52:34-13.2.

Instructions:

**List every location where services will be performed by the Contractor and all Subcontractors.**

If any of the services cannot be performed within the United States, the Contractor shall state, with specificity the reasons why the services cannot be so performed. Attach additional pages if necessary.

Contractor and/or Subcontractor	Description of Services	Performance Location[s] by <b>COUNTRY</b>	Reasons why services cannot be performed in <b>USA</b>
McKinsey	Management Consulting Services	United States	

Any changes to the information set forth in this Certification during the term of any contract awarded under the referenced solicitation or extension thereof will be immediately reported by the Contractor to the Director, Division of Purchase and Property (the "Director").

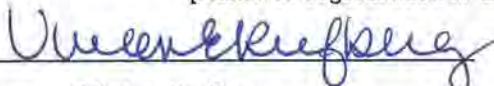
The Director shall determine whether sufficient justification has been provided by the Contractor to form the basis of his certification that the services cannot be performed in the United States and whether to seek the approval of the Treasurer.

I understand that, after award of a contract to the Contractor, it is determined that the Contractor has shifted services declared above to be provided within the United States to sources outside the United States, prior to a written determination by the Director that extraordinary circumstances require the shift of services or that the failure to shift the services would result in economic hardship to the State of New Jersey, the Contractor shall be deemed in breach of contract, which contract will be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and Conditions.

I further understand that this Certification is submitted on behalf of the Contractor in order to induce the Division to accept a bid proposal, with knowledge that the Division is relying upon the truth of the statements contained herein.

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Contractor: McKinsey & Company, Inc. Washington D.C.  
[Name of Organization or Entity]

By: 

Title: Director

Print Name: Vivian Riefberg

Date: 7-22-13

RFQ for New Jersey Distributive Energy Resource,  
New Jersey Board of Public Utilities  
RFQ795100S

Cost Quote

Prices Offered from McKinsey's MOBIS Schedule GS-10F-0118S

July 24, 2013

McKinsey & Company, Inc. Washington D.C.  
1200 19th Street, NW, Suite 1100  
Washington, DC 20036  
(202) 662-3300  
Tax ID — [REDACTED]

Contractual Obligation Contact:

Tyler Duvall,  
Principal  
1200 19th Street, NW, Suite 1100  
Washington, DC 20036  
[REDACTED]

*This proposal is the property of McKinsey & Company, Inc. Washington, D.C. ("McKinsey") and must not be disclosed outside of the Government or be duplicated, used, or disclosed—in whole or in part—for any purpose other than to evaluate this proposal.*

*This proposal contains confidential and proprietary information that is exempt from disclosure under the Open Public Records Act ("the Act").*

*If a contract is awarded to McKinsey as a result of, or in connection with, the submission of this proposal, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract and subject to the limitations of the Act. Accordingly, no portion of this proposal should be released without consulting McKinsey & Company.*

*This proposal is contingent on the Parties reaching mutually agreeable terms and conditions and upon acceptance of any limitations described herein.*



## **MCKINSEY VALUES**

McKinsey is an entity 100% dedicated to *values*.

- We consistently put our Clients' interests first.
- We follow the highest ethical standards.
- We diligently preserve Client confidences.
- We always maintain an independent perspective so that our Clients receive the solution that is best for them. We are completely independent from any upstream or downstream solutions. We do not provide, nor do we aspire to provide, any outsourcing or technology solutions that would present an inherent conflict of interest.

## **BEST VALUE APPROACH TO PRICING**

McKinsey acknowledges the direction provided in the amendment to the RFQ that requires the provision of hourly rates for the additional consulting services. However, we do not have the ability to provide hourly rates and our MOBIS schedule reflects this and is accepted and appreciated by our government clients. To remain compliant with the solicitation, we have offered our GSA Schedule MOBIS rates for both the fixed price phases and the optional consulting services phase.

