

February 3, 2016

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84114

Attention: Gary Widerburg  
Commission Secretary

Re: Procurement Policy and Procedures Updates

Dear Commission,

Enclosed for filing please find a copy of PacifiCorp's 2016 procurement policy and implementing procedures. The purpose of this filing is to request acknowledgement of PacifiCorp updates to the PacifiCorp Procurement Policy that was approved on January 16, 1991 by the Public Service Commission of Utah ("Commission") in its Report and Order, Docket No. 90-2035-05.<sup>1</sup> The Company proposes several modifications and clarifications as described below and requests that a technical conference be scheduled in February 2016 to discuss the proposed procurement policy. The Company will also provide an electronic version of this filing to [psc@utah.gov](mailto:psc@utah.gov).

In the revised policy, PacifiCorp's monetary thresholds have been calibrated to 2015 values where appropriate. Accordingly, the \$3,000 threshold triggering the requirement of business unit representatives to consult with Procurement before contract execution has been set at \$5,000. The revised procurement policy also identifies that purchases in excess of \$20,000 must be selected through a documented competitive process, and purchases of \$50,000 must be procured through a formal, sealed Request for Proposal, consistent with the existing policy approved in 1991. Further, PacifiCorp proposes that the threshold for the requirement to file a documented justification for non-competitive procurement with the Commission be increased from \$500,000 to \$1,000,000.

PacifiCorp currently maintains both (i) exceptions to its competitive bidding policy and (ii) exclusions from the overarching requirement for Procurement involvement per the policy, and the Company acknowledges that the lists of exemptions and exclusions in its 2016 procurement policy are more comprehensive than the 1991 policy.

The existing procurement policy and implementing procedures have been revised for 2016 to align current procurement procedures with changes in procurement processes since 1991, such as

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<sup>1</sup> The policy on file with the Commission is dated May 10, 1991 and was filed June 28, 1991; it reflects minor clarifications to the approved policy.

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reliance on computer e-tendering systems rather than manual processes. Basic steps the Company adheres to in the current process are: (1) designing procurement plans to ensure that proper controls, accountability, roles, and responsibilities are established and that project objectives are identified at the beginning of a project or commodity cycle; and (2) using the plan, upon approval, in the competitive process as the guiding document in partnership with business representatives and sourcing team members that includes appropriate legal and finance consultation.

To ensure that the Commission is afforded the opportunity to review PacifiCorp's procurement policy on a regular basis, PacifiCorp proposes a process by which future updates to the procurement policy will be submitted to the Commission the earlier of general rate case filings or every five years.

The Company met with representatives of the Division of Public Utilities and Office of Consumer Services on November 18, 2015 to review the proposed procurement policy updates. Their input has been incorporated in this filing.

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:

By E-mail (preferred): [bob.lively@pacificorp.com](mailto:bob.lively@pacificorp.com)

By regular mail: Robert C. Lively  
Manager, Utah Regulatory Affairs  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, UT 84111

Please direct any informal inquiries concerning this matter to Bob Lively at (801) 220-2923.

Sincerely,



Kathryn Hymas  
Vice President, Human Resources & Procurement

cc: Division of Public Utilities  
Office of Consumer Services

Enclosures