

**EXHIBIT NO. ___(MM-3)
DOCKETS UE-17___/UG-17___
2017 PSE GENERAL RATE CASE
WITNESS: MICHAEL MULLALLY**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-17___
Docket UE-17___**

**SECOND EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

MICHAEL MULLALLY

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 13, 2017

**REQUEST FOR PROPOSALS
CITY OF BUCKLEY
SALE OF NATURAL GAS UTILITY**

Sealed proposals will be received by the undersigned at the City of Buckley, 933 Main Street, P.O. Box 1960, Buckley, Washington 98321, up to 5:00 p.m. on Thursday, June 13, 2013 for purchase of the City's Natural Gas Utility in accordance with RCW 35.94, Sale or Lease of Municipal Utilities. Bidders shall be Public or Private Natural Gas Utility Companies, regulated by the Washington State Utilities and Trade Commission (WUTC) who are currently in full compliance with State and Federal regulations.

The Proposals will be considered by the City Council for a period of time following the due date. All proposals must include requested information and comply with the specifications and requirements of the RFP Document. All Proposals must be accompanied by a certified check, cashier's check, money order, or bid bond payable to the "City of Buckley" and in an amount of not less than five percent (5%) of the total amount bid. Pursuant to RCW 35.94.020, each bid shall state that the bidder agrees that if his or her bid is accepted and he or she fails to comply therewith within the time hereinafter specified, the check or deposit shall be forfeited to the city.

Potential Bidders may obtain a copy of the RFP Document, free of charge, in electronic format from the City Clerk of the City of Buckley (360) 829-1921, ext 7801. In obtaining the RFP Document, Bidders must register with company name, physical address, phone and fax numbers, and email address. Registration is required to obtain Addenda.

The City of Buckley expressly reserves the right to reject any or all Proposals and to waive minor irregularities or informalities and to Accept the Proposal of the responsive, responsible bidder as it serves the interest of the City, in accordance with the process set forth in RCW 35.94.



JOANNE STARR, DEPUTY CITY CLERK

Dates of publication: [1/16/13, 1/23/13, 1/30/13, 2/6/13]

RFP DOCUMENT

The City of Buckley owns and operates a Natural Gas Utility that serves customers within the city limits. The U.S. Department of Energy classification of the system is a Municipally Owned Distribution Company. The City is hereby requesting proposals for purchase of its Natural Gas Utility.

The City purchases its natural gas from the Williams Pipeline, wheeled through the City of Enumclaw. As of the end of 2011, the City's natural gas customers include 1,178 residential customers and 190 commercial customers. The distribution system includes four regulating stations and approximately 37 miles of gas mains.

The following information is attached as background information on the City of Buckley Natural Gas System:

- 1) Exhibit A, Revenue, 2012 Proposed Budget
- 2) Exhibit B, Expenditures, 2012 Proposed Budget
- 3) Table U.1 FTE Breakdown, Public Works, 2012
- 4) Capital Infrastructure Flowchart, 2012
- 5) USDOT PHMSA 2011 Annual Report
- 6) Natural Gas Distribution System Operations & Maintenance Manual
- 7) Natural Gas Distribution System Operator Qualification
- 8) Form EIA-176 2011 Annual Report
- 9) City of Buckley UGA and FUGA Maps

Site visits for a tour of the City's natural gas utility infrastructure may be scheduled with Mr. John Dansby, Public Works Supervisor, (253) 261-9826. The City intends to schedule a pre-bid conference 3-4 weeks after publication of this RFP. Potential Bidders who have registered with the City as outlined in the RFP advertisement will be notified of the date and time of this meeting.

Required information in the Proposal is as follows:

- 1) Bid Price: Lump sum for Natural Gas System Complete
- 2) Proposed Customer Programs (e.g. energy efficiency rebates, incentives, reduced rate classifications)
- 3) Proposed five (5) year future rate analysis for the City's system
- 4) Company Profile Information (e.g. firm qualifications and history, qualifications of key personnel, facility locations, insurance coverage's, experience with WUTC and Federal Pipeline Safety Regulations)

All bids must comply with all requirements of RCW 35.94.020, quoted below.