McKinsey maintains a client service approach that requires **a true partnership and shared risk**. Our **firm-fixed price** team model not only **minimizes risk** to the Board of Public Utilities (BPU), but allows BPU to truly obtain the **best value**. Unlike many other consulting companies, McKinsey recognizes that successful efforts of this size and scope require a true partnership and **shared risk**. To demonstrate our dedication to your success and to shift the majority of the risk away from BPU, McKinsey proposes to perform all the work under this contract on a Firm-Fixed Price basis. Regardless of the time, energy, or hours, McKinsey assures BPU that we will do whatever it takes to make this effort a success. We will bring all of our global experts to bear for as many hours as is necessary to overcome the challenges, at no additional cost to you. We will customize our solutions to ensure that we are providing BPU the best of McKinsey on all tasks.

To provide the most effective and efficient services possible, we dedicate multi-party teams to our efforts. The structure of the team varies based on BPU's specific needs but is always comprised of McKinsey experts with substantive knowledge and experience in the task at hand. These teams have full access to McKinsey experts worldwide and regularly draw on the expertise of senior leaders. Our differentiating value proposition is the large number of experts we bring to the effort without additional cost to you.

We do not deploy individual people at an hourly rate. Rather, we deploy a suite of personnel including hands-on partner leads, world-class senior experts, full-time project managers and analysts and research support staff for each project. The team membership is tailored to the unique needs of the client and the individual task. Our "team bundle", firm-fixed price approach ensures that each client receives the best of McKinsey when they work with us. Because we do not believe that hourly/labor hour rates provide the best value to BPU, McKinsey does not have hourly rates available.

**TEAM BASED STAFFING MODEL**

For our engagements, we provide an estimate based on utilization of full-time team(s), composed of an Engagement Manager and Associate(s). The Engagement Manager (also referred to as our Working Team Lead in the Technical Proposal) leads the full-time team and serves as on-site point of contact for the client. Our “full-time” team usually works more than 60 hours per week, but as a fixed price contractor, our team will spend as much time as required to ensure high impact and quality results for your effort, regardless of the estimate. The team bundles also include “all-in” program management support, including research and information (R&I) support, document creation support, and general administrative support, available at whatever volume is needed for the demands of the project. In all, these services typically account for 3-4 additional FTEs/week of support, depending on the needs of the project. Our teams have direct access to the worldwide pool of McKinsey experts who provide on-demand guidance and input for the team. It is the combination of the full expertise of the team and access to McKinsey’s worldwide network of professionals that ensures we deliver the maximum value to the client.

**McKinsey’s Team Construction:**

MOBIS Team	Full-time (often more than 60 hrs/week) dedicated consultant team	Part-time leadership team and additional resources (included in the Team A, B and C Price)
Team A	Engagement Manager (Working Team Lead) and 1 Associate	Senior Partners (~5-15 hours/week) Partners (~15-30 hours/week) Senior McKinsey Experts (~15-25 hours/week)
Team B	Engagement Manager (Working Team Lead) and 2 Associates	
Team C	Engagement Manager (Working Team Lead) and 3 Associates	
Team E	1 Associate	Research support staff (~30-50 hours/week) Document prep and IT support (~5-10 hours/week) General administrative support (~20-35 hours/week) Team E may include a Partner, typically does not include additional leadership support (~5-15 hours/week)

**We deliver the right expertise for your needs.** Your McKinsey team is hand-picked by leadership to ensure that you get the right people and right team configuration for your unique problem. We think about our teams as a collaborative and flexible resource that works with your leadership to address your most pressing needs. Your team is composed of four groups:

- **Leadership.** Our teams are built around a core set of leaders who are responsible for the successful delivery of services. These partners manage the client relationship with a top-management mindset across workstreams as well as oversee specific engagements.
- **Expert advisors.** We regularly call upon our network of other Firm leaders and functional, industry, or regional experts based on your needs. This is a global pool of dedicated experts who invest their careers in developing knowledge in one area through client work and research, as well as partners around the globe who focus on a particular topic area. We also have a robust group of research and information specialists, including advanced analytics and communications specialists, to help teams quickly find the best and latest data and reports to inform our work.

