

# **Public Utility District No.1 of Whatcom County**

## **Request for Proposals for Electric System Expansion Feasibility Study**

Public Utility District No.1 of Whatcom County (“Whatcom PUD” or “PUD”) is seeking a qualified person or firm to contract for consulting services regarding possible expansion of the PUD’s electric system (both facilities & services) . The deadline for submittal of a proposal in response to the RFP is **3:00 P.M. (PDT) July 22, 2022**.

### **Submit Proposal To:**

Public Utility District No.1 of Whatcom County  
c/o Chris Heimgartner, General Manager  
P.O. Box 2308  
1705 Trigg Road  
Ferndale, WA 98248  
360-384-4288 ext.19

### **Purpose of Study:**

The main purpose of the Electric System Expansion Feasibility Study (the “Study”) to be conducted is to provide information and guidance to Whatcom PUD on various option(s) for expanding the PUD’s electric facilities and services within Whatcom County, Washington. The individual or firm selected will assist the PUD in determining which, if any, of the expansion options identified are feasible for the PUD to implement.

## Background:

Whatcom PUD was formed by a vote of the people of Whatcom County in 1937. The results of this vote provided the PUD with legal authority to construct facilities and provide electric and water services throughout Whatcom County. World War II interrupted plans to implement the authorities granted to the PUD. Over a decade later during 1952, the PUD constructed its first electric facilities and began providing retail electric service to its first customer, a new oil refinery. The refinery was built on land, which in later years became part of the Cherry Point Heavy Industrial zone. To enable its initial electric service, the PUD constructed a high voltage (“115 kV”) transmission line extending from a Bonneville Power Administration (“BPA”) substation east of Bellingham to Cherry Point. The PUD also constructed a 115 kV stepdown substation to provide load service to the refinery.

It wasn’t until 1965 that Whatcom PUD constructed its first water facilities and began providing retail industrial non-potable water service to its first customer, a new aluminum smelter. Like the refinery, this plant was also sited within the Cherry Point industrial area. To enable water service, the PUD constructed a water treatment plant near downtown Ferndale and extended a 24” water transmission line to supply the plant.

In the mid 1990’s, Whatcom PUD initiated potable water and fire flow services through acquisition of a privately developed light industrial park in the Grandview area northwest of Ferndale. The PUD’s Grandview Water System has acquired several new connections over the intervening years.

Whatcom PUD water infrastructure and attendant services, both industrial and potable, have expanded over the years. However, the electric system has remained relatively static with no organic growth in its customer base. The refinery, which has changed corporate ownership over the years, remains the PUD’s only retail electric customer.

The only expansion of Whatcom PUD’s electric facilities occurred more recently in the 2000’s. The expansion was due to the PUD’s purchase of two 115 kV substations previously owned by the local investor owned utility (“IOU”). Each substation served one of the PUD’s water treatment plants. In order to transition the PUD’s Ferndale plant’s electric load to the PUD’s electric system, the PUD constructed a new 115 kV transmission line to feed the substation. The other substation is still connected to the serving IOU’s transmission system.

For the remainder of Whatcom County, electric service is provided by the IOU mentioned above and two small municipal utilities, the Cities of Blaine and Sumas. In addition, BPA has high voltage (230 kV) transmission lines extending into Cherry Point and a high voltage substation that historically has served the aluminum smelter, most recently owned by Alcoa.

Although Whatcom PUD has full authority to provide power supply and associated electric services throughout Whatcom County, its electric system has been built out to serve three discrete industrial loads. One is the oil refinery and the other two are PUD owned water treatment plants. The major portion of the PUD’s electric system infrastructure has been built to support electric and water services within the Cherry Point Heavy Industrial Zone. Determining feasible options for expanding the PUD’s electric system footprint within the County is the focus of the proposed Study.

Rapid evolutionary changes within the electric utility industry; new individuals elected to Whatcom PUD's governing Commission; changes in PUD staffing; and other forces at work within the County as a whole have prompted the PUD to examine whether or not to pursue expansion of electrical facilities and services beyond the PUD's existing electric system footprint.

Other governmental entities bodies within the County are also looking at this issue. Both Whatcom County's *Climate Impacts Plan* and the City of Bellingham's *Climate Action Task Force Final Report* have recommended that public power expansion feasibility studies be conducted. Informed by the County's and City's efforts, Whatcom PUD's Commission and staff are seeking the services of a consultant to assist the PUD in this examination.

***More information on Whatcom PUD is available on the PUD's website at [www.pudwhatcom.org](http://www.pudwhatcom.org)***

## **Scope of Services:**

Whatcom PUD is seeking proposals from qualified individuals or firms for the provision of consulting services related to the following seven major tasks. These tasks comprise the core elements of the

Electric System Expansion Options Feasibility Study (the "Study"), which is a deliverable. The tasks to be undertaken are:

- 1. Assessment of the value of the incumbent IOU's electric system assets in the County.**

The assets of the IOU currently providing electric service to the majority of County's residents should be valued separately by classification: distribution, transmission, generation, and operations support facilities. Also, logical groupings of facilities, based on apparent seams in the distribution and function of assets (i.e. transmission, distribution, and substations) should be examined. For example is there a logical break between urban and rural facilities.

- 2. Assessment of the PUD's financial needs and capabilities required to support the transition period through the expansion phase.**

Whatcom PUD will need to fund the work of the expansion transition teams themselves, but will also need to capitalize any expanded electric utility. The assessment should identify the approximate magnitude and likely sources of funding for both types of financial requirements. The analysis should include long term financial projections, including debt repayment on any borrowings. Funding mechanisms identified should not impact existing PUD customers.

