

HOW TO DO BUSINESS WITH LUBBOCK POWER & LIGHT (A GUIDE FOR SUPPLIERS)

This guide is intended to give a brief insight into the LP&L procurement process. LP&L's basic procurement philosophy is that competitive participation of the business community is vital to our mutual welfare. The Lubbock Power & Light Purchasing Department is responsible for the procurement of all supplies, materials and equipment necessary for the delivery of services, as well as for contracting construction and professional or personal services. Consequently, the Lubbock Power & Light Purchasing Department is the only entity authorized to issue bid invitations, discuss price and delivery commitments and to release purchase orders and term contracts. The department is located at:

Lubbock Power & Light
402 Municipal Drive
Lubbock, TX 79403
Telephone: 806-775-2170
Internet URL: www.lpandl.com

POLICY STATEMENT

The Lubbock Power & Light Purchasing Department attempts at all times to maintain goodwill between LP&L and the business community. Toward this end we strive to:

- Give all suppliers full, fair, prompt and courteous consideration.
- Keep competition open and fair.
- Solicit supplier suggestions in the determination of clear and adequate specifications and standards.
- Cooperate with suppliers and consider possible difficulties they may encounter.
- Observe strict truthfulness and highest ethics in all transactions and correspondence.

BID INFORMATION

The Lubbock Power & Light Purchasing Department does not maintain it's own "vendor list". Vendors interested in doing business with LP&L should register themselves with Internet based "RFPDEPOT.com" for notification of electronic and non-electronic bids. Any bid or RFP where electronic responses will not be accepted will be published on "RFPDEPOT.com", or a copy may be obtained by calling (806) 775-2170.

BUSINESS CERTIFICATION

MINORITY OR WOMAN OWNED BUSINESS: Any business wishing to certify as a Minority or Woman Owned business must go through the Historically Underutilized Business certification process at <http://www.tbpc.state.tx.us/hub/index.html>.

For more information please contact:

Texas Building and Procurement Commission
PO Box 13047
1711 San Jacinto Blvd
Austin, TX 78711
Fax: 512-463-3503

SUPPLIER PERFORMANCE

Purchasing establishes Vendor Performance files for all vendors doing business with LP&L. Suppliers should keep Purchasing advised of any changes to their remittance address.

Delivery Dates: Failure to meet a specified delivery date reflects on your performance and could be a factor in subsequent award determinations. It is the supplier's responsibility to notify the Purchasing Department when a delay in the delivery schedule is anticipated or occurs. At this

time, the supplier must indicate the new anticipated delivery date and the reason for the delay. It should be noted that failure to deliver within a contractual delivery schedule may result in the supplier being declared in default. In that event, termination action will be taken by LP&L under the provisions of the Uniform Commercial Code and the State of Texas.

Quality and Service: Unsatisfactory product quality or service performance also reflects on a supplier, and could be a factor in subsequent award determinations. Such performance can increase the City's operating costs and must be taken into consideration when awards must be made to the "lowest responsible bidder."

PRESENTING YOUR PRODUCT

You will find the Purchasing Department ready and willing to help you compete for LP&L business. If you have a product/service to sell, please let us know. Our visiting hours are by appointment only. To set up an appointment please call 806-775-2170.

PROCUREMENT METHODS

Lubbock Power & Light employs the following methods to procure goods and services:

Purchases in amounts of \$1 - \$2,500 may be made on the basis of up to three quotations by the using departments of LP&L.

Purchases in amounts of \$2,501 or more – to be determined by the Purchasing Department using the competitive bid or proposal process.

Departmental Under \$500 Purchase Orders are issued by the departments of LP&L to make purchases of less than \$500 for items not covered by a supply contract.

Supply Contracts are established through a competitive bid process to purchase goods and services at a fixed price or a fixed term for a specified period.

Service Agreements are contracts for service and repair of equipment generally established annually or at the acquisition of the equipment. The Purchasing Department will coordinate all service agreements..

Price Agreements are used to establish a qualified contractor listing for items/services that are purchased repetitively over a period of time, but cannot be quantified.

BIDDING METHODS

Since competitive bidding is the foundation of all purchases, Lubbock Power & Light will make every effort to continually seek sources that have the capability to meet the needs of LP&L at competitive prices.

Public Accessibility to Bids and Proposals. Subject to the following conditions, copies of competitive bids are available to interested parties. Copies will be made so as not to disrupt the normal operation of the Purchasing Department. Copies of data and information submitted in competitive sealed proposals/bids are not available prior to the contract being considered for award. The cost of copies is subject to LP&L's standard charges of public records. Vendor proprietary information and data that is clearly marked as such by the vendor is not considered public information (Chapter 552, Government Code, V.T.C.A., the Open Records Act). LP&L will assume that vendor information is not proprietary unless it is clearly marked by the vendor.

