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# Procurement Policy

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February 3, 2016

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## Section 1 Introduction

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PacifiCorp's procurement policy provides for obtaining goods and services at the lowest evaluated cost, consistent with business objectives including, but not limited to, safety, service, technical performance, sustainability, and schedule requirements.

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## Section 2 Purchase of Goods and Services

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PacifiCorp utilizes one or more competitive processes to obtain the best value for customers in the procurement of goods and services required for the provision of safe, cost effective, and reliable power. These processes rely on fair and open competition among qualified suppliers to provide the goods and services required to satisfy business requirements. These ensure that suppliers are treated fairly and equitably. The following requirements are in place to ensure that the company's procurement objective of obtaining the best value for the company is met:

- ▶ All purchases estimated to be \$5,000 or greater (total cost of item or service, i.e. inclusive of taxes and freight) per transaction or in aggregate during a month require consultation with procurement.
- ▶ Purchases in excess of \$20,000 must be selected through a documented competitive solicitation process. The competitive solicitation requirements can be through informal means and will be satisfied when documented price quotes are obtained from at least two suppliers.
- ▶ Purchases of \$50,000 or more require a formal, competitive solicitation process. This will typically involve issuing a Request for Proposal (RFP), where competitive proposals are solicited from two or more qualified suppliers. Pricing and other factors are evaluated on a best value basis utilizing predetermined evaluation criteria designed and weighted to determine best value. The formal, competitive solicitation process must be documented and controlled in accordance with established procedures. Competitive procedures involving requests for bids, qualifications and other contractor submittals may also be used where consistent with this Policy.

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## Section 3 Affiliated Company Purchases

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Any potential affiliate transactions must be reviewed by general counsel and regulation prior to entering into any business transaction to ensure compliance with all affiliate filing requirements.

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## Section 4 Exceptions and Exclusions

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### *4.1 Exceptions*

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When impossible or impractical, or when it otherwise can be demonstrated to be in the best interest of the company and its customers, a supplier may be awarded a contract on a non-competitive or sole source basis. This situation may arise when the professional or technical expertise of services is of such a unique nature, or the goods or services are not readily available in the open marketplace from other sources, such that one contractor or supplier is clearly and justifiably the only source. Following are the primary exceptions to the competitive bid policy:

- ▶ **Emergency conditions**  
Emergency conditions are unscheduled, unforeseen, and unexpected situations when action must be taken to prevent adverse financial impact or impairment to customer service, to prevent injury, loss of life, or damage to capital assets. In these instances, a single contractor/supplier may be requested to provide the necessary goods or services.
- ▶ **Technical standards**  
To promote reliability and efficiency, the company has developed various technical standards that may be satisfied by only one supplier. There are instances in which only a specific supplier can provide needed goods and/or services.
- ▶ **Only known supplier**  
Occasionally there are situations when only one supplier is known to provide the required goods or services. This generally results when the supplier has required proprietary or intellectual property rights built into the product or service. Professional services are especially subject to this qualification.
- ▶ **Customer requested**  
An external customer may request that a certain supplier, manufacturer or contractor be utilized for projects that they are funding or for work required on the customer's property or right-of-way.
- ▶ **Business required**  
There are other limited circumstances where a compelling business reason may require an exception.

### *4.2 Exclusions*

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The following are exclusions to this policy, procurement procedures and bidding requirements generally because of the uniqueness of the transaction.

- ▶ Commercial & trading (purchase/sale of power, ancillary and other services)\*\*



- ▶ Customer services (CSS pass through payments, CSS refunds to customer, franchise and sales tax)
- ▶ Donations and contributions
- ▶ Facilities and real estate (easements, permits, leases/land payments, and right of way)\*\*
- ▶ Fuel resources (coal and gas purchases, steam royalties, coal and gas transportation)\*\*
- ▶ Government (federal, state, city and local taxes, PSC/PUC, FERC, low income)
- ▶ Joint ownership (purchases at jointly owned plants where PacifiCorp is not the plant operator)\*\*
- ▶ Legal services (litigation, expert services, discovery services, outside legal counsel, registered agents)
- ▶ Lobbying
- ▶ Organization dues and memberships
- ▶ Payroll, benefits and staffing (payroll, 401k and pension funding, benefit plans and administration, employee travel and events, employment agreements)\*\*
- ▶ Postage
- ▶ Risk (forensic investigations)
- ▶ Settlements (damage claims, other settlements)\*\*
- ▶ State or federal mandated programs (Blue Stakes, One Call Center, Tribal requirements, hydro licensing, Energy Trust of Oregon)
- ▶ Subscriptions
- ▶ Treasury (Debt issuance, prospectus preparation)\*\*
- ▶ Utilities (telephone, water, sewer, electricity, gas, garbage, cable, satellite)

\*\*The company business unit responsible for the excluded item has a competitive or other commercially appropriate method to purchase these items in a least cost and/or least risk manner.