

Policy Name: Purchasing Policy

Policy Number: F-2

Policy Monitor: Chief Financial Officer

Policy Approver: Senior Leadership Team

Approval Date: March 12, 2019

Purpose

The Corporation has a purchasing policy to ensure that when purchasing goods and services the best value for the Corporation's customers and shareholders has been obtained while prioritizing northern suppliers, where possible, to support northern businesses, workers, and the economy.

Policy Statement

When the Corporation purchases goods and services, it will obtain the best value for its customers and shareholders. In this pursuit, the Corporation acknowledges the inter-relationship between its northern suppliers and its customers, and gives preference to these suppliers by way of this purchasing policy in order to support northern businesses, workers, and the economy. The Corporation believes its purchasing practices have a direct influence on its public image.

Guidelines

1. General

The Corporation will observe the highest standards in its commercial dealings to stand the test of public scrutiny, including:

- a. The Corporation will ensure that goods and services are procured at the best value to the Corporation;
- b. The Corporation will ensure that suppliers are treated fairly and equitably;
- c. The Corporation may develop supplier partnerships that are of long-term value to the Corporation; and
- d. The Corporation will ensure that Policy F-1 Signing Authority is adhered to.

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2. Competitive Bidding

a. Competitive bidding is preferred in all other contracts exceeding \$10,000.

Purchase Value	Policy Application
0 - \$10,000	Competitive bids <u>not</u> required; buyer “judgement”.
\$10,000 - \$100,000	Written competitive bids required. Invitational quotes (minimum 3 suppliers) <u>or</u> public tender.
> \$100,000	Written competitive bids required. Public tender, unless invitational tender approved by President & CEO, Chief Financial Officer, or Chief Technical Officer, Asset Management & Engineering up to their signing authority.

3. Non-Competitive Bidding

a. The Corporation may award a sole source contract if, in its opinion:

- i. The work to be undertaken is an emergency or is urgently required and delay would be injurious to the public interest;
- ii. Only one business is available and capable of undertaking the work due to:
 1. The work is of a proprietary nature;
 2. The work is quite unusual;
 3. A legal cooperative agreement exists with the contractor;
 4. Geographic limits on the availability of materials, and supplies used (e.g. construction/repair of roads);

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5. To maintain security or order or to protect human, animal or plant life or health;
 6. Prototype, experiment or original development;
 7. Statutory Monopoly;
 8. An absence of competition (only one business available and capable);
 9. Compatibility, copyright or patent rights (or to maintain manufacturer's warranty),
- iii. The work is for consulting services not exceeding \$25,000.
- b. The Corporation may extend a sole source contract for a maximum of 3 years. After the third year the contract must be Publicly Tendered.
 - c. The Corporation may sole source legal or regulatory consulting work. There are no time constraints associated with the use of a single vendor for this work.

4. Northern Preference

- a. To support NTPC customers, northern suppliers will receive a 10% preference on the purchase price of goods, materials and "northern content" of tender bids.
- b. To encourage the use of the northern workforce and northern suppliers, non-northern contractors are eligible to receive a 10% preference for the "northern content" of tender bids.
- c. In the application of a) and b), bids will be reduced by the amount of the preference for evaluation purposes. The maximum dollar adjustment is \$250,000.
- d. Diesel/gas generating sets, fuels and lubricants are exempt from northern preference.
- e. The Corporation may remove contractors from the northern preference eligibility

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list for non-compliance with contract provisions.

- f. In northern communities where there are three or more qualified local contractors for work estimated at less than \$100,000, the Corporation will invite only the local contractors to bid on the work. If there is only one qualified local contractor in the community, the Corporation will invite the local contractor as well as at least two other qualified contractors.

Roles and Responsibilities

- All employees and managers** are responsible for understanding and implementing this policy within the context of their job responsibilities.
- The **Finance Division** is responsible for ensuring the Corporation's procurement and contract processes are consistent with this policy.
- Directors** are responsible for ensuring employees and management are adhering to this policy.
- The **Chief Financial Officer** is responsible for bringing any issues or concerns regarding this policy forward to the President & CEO.

Definitions

- Customer:** Any business or individual that either directly or indirectly purchases their energy requirements from the NWT Power Corporation.
- Local Contractor:** A contractor whose main place of business is the community in which the work is to be performed.
- Northern Business:** A business that complies with the legal requirements to carry on business in the NWT and is physically located in the NWT.
- Northern Content:** The portion of the contract (i.e., travel, transportation, labour, equipment rental, and materials) that will be purchased in the NWT from any northern business or supplier.

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- **Northern Supplier:** A northern business that is a supplier of goods and services to which the general public has access, and from which the general public can purchase directly from a “representative” inventory of items offered for sale. The supplier must also:
 - Operate from a bona fide place of business;
 - Have a business sign and hours of operation posted in view of the general public;
 - Have employees on the premises that provide customer service;
 - Have office equipment in order to conduct business; and
 - Be a customer of the Corporation.

Policy History

Date	Revision #	Description of Change
January 16, 2019	5	Increase Competitive Bidding minimum to \$10,000.
April 07, 2017	4	No changes
January 13, 2017	3	Revisions to policy
November 29, 2013	2	Reformatted to new policy template and general revisions for clarity.
February 17, 2005	1	
July 18, 2002	-	Original policy