- **Task team.** The partner leadership personally selects a core team to manage the day-to-day work for each engagement. Leadership works directly with the core team of consultants to execute their vision, through problem-solving sessions, document reviews, and impromptu check-ins. The core team is built with the individual skills and size to meet your unique needs.
- **Support.** The entire team has on-call support graphics, administrative, IT, and travel needs. This enables the team to work efficiently and effectively, and quickly adapt to meet your most pressing needs.

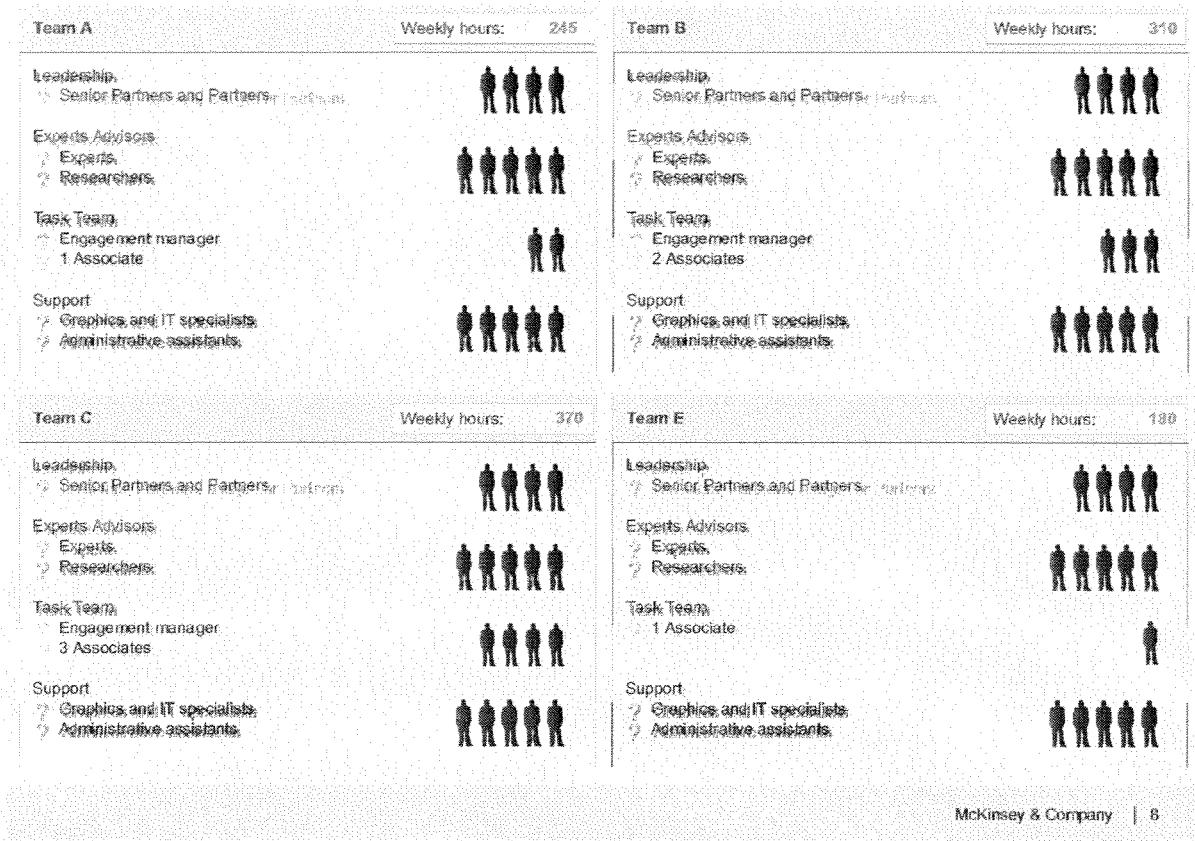
We recommend team structures based on the goal of providing maximum value, delivering the end-products needed, and driving to solutions on your timeline. We match your outcomes with whatever resources are required to deliver.

Our teams are flexible. We commit to bringing to bear whatever resources are necessary to help you achieve your desired outcomes. Our team structure provides much of the flexibility in our approach, as we can adapt our team size and timeline to best meet your needs. Even within a single team, we adapt quickly to your impending needs and can deliver quickly the expert advising you need on any industry, function, or region.