Request for Proposal. LP&L utilizes the Request for Proposal (RFP) method in the procuring of goods, services or professional services. This method is used when the competitive bidding process is not suitable, as in certain professional services under the State of Texas Statutes. The RFP provides to the potential vendor information such as work statement, time frame, specifications and specific criteria to be used in evaluating a proposal. We request the vendor provide information such as an understanding of the work to be done, the approach to be used, and pricing data, which may include a price breakdown or cost schedule, so the cost to LP&L can be adequately considered.

An evaluation committee may conduct discussions with responsible vendors who submit competitive sealed proposals determined to be reasonably suitable of being selected for award. The purpose is to clarify and assure full understanding of, and responsiveness to, the requirements. On occasion, these vendors may be requested to submit a best and final offer.

Request for Bids and Proposals. LP&L may enter into a contract utilizing the following methods:

- (1) use the competitive sealed bidding or competitive sealed proposal procedure; or
- (2) use the reverse auction procedure, as defined by Section 2155.062(d), Government Code, for purchasing.

This process shall include receiving bids or proposals through electronic transmission and will ensure the identification, security, and confidentiality of electronic bids or proposals and will ensure that the electronic bids or proposals remain effectively unopened until the proper time. An electronic bid or proposal is not required to be sealed.

BID SECURITY - BONDING

In order to protect the interests of the organization, LP&L may require bonding security on bids and contracts in connection with a contract for construction, alteration, repair, or completion of any public work, depending on the dollar amount involved.

Bid Security. Bid security, in the form of a cashier's check, certified check, or bid bond is mandatory for bid submission for all bids of \$100,000 or greater in value. Although usually five percent (5%) of the bid value, the amount of the security may vary depending on the specifics of the bid. Bids for the amount less than \$100,00 may require security, depending on the specifics of the bid. LP&L may also elect to require Bid Security for contracts other than Public Works contracts.

Performance and Payment Bonds. In accordance with State statutes, Performance Bonds are required on any contract exceeding \$100,000. Payment Bonds are required on any contract exceeding \$25,000. LP&L may also elect to require performance and payment bonds for contracts other than Public Works contracts.

Insurance. LP&L requires that all contracts contain certain insurance coverage to be provided by the contractor, lessee, etc. The requirements set forth below should be considered minimal. Any exceptions to this coverage shall be reviewed and approved by LP&L prior to award of contract. Contractors who engage subcontractors shall be responsible to see that subcontractors procure and maintain the same insurance required by the contractor.

An original copy of all applicable insurance certificates must be provided to the City in accordance with the bid documents prior to the start of any work. The certificate(s) of insurance shall contain the following information:

1. Name of insurance company;
2. Policy Number;
3. Inception/expiration date;
4. Description of coverage;
5. Limits of insurer's liability;
6. City as additional insured (property and liability policies); and
7. Notice of cancellation condition (i.e. notice to the City at least ten (10) days prior to policy cancellation or substantial change;
8. A waiver of subrogation in favor of the City on Worker's Compensation Insurance;
9. Policies shall be written by companies authorized to do business in the State of Texas and rated B+VI or better by A.M. Best, and A or better by Standard and Poor's.

NOTE: The contract insurance requirements are subject to modifications as may be published in the bid documents.

CONTRACT INSURANCE REQUIREMENTS

Specific insurance requirements are incorporated into the bid documents and specifications of each bid. Insurance requirements for Lubbock Power & Light are constantly under review to determine the appropriateness of both coverage and values.

SUBMISSION OF BIDS

Sealed bids must be received at the location specified in the bid request prior to the due date and time or they will be considered to be non-responsive. Bids received after the due date/time or faxed bids will not be accepted.

Sealed bids are opened Mondays through Fridays, as specified in the bid request. Most bid openings are public. Bids or proposals that are deemed to be of a "competitive matter" will not be publicly disclosed. Section 552.133 of the Texas Government Code allows the City to withhold electric utility information from the public that they deem competitive (the release would give the City's competitors an advantage if they obtained such information). The City passed Resolution 6559 in October of 1999 where the City Council determined that purchasing information (including bid information) of LP&L was a competitive matter and not subject to public disclosure.

Modification or Withdrawal of Bids. To maintain the integrity of the bidding process, a bid that has been opened by LP&L is not subject to alteration for the purpose of correcting an error in the bid price, unless the mistake is clearly evident from examining the bid document (e.g. extension of the unit prices or errors in addition.) This policy does not revoke the right of the bidder to withdraw a bid due to material mistakes prior to bid opening by LP&L.

Bid Evaluation and Award

It is the policy of LP&L to purchase from suppliers who have adequate financial strength, management and service capabilities, high ethical standards and integrity, the ability to provide materials which consistently meet LP&L's requirements and are otherwise qualified and eligible to receive an award under applicable laws and regulations.

Identical Bids. When two or more responsible bidders submit the lowest responsible bids, and these bids are identical in both amount and nature, LP&L will enter into a contract with only one of the responsible bidders as selected in a legal manner. It should be noted that this does not prohibit multiple and progressive awards if specified in the bid request.