This RFP does not commit the City to pay any costs incurred in the preparation of a response to this RFP.

Selection Process:

The proposal evaluation process implemented by the City shall be based on a "Best Overall Selection" taking into consideration price, programs offered, rate scenario(s) and background/qualifications of the bidder(s). The City reserves the right to make a selection directly from the proposal, or to require an interview of the firm(s) submitting proposals. The City's Utilities subcommittee will make recommendations to the City Council, who will then consider the proposals and subsequent committee recommendation. Subject to the provisions of RCW 35.94.020 the City Council can then award the contract

to the bid “it deems best” upon approval by 2/3’s of the Council by ordinance. The ordinance shall then be subject to a majority vote by the citizens of Buckley at the next general or special election. If approved by the voters, the ordinance shall take effect upon the mayor’s proclamation of voter approval, which is made as soon as the election results are certified.

If approved by the voters, the successful bidder will be required to enter into agreement with the City for the transfer of ownership. Terms of the agreement shall be negotiated between the parties prior to execution.

RCW 35.94.020

35.94.020. Procedure

The legislative authority of the city, if it deems it advisable to lease or sell the works, plant, or system, or any part thereof, shall adopt a resolution stating whether it desires to lease or sell. If it desires to lease, the resolution shall state the general terms and conditions of the lease, but not the rent. If it desires to sell the general terms of sale shall be stated, but not the price. The resolution shall direct the city clerk, or other proper official, to publish the resolution not less than once a week for four weeks in the official newspaper of the city, together with a notice calling for sealed bids to be filed with the clerk or other proper official not later than a certain time, accompanied by a certified check payable to the order of the city, for such amount as the resolution shall require, or a deposit of a like sum in money. Each bid shall state that the bidder agrees that if his or her bid is accepted and he or she fails to comply therewith within the time hereinafter specified, the check or deposit shall be forfeited to the city. If bids for a lease are called for, bidders shall bid the amount to be paid as the rent for each year of the term of the lease. If bids for a sale are called for, the bids shall state the price offered. The legislative authority of the city may reject any or all bids and accept any bid which it deems best. At the first meeting of the legislative authority of the city held after the expiration of the time fixed for receiving bids, or at some later meeting, the bids shall be considered. In order for the legislative authority to declare it advisable to accept any bid it shall be necessary for two-thirds of all the members elected to the legislative authority to vote in favor of a resolution making the declaration. If the resolution is adopted it shall be necessary, in order that the bid be accepted, to enact an ordinance accepting it and directing the execution of a lease or conveyance by the mayor and city clerk or other proper official. The ordinance shall not take effect until it has been submitted to the voters of the city for their approval or rejection at the next general election or at a special election called for that purpose, and a majority of the voters voting thereon have approved it. If approved it shall take effect as soon as the result of the vote is proclaimed by the mayor. If it is so submitted and fails of approval, it shall be rejected and annulled. The mayor shall proclaim the vote as soon as it is properly certified.

A strong preference will be given to firms that match the following:

- Bid price.
- Knowledge of the City’s utilities infrastructure and needs.
- Qualifications and reliability of the firm(s) natural gas background and experience.
- Long term rate projections and stability.
- Customer energy savings incentives and rebates.
- Familiarity and past compliance with WUTC and Federal Pipeline Safety Regulations.
- Firms that have facilities located within adequate emergency response distances
- Firms with Washington State Licensed Professional Engineers.

- Firms with a full complement of OQ qualified staff pursuant to 49 CFR subparts 192.801 through 192.809.
- Standard required insurances.
- Firms with a willingness and ability to absorb OQ Certified employees currently working for the City's Natural Gas System that would be displaced by a sale.
- Firms with the capability and willingness to expand the system into underutilized service areas.