**3. Assessment of the PUD's organizational needs and capabilities required through the expansion phase.**

Successful transition through a system expansion period will require fundamental changes in the support systems Whatcom PUD uses today. It is very likely that the PUD will need to integrate a new Enterprise Resource Planning System (ERP). Asset data will need to be migrated into this ERP as well as a capable GIS. The existing SCADA system will likewise need to be upgraded, expanded and integrated with the PUD's current IT structure. Customer Service, as a function, will have to be developed and launched. This will potentially include call center and payment window functions. People will need to be recruited, trained, and located, driving needs in payroll, HR, IT, and facilities. The proposal should be able to assess and address these needs.

**4. Identification and description of the technical, financial, legal, and other teams of experts that may be required to assist the PUD through the transition period.**

If an expansion is undertaken, teams of external experts may be needed to assist during the transition period. A legal team, accounting team, IT team, public communications, public relations, and possibly management team may be needed for various segments of the expansion. The proposal should address the timing, size and staffing requirements of each team, as well as a budgetary cost estimate for the team.

**5. Description of the staffing and organizational structure the PUD would need to operate successfully after the expansion is completed.**

If an expansion is undertaken, at some future date (Day 1) the expanded electric utility will be open for business. The study report should include a proposed organizational structure and staffing recommendation for that day.

**6. Identification of electric system expansion options based on the assessments conducted and information acquired.**

Based on the assessments conducted and information gathered describe any feasible options for Whatcom PUD to expand its electric system and services. The criteria by which the consultant determines "feasibility" should also be included.

Should none of the options examined prove feasible based on the criteria, then Consultant shall state that in the Study Report.

## **7. Projected Impacts to Whatcom County Due to Electric System Expansion**

If this transition were to happen—what would the impact be on Whatcom County from an economic, employment, and carbon perspective? What other benefits would the County reap from owning our poles and wires (would fiber costs decrease?) What would the benefits of having more local control over our electricity system provide the County? What would the projected downsides be?

## **8. Additional Tasks? (What has the PUD Missed)**

In addition to a description of how the Consultant proposes to address the seven major tasks above, the Consultant should propose any other additional tasks not listed in the RFP, which from the Consultant's perspective are necessary to evaluate and implement any expansion options.

## **Proposal Submittal Requirements:**

Proposals submitted by qualified individuals and firms should be structured with eight sections, as listed below. The proposal package should consist of a cover letter and the proposal itself (Sections A through H below). Proposal sections A thru E should not exceed 25 pages in total. The length of Sections F thru H will be at the discretion of the proposer.

Note: Members of the team that will perform the consulting services should be identified in Section 2, including each of the team members' roles and responsibilities. The proposer may choose to sub-contract some of the tasks, if the proposer does not have the capacity in house to fulfil them. Any third party to be retained by the prime proposer, must be identified and the third party's qualifications must be included.

- A. Executive Summary**
- B. Consulting Team**
- C. Approach to Accomplishing Scope of Services (8 Tasks)**
- D. Proposed Budget for Scope of Services**
- E. Timeline/Milestones**
- F. Examples of Similar Consulting Assignments**
- G. Qualifications and Experience of Team**
- H. List of Professional References**

## Evaluation Criteria:

The following will be considered by Whatcom PUD in evaluating each proposal. These criteria are not ranked in any order nor are they weighted:

- Completeness of response to the RFP requirements
- Experience with similar scope of services and resulting studies
- Creativity of the approach
- Demonstrated knowledge/experience with similar studies
- Demonstrated experience working with public agencies and/or utilities
- References appropriate to supporting the consulting services requested
- Cost estimate for the services to be performed

Whatcom PUD, at its sole discretion, will determine which proposal, if any, best fits the PUD's needs. If one is selected, the PUD will then negotiate a contract to perform the work with the successful proposer. Whatcom PUD's Commission will have final approval with regard to the contract.

Whatcom PUD reserves the right to not select any of the proposals nor proceed to contract negotiations.

## General Information

- 1) Whatcom PUD, as an Equal Opportunity Employer, requires all consultants to affirm that they do not discriminate against individuals or firms because of their race, color, marital status, age, sex, national origin, handicap, creed or sexual orientation.
- 2) All proposals submitted become public information and may be reviewed by anyone requesting to do so at the conclusion of the evaluation process.
- 3) All proposals received by the PUD in response to this RFP shall remain valid for ninety (90) days from the date of submittal.
- 4) Whatcom PUD reserves the right to reject any and all proposals and to waive minor irregularities in the proposal process. Further, the PUD may accept any proposal if such action is deemed to be in the best interest of the PUD.
- 5) Whatcom PUD is not liable for any cost incurred by the proposer prior to execution of the PUD's Standard Agreement for Professional Consulting Services.
- 6) The Agreement executed between the successful proposer and Whatcom PUD shall include all documents mutually entered into specifically including the contract instrument, the RFP, and the response to the RFP.
- 7) The prime consultant shall be required to assume the responsibility for all services offered in the proposal whether or not directly performed by the prime consultant. Further, any sub-contractors to be retained by the prime consultant shall be identified in

the initial proposal and agreed to by Whatcom PUD prior to execution of the Standard Agreement for Professional Consulting Services.

- 8) The prime consultant will be the single point of contact with regard to any contractual matters arising during the course of the work.

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