Award Of Contract. If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for LP&L.

In determining the best value for the organization, LP&L may consider:

- (1) the purchase price;
- (2) the reputation of the bidder and of the bidder's goods or services;
- (3) the quality of the bidder's goods or services;
- (4) the extent to which the goods or services meet LP&L's needs;
- (5) the bidder's past relationship with LP&L;
- (6) the impact on the ability of LP&L to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;
- (7) the total long-term cost to LP&L to acquire the bidder's goods or services; and
- (8) any relevant criteria specifically listed in the request for bids or proposals.

The contract will be awarded to the lowest responsible bidder if the competitive sealed bidding requirement applies to the contract for construction of:

- (1) highways, roads, streets, bridges, utilities, water supply projects, water plants, wastewater plants, water and wastewater distribution or conveyance facilities, wharves, docks, airport runways and taxiways, drainage projects, or related types of projects associated with civil engineering construction; or
- (2) buildings or structures that are incidental to projects that are primarily civil engineering construction projects.

Lubbock Power & Light may reject any and all bids. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. This does not change the common law right of a bidder to withdraw a bid due to a material mistake in the bid. If the competitive sealed proposals requirement applies to the contract, the contract must be awarded to the responsible offeror whose proposal is determined to be the most advantageous to LP&L considering the relative importance of price and the other evaluation factors included in the bid or proposal documents.

This section does not apply to a contract for professional services, as that term is defined by Section 2254.002, Government Code.

Specifications. When determining the "lowest responsible bid" in any given bid situation, LP&L uses a two-step approach when evaluating bid responses. The first, and primary, step is to determine which responses "mirror" our specifications. It is incumbent upon LP&L to develop specifications that promote competition while at the same time ensure our operating needs are met. To promote fair competition, it is paramount vendors are competing on a level playing field. Before a bid passes through to the next stage of the evaluation process, the vendor must "mirror" our specifications, that is it must take no exceptions. After we have established which bids were responsive to our specifications, then we go to the lowest bid and ask ourselves "Is this a responsible vendor?" (Have we ever had documented problems with failure to deliver promised, lost orders, receipt of equipment not adhering to spec, etc? Does the bidder have the necessary manpower, experience, equipment and economic stability to perform the contract?) If we determine that the lowest bid to meet spec was from a "responsible" vendor, that is the bid we are required by law to accept when awarding the bid to the "lowest responsible bidder".

Insurance/Bonding Requirements. Many bids Lubbock Power & Light is involved in have insurance and bonding requirements as part of the specifications, or sample contract, mailed with the bid. THE BONDING AND INSURANCE REQUIREMENTS IN A BID CANNOT BE WAIVED. You are expected, if awarded the contract, to furnish us with an insurance certificate satisfying ALL requirements. Please consult your insurance agent prior to submitting a bid to determine whether or not you will be able to secure the necessary insurance. If you determine you will not be able to meet our requirements, please save yourself a considerable amount of time by no bidding the project.

Partial awards. Unless the bid document specifies otherwise, Purchasing may award a contract for any item or group of items shown on the bid request.

Reservations. LP&L expressly reserves the right to:

- Waive any informality.
- Waive any defect, irregularity or informality in any offer of solicitation procedures.
- Reject any and all bids, or portions of bids.
- Reissue a bid request.
- Extend the bid opening date and time.
- Procure any item by other means.
- Increase or decrease the quantity specified in the bid invitation, unless the bid specifies otherwise.

Award Notification. Official notification of a purchase award can only be made by the Purchasing Department. Notice of award given by any other agency of LP&L may be premature and inaccurate. Award of an open market purchase is made by issuing a Lubbock Power & Light Lubbock Purchase Order. The successful bidder of an annual contract is notified of award by letter from the LP&L Purchasing Department. Included will be a summary of prices and commitments made in the bid.

TAX EXEMPTION

LP&L is exempt from payment of federal excise and transportation taxes, as well as Texas State or local sales and use taxes. If it is determined that the price quoted and recorded on any order or invoice rendered include any such taxes, the amount of the taxes will be deducted from the total of the invoice.

INVOICING AND PAYMENT REQUIREMENTS

Invoicing for goods/services received by LP&L.

Please submit all invoices to:

Lubbock Power & Light

Attn: Accounting Department

P.O. Box 2000

Lubbock, TX 79457

To avoid any delay in payment, always reference the Purchase Order Number or Contract Number on the invoice.

Payment Terms.

Normal LP&L payment terms are Net 30 Days. Any discount available to LP&L for prompt payment must be noted on invoice. Unless otherwise noted, discounts will be calculated from the date of delivery, or the date of the invoice, whichever is more recent.

Invoice with terms "Payment upon receipt" or "Payment upon completion" are paid same as net 30 days.

Payment Inquiries.

Please direct any payment questions to the mailing address noted above or you may call 806-775-3158.