### OUR TEAMS ARE FLEXIBLE BASED ON YOUR SPECIFIC NEEDS

	Team members	Description of roles	Average percent of total hours contributed
Leadership	Senior Partners and Partners	Direct the overall engagement, provide thought leadership, structure and ensure quality of work, coordinate across teams and interact with senior clients	21%
	Experts	Provide specific industry, functional, or geographic expertise	12%
Expert Advisors	Researchers	Support range of analysis including general support, geospatial analysis, focus groups, site visits, etc	
	Task Team	Engagement manager	Leads full -time team and is on -site client contact, reports to leadership
Associates / Business Analysis		Work collaboratively with client team members, manages discrete workstreams , and conduct analysis	
Support	Graphics and IT specialists	Provide document formatting and IT support	12%
	Administrative assistants	Support meeting preparation and provide other administrative support	
			100%

**TYPICAL HOURS CONTRIBUTED BY OUR MOBIS TEAMS**



We price on a firm-fixed price model and not on an hourly basis. The estimated hours are not a commitment but are reflective of the average time spent on similar engagements and are for evaluation purposes only. These figures are averages, calculated based on case studies of our public sector engagements. In our sample, the range of time that leadership typically invests in a study was 40 to 100 hours per week. Each task team member typically worked 55 to 70 hours per week on the study. Support hours typically ranged from 30 to 60 hours per week. Actual hours will vary based on client’s specific needs. McKinsey will invest the resources necessary to deliver on the stated need.

**PRICE QUOTE**

To calculate our Firm-Fixed Price, we estimated the number of weeks and team(s), in compliance with our GSA Schedule (a copy of which is attached), required to complete the tasks and deliverables as described in our technical proposal. As detailed in our technical proposal, McKinsey proposes to complete the work in fifteen weeks.

**Basis of Estimate**

<b>McKinsev MOBIS Team</b>	<b>Weekly Rate</b>	<b>Estimated Weeks</b>	<b>Total Firm Fixed Price</b>
Team A (EM+1)	\$116,121.95	3	\$348,365.85
Team B (EM+2)	\$146,414.63	4	\$585,658.52
Team C (EM+3)	\$175,656.66	8	\$1,405,253.28
<b>Total</b>		<b>15</b>	<b>\$2,339,277.65</b>

**Estimated Deployment of Resources**

As more fully described in our technical proposal, our resources will be ramped up from a smaller team to the full operating team for 8 weeks and then ramping down towards the end of the Phase as shown below.

<b>McKinsev Team</b>	<b>Weekly Rate</b>	<b>Estimated Weeks</b>	<b>Total Firm Fixed Price</b>
Team A (EM+1)	\$116,121.95	2	\$232,243.90
Team B (EM+2)	\$146,414.63	2	\$292,829.26
Team C (EM+3)	\$175,656.66	8	\$1,405,253.28
Team B (EM+2)	\$146,414.63	2	\$292,829.26
Team A (EM+1)	\$116,121.95	1	\$116,121.95
<b>Total</b>		<b>15</b>	<b>\$2,339,277.65</b>

**Estimated Hours Required by Role**

<b>Teams</b>	<b>RFP Category</b>	<b>Number of people</b>	<b>Average weekly estimated hours<sup>1</sup></b>	<b>Expected Weeks</b>	<b>Estimated hours</b>
<b>Sr. Leadership</b>	Supervisory/Senior Consultant	4	10-15	15	600-900
<b>Core Leadership</b>	Supervisory/Senior Consultant	3	20-30	15	900-1,350
<b>Core Team – Full Project</b>	Consultant	2	65-70	15	1,950-2,100
<b>Core Team – Part of project</b>	Associate/Staff	1	65-70	12	780-840
<b>Core Team – Part of project</b>	Associate/Staff	1	65-70	8	520-560
<b>Expert Advisors<sup>2</sup></b>	Supervisory/Senior Consultant	10	5-7	15	750-1,050
<b>Support</b>	Administrative Support Staff	n/a	55-60	15	825-900
<b>Total</b>					<b>6,325-7,700</b>

