

**Subject: Formal Solicitation Policy (Formerly
Competitive Bid Requests)**

No. P&C-01

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Purpose	The purpose of P&C-01 Formal Solicitation Policy (the “Policy”) is to provide corporate guidelines, establish responsibilities and to promote consistency across UNS Energy Corporation and its subsidiaries (the “ Company ”) to standardize the Formal Solicitation process when purchasing goods/materials and services, either by individual purchase, project or Annual Cumulative Spend.
Objective	The Formal Solicitation process promotes supplier competition and provides cost savings and the best overall value while maintaining appropriate quality standards in the procurement of goods/materials and services.
Applicability	Business Units must follow the Formal Solicitation process when requesting a Purchase Order where the dollar value meets or exceeds \$100,000 during a twelve month period. Business Units must also follow this process when purchasing goods/materials, professional services, and construction services where the dollar value is expected to meet or exceed \$100,000 for an individual purchase, project or Annual Cumulative Spend. Business Units may choose to competitively solicit projects and purchases under the \$100,000 threshold at their sole discretion. Exceptions to this requirement are permitted in the following instances: • Sole or Single Source Purchase • Emergency Purchase • Source selection responsibilities have been delegated to Business Unit
References	Procedure MAC-PR-27 Sole-Source or Single-Source Purchases Procedure MAC-PR-08 Emergency Purchase Procedure PRES-02 Signature Authority Procedure MAC-PR-07 Purchase Requisition P&C Formal Solicitation Process Documents located at https://inside.uns.com/intranet/publish/main/departments/p2p/Welcome_to_P2P.php
Definitions	“Annual Cumulative Spend” means Corporate Wide Spend with a supplier or in a goods/services category within a twelve month period. “Business Unit” means the UNS department or business team requesting the services. “Committee” means the group of individuals selected and responsible for reviewing and evaluating proposals in response to a Formal Solicitation. “Corporate Wide Spend” means spend across all UNS Energy Subsidiary Companies. “Formal Solicitation” means a bid, an invitation for bid, a request for quote, or a request for proposal that is issued by Procurement. “Procurement and Contracts (“P&C”)” means the Company’s Procurement and Contracts Departments. “Single/Sole Source Justification” means the Company designated form for requesting a single and/or sole source as required by Procedure MAC-PR-27.

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Formal Solicitation Process Requirements	Business Units will initiate the Formal Solicitation Process by submitting a requisition to P&C. In addition, the Business Unit must provide the following: • A description, specification, or statement of work of the good/materials or services required; • A minimum of three (3) suppliers that will be solicited (unless fewer are available); • Evaluation criteria; and • Additional information as needed depending on the type of Formal Solicitation. Business Units shall not issue individual purchase requisitions with the intent to avoid threshold requirements. If a purchase order is awarded in an amount less than \$100,000 without utilizing the Formal Solicitation Process, a Single/Sole Source Justification or emergency approval may be required to increase the dollar value of the purchase order beyond \$100,000. If a Single/Sole Source or emergency situation does not exist, P&C may require that the Formal Solicitation Process be followed for any future requirements.
Responsibilities	P&C is responsible for the following: • Facilitate and manage the Formal Solicitation Process; • Communicate and negotiate with the suppliers during the Formal Solicitation Process; • Analyze Corporate Wide Spend to identify opportunities to issue a Formal Solicitation for cumulative needs which may result in an exclusive or semi-exclusive contract that must be utilized company-wide or by designated Business Units. Exceptions to this requirement must be approved by P&C; and • Determine whether or not to proceed with the Formal Solicitation Process. Business Units are responsible for the following: • Work jointly with P&C when an opportunity to consolidate Corporate Wide Spend and obtain best value has been identified; • Work jointly with P&C during the Formal Solicitation Process; • Provide the technical needs, requirements, detailed statement of work, and/or specifications • Recommend suppliers; • Recommend evaluation Committee members (if applicable); and • Provide Formal Solicitation evaluation criteria.

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**Formal
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Invitation for Bid

An Invitation for Bid (IFB) is a Formal Solicitation type where evaluation is based on price and objective requirements identified in the IFB. The requesting Business Unit, or an individual with the appropriate expertise, evaluates the responses or bids to determine if they meet the requirements set forth in the IFB and recommends award to the lowest priced bidder meeting those requirements. Minor discrepancies can be resolved in the evaluation process. If the lowest priced bidder fails to meet the requirements, award is then made to the next lowest bidder who meets the IFB requirements.

Recommendation for award must be provided in a format approved by P&C. If awarding to a Supplier other than the lowest bidder, additional justification and approval may be required based on the dollar amount awarded and signature authority defined in PRES-02.

Request for Proposal

A Request for Proposal (RFP) is a Formal Solicitation type where evaluation is typically subjective. Evaluation criteria may include factors such as price, qualifications and experience, method of approach, and value added services. The RFP process may include negotiations, site visits, demonstrations, and interviews. Evaluation and award recommendation is conducted in accordance with the predetermined evaluation criteria stated in the RFP. Award can be made to a single supplier or multiple suppliers as stated in the RFP.

RFP evaluation can be conducted by a Committee or an individual with additional approval requirements as described below:

Committee Evaluation:

- Committee Members are selected by the Business Unit
- Committees are typically comprised of an odd number of voting members
- Committee members may be from the requesting Business Unit, other Business Units or individuals that have experience using the requested goods and/or services, or Business Units or individuals responsible for providing direct support
- Voting Committee member participation is required at all Committee meetings and will provide written scoring/rankings to recommend award.
- Non-voting or advisory Committee member participation is not mandatory.
- The Procurement Specialist who facilitates the process will not serve as a voting member.
- The Procurement Specialist will facilitate all negotiations on contract terms and conditions with Legal. Contract award may be impacted if terms and conditions cannot be successfully negotiated.

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Formal Solicitation Types (cont'd)	Individual Evaluation: The requesting Business Unit may select an individual evaluator in place of a Committee evaluation. If a Committee is not utilized to evaluate the RFP responses, then the recommending individual must provide a score sheet or ranking with their award decision and this decision must be approved by a Director or Executive with applicable signature authority per PRES-02.
Communication with Suppliers	All communication with suppliers during the Formal Solicitation Process must be disseminated through P&C. P&C shall coordinate with the Business Unit to assure that all suppliers are provided equal information, eliminating the possibility of one supplier gaining an advantage over the others. If any Business Unit representatives or Committee members are contacted by a supplier during the Formal Solicitation Process, they shall direct the supplier to P&C for all inquiries. All clarifications, date extensions, and negotiations must be managed by P&C. P&C shall communicate Formal Solicitation Process results to all suppliers, both successful and unsuccessful.
Confidentiality	All pricing, terms and conditions, or information obtained either in writing, by phone, via e-mail, or during verbal discussions during the Formal Solicitation Process are confidential. This confidentiality requirement extends after contract award and is addressed annually as part of the corporate employee code of conduct training.