



Energy Supply Management  
825 NE Multnomah Street, Suite 600  
Portland, OR 97232

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**PacifiCorp**

**Request for Proposal**

**Natural Gas Asset Management and Supply**

**ISSUED: April 6, 2016**

**DUE DATE: April 18, 2016**

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**2016 RFP for Natural Gas Asset Management and Supply Responses:**

**[RFP-Gas@pacificorp.com](mailto:RFP-Gas@pacificorp.com)**

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## SECTION 1. INTRODUCTION

### PURPOSE AND SCOPE

PacifiCorp is requesting proposals for asset management of its Canadian natural gas transportation contracts and gas supply for the term of July 1, 2016 through October 31, 2017.

### REQUIREMENTS

**Quantity:** Up to 16,142 GJ per day (15,300 MMBtu per day), PacifiCorp's daily election

**Point of Delivery:** Kingsgate

**Price:** Canadian Gas Price Reporter, AECO Daily Index Price (NGX AB-NIT Day Ahead), US Dollars

**Enabling Agreement:** All bidders need to have a signed NAESB agreement with PacifiCorp or be willing to execute a NAESB agreement with PacifiCorp and should include any proposed special provisions that amend the NAESB agreement to reflect the proposed transaction.

**Asset Management:** PacifiCorp will temporarily assign its existing TransCanada NOVA and Foothills capacity to the awarded bidder and reimburse for all demand charges paid to TransCanada in US dollars. Please provide proposal for fixed exchange rate to be used to determine the US dollar reimbursement payment.

PacifiCorp is not bound to accept any bids and may cancel this solicitation at its own discretion.

## SECTION 2. LOGISTICS

### RFP SCHEDULE

The following chart sets forth the anticipated schedule. Bidders should note that the above schedule is an anticipated schedule only, and is subject to change. PacifiCorp accepts no liability to the extent the actual schedule is different from the anticipated schedule.

<b>Milestone</b>	<b>Date</b>
PacifiCorp issuance of RFP (Issue Date)	April 6, 2016
Offers due to PacifiCorp (Due Date)	April 18, 2016
Bidders notified if they have been selected for negotiation of an underlying agreement and or confirmation agreement	On or before May 3, 2016
Underlying agreement and or confirmation agreement executed	On or before June 10, 2016

## **COMMUNICATIONS**

Interested parties and bidders may submit questions and such questions will be addressed in a timely fashion. Any questions on the RFP or related documents should be sent to Company via email at RFP-GAS@pacificorp.com.

## **SUBMISSION OF BIDS**

Interested bidders should submit bids electronically by 5:00 p.m. Pacific Prevailing Time (PPT) of April 18, 2016 with e-mail to:

RFP-GAS@pacificorp.com

The subject line of bid submission must include 'RFP Response' along with the name of Company.

Bids will be reviewed and a final selection determined. Bidder will be notified by May 3, 2016 if they have been selected for negotiation of an enabling agreement.

## **SECTION 3. ELIGIBLE PROPOSALS**

The following outlines the basic terms and conditions required for all bid proposals when responding to this RFP. Bid proposals that do not conform to these basic terms and conditions, and definitions may be deemed ineligible for further evaluation unless the information is not relevant as determined by PacifiCorp at its sole discretion.

### **BASIC TERMS AND CONDITIONS**

1. The RFP Bid Submittal must include the following:
  - a. Term
  - b. Point of delivery
  - c. Contract quantity
  - d. Contract Price
  - g. Any conditions precedent(s) to Bidder's proposal, or any deviations from the Basic Terms and Conditions and or Definitions, as described in this RFP.
2. Prices must be AECO based index in US dollars
3. Bidders must have a signed NAESB agreement with PacifiCorp or be willing to execute a NAESB agreement with PacifiCorp

## **SECTION 4. MINIMUM ELIGIBILITY REQUIREMENTS FOR BIDDERS**

Bidders may be disqualified for failure to comply with the RFP if any of the requirements are not met. To the extent proposals do not comply with these requirements, PacifiCorp has the option to deem the proposal ineligible and eliminated from further evaluation. Reasons for rejection of a bidder or its proposal include:

1. Bid proposal(s) do not comply with the instructions or requirements specified in this RFP.
2. RFP Bid Submittal Form received after the RFP due date.
3. Upon being selected to negotiate an underlying agreement, bidder fails to provide, in timely manner, bidder's Credit Information specified below.
4. Bidder fails to demonstrate, to PacifiCorp's satisfaction, that it can meet the security requirements, if any, for the underlying agreement and or confirmation agreement selected.
5. Any attempt to influence PacifiCorp in the evaluation of the proposals, outside the solicitation process.
6. Any failure to disclose the real parties of interest in the proposal submitted.
7. The bidder, or an affiliate of bidder, is in current litigation with PacifiCorp or has, in writing, threatened litigation against PacifiCorp, respecting an amount in dispute in excess of one million dollars.
8. Bidder fails to demonstrate, to PacifiCorp's satisfaction, that it can meet the security requirements for the renewable resource proposed.

### **BIDDER'S CREDIT INFORMATION**

Upon being selected to negotiate an Underlying Agreement, the bidder is to provide the following information to enable PacifiCorp to evaluate the financial viability of the bidder and any entity providing credit assurances on behalf of the bidder, if applicable.

#### **1. Credit information for Bidder**

- A. Exact legal name and address of bidder.
- B. Debt Ratings from S&P and/or Moody's (please provide senior unsecured long term debt rating (or corporate rating if a debt rating is unavailable). Please indicate type of rating, rating, and source.
- C. Please attach copies of audited financial statements (including balance sheet, income statement, and cash flow statement) for the three most recent fiscal years.
- D. Identify pending legal disputes (describe).
- E. Please state whether bidder is or has within the past five (5) years been the debtor in any bankruptcy proceeding.
- F. If bidder is unable to provide audited financial statements or is relying upon another entity to provide credit assurances on its behalf, bidder must indicate the following:  
Is bidder unable to provide audited financial statements?

Is bidder relying up another entity(ies) to provide credit assurances on bidder's behalf?

- G. Bidder should demonstrate its ability (and/or the ability of its credit support provider to provide the required security, including its plan for doing so (including type of security, sources of security, and a description of its credit support provider).

**2. Credit information for entity(ies) providing credit assurances on behalf of bidder (if applicable)**

- A. Exact legal name and address of entity(ies) providing credit assurances on behalf of bidder.
- B. Describe relationship to bidder and describe type of credit assurances to be provided (e.g., parental guaranty, letter of credit, etc.). Bidder must provide to Company a letter(s) of commitment acceptable to Company from the entity(ies) providing the credit assurances on behalf of the bidder executed by an authorized signatory and indicating the amount and form of credit assurances it will provide. It should be noted that more than one commitment letter, or more than one form of commitment letter, may be necessary.
- C. Debt Ratings from S&P and/or Moody's (please provide senior unsecured long term debt rating (or corporate rating if a debt rating is unavailable). Please indicate type of rating, rating, and source.
- D. Please attach copies of audited financial statements (including balance sheet, income statement, and cash flow statement) for the three most recent fiscal years.
- E. Pending legal disputes (describe).
- F. Please state whether entity(ies) providing credit assurances on behalf of the bidder is or has within the past five (5) years been the debtor in any bankruptcy proceeding.

PacifiCorp will not accept collateral thresholds, credit ratings triggers, general adequate assurances language or similar language that might require the Company to provide performance assurances to the bidder. However, PacifiCorp may require the bidder to provide a commitment letter(s) from a proposed guarantor(s) and/or from a financial institution(s) that would be issuing a letter of credit as performance assurances on behalf of the bidder. The amount of performance assurances to be provided will be determined based upon factors which include the following:

- a) The Credit Rating of the bidder and the entity(ies) providing credit assurances on behalf of the bidder, if applicable.
- b) Terms of the underlying contract.
- c) The volume to be delivered.

In order for PacifiCorp to perform a credit evaluation on the bidder or the entity providing credit assurances on its behalf, audited financial statements (including balance sheet, income statement, and cash flow statement) for the three (3) most recent fiscal years must be provided to the Company.