<sup>1</sup> The weekly hours are based on our previous experience

<sup>2</sup> Includes the named expert advisors in the technical proposal as well as additional expert advisors on demand to be leveraged for specific issues throughout the project

**Estimated Hours by Line Item**

<b>Line Item</b>	<b>Estimated Hours to Support Fixed Price</b>	<b>Firm Fixed Price</b>
1	325-400	\$116,121.95
2	1,100-1,350	\$408,951.21
3	1,400-1,750	\$526,969.98
4	1,400-1,750	\$526,969.98
5	950-1,100	\$351,313.32
6	825-950	\$292,829.26
7	325-400	\$116,121.95
Total	6,325-7,700	\$2,339,277.65

**ATTACHMENT 1 – PRICE SCHEDULE/SHEET**

Line #	Description of Services	Qty	Unit	Unit Price	Total Price
1	Development and Submission of Final Proposal (RFQ Section 3.2)	1	Each	\$116,121.95	\$116,121.95
2	Report on Policy and Program Options for Statewide Deployment of DER and Microgrids (RFQ Section 3.3.1)	1	Each	\$408,951.21	\$408,951.21
3	Report on Leveraging of Existing State incentives for Statewide Deployment of DER and Microgrids (RFQ Section 3.3.2)	1	Each	\$526,969.98	\$526,969.98
4	Report on Disaster Preparedness and Resiliency through Statewide Deployment of DER and Microgrids (RFQ Section 3.3.3)	1	Each	\$526,969.98	\$526,969.98
5	Market Potential study for DER and Microgrid for Statewide Deployment for Increased Disaster Preparedness and Resiliency (RFQ Section 3.3.4)	1	Each	\$351,313.32	\$351,313.32
6	Report on Financial and Incentive Strategies for Statewide Deployment of DER and Microgrids (RFQ Section 3.3.5)	1	Each	\$292,829.26	\$292,829.26
7	DER and Microgrid Statewide database (RFQ Section 3.3.6)	1	Each	\$116,121.95	\$116,121.95
<b>TOTAL</b>					<b>\$2,339,277.65</b>

Prices are quoted by Line Item, however due to the integrated project schedule, Line Items 1 through 7 are not offered on an individual basis.

**Weekly Rates for Consulting Services**

<b>McKinsey Team</b>		<b>Weekly Rate</b>
Team A (EM+1)	<p>McKinsey MOBIS Team A (EM+1)                      Team A comprises an engagement manager and an associate, both of whom are devoted exclusively to the engagement. They receive ongoing support and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.</p>	\$116,121.95
Team B (EM+2)	<p>McKinsey MOBIS Team B (EM+2)                      Team B includes an engagement manager and two associates, all three of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.</p>	\$146,414.63
Team C (EM+3)	<p>McKinsey MOBIS Team C (EM+3)                      Team C is a larger version of Team B, comprising one engagement manager and three associates, all of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.</p>	\$175,656.66
Team E (1 Associate)	<p>McKinsey MOBIS Team E (1 Associate)                      Team E is our smallest team. It provides our services to clients who do not need a full-fledged engagement team and is often used for implementation support or counseling efforts. The team comprises an associate (who is devoted exclusively to the engagement) and may include an engagement director. The team does not include an engagement manager and typically does not include additional leadership support.</p>	\$50,187.62

Prices quoted are from McKinsey's GSA MOBIS Schedule GS-10F-0118S.



**MCKINSEY CORPORATE DATA**

McKinsey & Company, Inc. Washington, D.C.

1200 19<sup>th</sup> Street, N.W., Suite 1100

Washington, DC 20036

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Email: [mckinsey\\_gsa@mckinsey.com](mailto:mckinsey_gsa@mckinsey.com)

DUNS: 82-522-9318

TIN: [REDACTED]

NAICS: 541611

CAGE: 438P1

SAM: McKinsey maintains a current registration in SAM

ORCA: McKinsey has completed the annual representations and certifications in ORCA under [www.orca.bpn.gov](http://www.orca.bpn.gov) DUNS 825229318

Please wire transfer payment to:

McKinsey & Company, Inc. United States  
Citibank N.A.