The Credit Rating is defined as the lower of: x) the most recently published senior, unsecured long term debt rating (or corporate rating if a debt rating is unavailable) from Standard & Poor's (S&P) and/or y) the most recently published senior, unsecured debt rating (or corporate rating if

a debt rating is unavailable) from Moody's Investor Services. If option x) and y) are not available, the Credit Rating will be determined by the Company through an internal process review utilizing a proprietary credit scoring model developed in conjunction with a third party. All bidders will receive a Credit Rating which will be used in determining the amount of any credit assurances to be posted. With few exceptions, PacifiCorp will expect bidders with sub investment-grade credit ratings (or being of similar creditworthiness) to provide performance assurances acceptable to the Company.

Please note that a financial institution providing a letter of credit as performance assurances on behalf of the bidder must have at all times a Credit Rating of at least 'A' and 'A2' from S&P and Moody's, respectively, and have assets (net of reserves) of at least \$10,000,000,000. Should the financial institution providing credit assurances on behalf of the bidder fail to meet these minimum requirements PacifiCorp will require credit assurances from a replacement financial institution that does meet the requirements.

## **SECTION 5. EVALUATION**

PacifiCorp will evaluate bids based on assessment of the merits of bid proposals with regard to meeting its need. Each bid proposal will be evaluated based on its compliance with this RFP and according to the following information:

- Firm supply
- Contract Price
- Contract Quantity
- Financial viability of bidder
- Reliability of supply and delivery
- References/experience

## **SECTION 6. CONFIDENTIALITY, COMPANY RESERVATION OF RIGHTS AND DISCLAIMERS**

### **CONFIDENTIALITY**

PacifiCorp will attempt to maintain the confidentiality of all bids submitted, to the extent consistent with law or regulatory order, as long as such confidentiality does not adversely impact a regulatory proceeding. It is the bidder's responsibility to clearly indicate in its bid proposal what information it deems to be confidential. Bidders may not mark an entire bid proposal as confidential, but must mark specific information on individual pages to be confidential in order to receive confidential treatment for that information.

All information supplied to PacifiCorp or generated internally by PacifiCorp shall remain the property of PacifiCorp. Bidder shall maintain the confidentiality of such information and such

information shall not be available to any entity before, during or after this RFP process unless required by law or regulatory order. The bidder expressly acknowledges that PacifiCorp may retain information submitted by the bidder in connection with this RFP.

Only those Company employees who are directly involved in this RFP process or with the need to know for business reasons will be afforded the opportunity to view submitted bids or bidder information.

Bidders should be aware that information supplied by bidders may be requested and supplied during regulatory proceedings, subject to appropriate confidentiality provisions applicable to that particular proceeding. This means that parties to regulatory proceedings may request and view confidential information. If such a request occurs, PacifiCorp will attempt to prevent such confidential bidder information from being supplied to intervening parties who are bidders or who may be providing services to a bidder, but PacifiCorp cannot promise success in that endeavor and accordingly cannot be held liable for any information that it is ordered to be released or that is inadvertently released.

Lastly, PacifiCorp intends to utilize its internal, proprietary, forward price projections in its evaluation process. The resulting projections and evaluations will not be shared with entities external to PacifiCorp or its consultants, including with bidders, unless required by law or regulatory order.

#### **COMPANY RESERVATION OF RIGHTS AND DISCLAIMERS:**

PacifiCorp reserves the right, without qualification and in its sole discretion, to reject any or all bids, and to terminate this RFP in whole or in part at any time. Without limiting the foregoing, PacifiCorp reserves the right to reject as non-responsive any or all bid proposals received for failure to meet any requirement of this RFP outlined in Section 2 and Section 3. PacifiCorp further reserves the right without qualification and in its sole discretion to decline to enter into any agreement with any bidder for any reason, including, but not limited to, change in regulations or regulatory requirements that impact PacifiCorp and/or any collusive bidding or other anticompetitive behavior or conduct of bidders.

Bidders who submit bid proposals do so without recourse against PacifiCorp, its parent company, its affiliates and its subsidiaries, or against any director, officer, employee, agent or representative of any of them, for any modification or withdrawal of this RFP, rejection of any bid proposal, failure to enter into an agreement, or for any other reason relating to or arising out of this RFP.