[REDACTED]

If remitting by check, please send check to:

McKinsey & Company, Inc. United States  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

**POINTS OF CONTACT**

Please contact our representatives below if you have any questions or need additional information regarding this Price Proposal.

For Technical Inquiries:

Jim Brennan, Principal

[REDACTED]

For Contractual Inquiries:

Chuck Self, Contracts Manager

[REDACTED]

McKinsey's work for the Government is confidential and intended for the State's internal use only. In order to promote true neutrality on issues, provide an environment for uncensored guidance for our clients, ensure compliance with our contract confidentiality requirements and to better empower our clients, McKinsey does not advocate, present findings or consent to public references in any public meeting, writing or other public forum. Consistent with this, McKinsey does not make public client names, client materials or reports prepared for clients without their prior written permission. In consideration for the Services, the State agrees not to use McKinsey's name, refer to McKinsey's work, or make the Deliverables or the existence or terms of this agreement available outside its organization without McKinsey's prior written permission and understands that McKinsey will not advocate, present findings or speak on the State's behalf in any public forum without specific written authorization and agreement.

# General Services Administration Federal Supply Service

Authorized Federal Supply Schedule Pricelist for  
McKinsey & Company, Inc. Washington, D.C.

Effective May 1, 2013

## GENERAL SERVICES ADMINISTRATION INFORMATION

**Online access** to contract ordering information, terms and conditions, up-to-date pricing, and the option to create an electronic delivery order are available through GSA Advantage!™, a menu-driven database system. The Internet address for GSA Advantage!™ is: <http://www.gsa.gov>

**Schedule title:** Mission-Oriented Business Integrated Services (MOBIS)

**Special item number (SIN) offered:** 874-1, Integrated Consulting Services

**Contract number:** GS-10F-0118S

**For more information** on ordering from Federal Supply Schedules, click on the FSS Schedules button at [fss.gsa.gov](http://fss.gsa.gov)

**Contract period:** January 27, 2006, to January 26, 2016

**Contractor's name and contact information:** McKinsey & Company, Inc., Washington, DC, 1200 19<sup>th</sup> St NW, Suite 1100, Washington, DC 20036; phone (202) 662-3300; fax (202) 662-3175

**Type of contractor:** large

## CUSTOMER INFORMATION

1a.

SIN number offered	SIN name
874-1 (874 1RC)	Consulting services

McKinsey & Company, Inc. Washington, D.C. (McKinsey Washington) works to help clients achieve substantial, lasting improvements in their performance. To do so, we establish working relationships with senior leaders, explore their aspirations and challenges, and jointly define engagements that have the potential for lasting impact. McKinsey Washington will provide expert consulting services to customers on issues such as strategy, organization, operations, and business technology.

1b. **Lowest price model number/lowest unit price**

McKinsey Washington is offering four different teams to its customers under SIN 874-1. These four teams are described briefly below. The table that follows indicates the government price for each team.

**1. Team A** comprises an engagement manager and an associate, both of whom are devoted exclusively to the engagement. They receive ongoing support and guidance from an

engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.

**2. Team B** includes an engagement manager and two associates, all three of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.

**3. Team C** is a larger version of Team B, comprising one engagement manager and three associates, all of whom are devoted exclusively to the engagement. They receive ongoing guidance and support from an engagement director and guidance from an engagement director and other senior leaders. Engagement directors and other senior leaders typically divide their time between two to three engagements at any one time.

**4. Team E** is our smallest team. It provides our services to clients who do not need a full-fledged engagement team and is often used for implementation support or counseling efforts. The team comprises an associate (who is devoted exclusively to the engagement) and may include an engagement director. The team does not include an engagement manager and typically does not include additional leadership support.

Each of the four types of teams also draws upon the worldwide resources available from McKinsey affiliates, including a research and information network of 1,200 people and over 20 global functional and industry practices.

Team Type	Brief Team Description	GSA Weekly Price
Team A	EM+1	\$116,121.95
Team B	EM+2	\$146,414.63
Team C	EM+3	\$175,656.66
Team E	No EM, 1 Associate	\$50,187.62

- 1c. **Hourly rates:** not applicable
2. **Maximum order:** \$1,000,000.00
3. **Minimum order:** \$100.00
4. **Geographic coverage:** domestic and overseas
5. **Point(s) of production** (city, county, and state or foreign country): not applicable
6. **Discount from list prices:** discounts are reflected in the prices shown in 1b
7. **Quantity discount(s):** none
8. **Prompt payment terms:** none
- 9a. **Credit card acceptance:** McKinsey Washington will accept payment by government purchase card for purchases *at or below* the micro-purchase threshold of \$2,500

**9b. Credit card acceptance:** McKinsey Washington verifies that the Firm will not accept payment by purchase card in accordance with Clause 552.232-77, Payment by Government Commercial Purchase Card for purchases *over* the micro-purchase threshold of \$2,500

**10. Foreign items:** none

**11a. Time of delivery:** specified on each Task Order

**11b. Expedited delivery:** not applicable

**11c. Overnight and 2-day delivery:** not applicable

**11d. Urgent requirements:** not applicable

**12. FOB points:** destination

**13a. Ordering address**

McKinsey & Company, Inc. Washington, DC  
1200 19<sup>th</sup> St NW Suite 1100  
Washington, DC 20036  
Attention: Cameron Kennedy or Shannon Kelly  
Telephone: 202-662-3300  
Fax: 202-662-3175  
Email: [McKinsey\\_GSA@mckinsey.com](mailto:McKinsey_GSA@mckinsey.com)  
Website: [www.mckinsey.com](http://www.mckinsey.com)

**13b. Ordering procedures:** for supplies and services, the ordering procedures, information on Blanket Purchase Agreements (BPAs), and a sample BPA can be found at the GSA/FSS Schedule homepage ([fss.gsa.gov/schedules](http://fss.gsa.gov/schedules))

**14. Payment information:**

*By wire transfer payment*

McKinsey & Company, Inc. – United States  
Citibank N.A.

*By check*

McKinsey & Company, Inc. – United States  
P.O. Box 7247-7255  
Philadelphia, PA 19170-7255

Federal tax ID# [REDACTED]

**15. Warranty:** not applicable

**16. Export packing changes:** not applicable

**17. Terms and conditions of government purchase card acceptance** (any thresholds above the micro-purchase level): not applicable

**18. Terms and conditions of rental, maintenance, and repair:** not applicable

19. **Terms and conditions of installation:** not applicable
- 20a. **Terms and conditions of repairs parts indicating date of parts price lists and any discounts from list prices:** not applicable
- 20b. **Terms and conditions for any other services:** not applicable
21. **List of service and distribution points:** not applicable
22. **List of participating dealers:** not applicable
23. **Preventive maintenance:** not applicable
- 24a. **Special attributes** such as environmental attributes (e.g., recycled content, energy efficiency, and/or reduced pollutants): not applicable
- 24b. **Section 508 compliance:** not applicable
25. **Data Universal Number (DUNS):** 82-522-9318
26. **Registration in Central Contractor Registration (CCR) database:** McKinsey & Company, Inc. Washington, D.C. is registered in the Central Contractor Registration (CCR) database
27. **Uncompensated overtime:** not used for offered services
28. **Service Contract Act:** The Service Contract Act (SCA) is applicable to this contract as it applies to the entire MOBIS Schedule and all services provided. While no specific labor categories have been identified as being subject to SCA due to exemptions for professional employees (FAR 22.1101, 22.1102 and 29 CFR 541.300), this contract still maintains the provisions and protections for SCA eligible labor categories. If and / or when the contractor adds SCA labor categories / employees to the contract through the modification process, the contractor must inform the CO and establish a SCA matrix identifying the GSA labor category titles, the occupational code, SCA labor category titles and the applicable WD number. Failure to do so may result in cancellation of the contract.