

Distribution Underground (DUct) Construction

Final Engagement Conference Call – May 15, 2018

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Introductions

Welcome the audience – Welcome to everyone on the call. We are excited to share the updated contract strategy for distribution underground construction work at BC Hydro. We would like to express our sincere thank you for your efforts and collaboration with us throughout the last 5 months.

Introductions - My name is Philippa Smith and I am the Senior Manager responsible for Civil Underground Construction Services at BC Hydro. In addition, joining me for this call are Caley Erskine and Christina Cassidy

Review Agenda –Our agenda today will begin with a brief review of the Contractor engagement efforts undertaken thus far and then we will move to the purpose and objectives of this call.

We will then present the contract strategy enhancements and/or changes that have been developed based on your feedback from engagement sessions conducted across the province and follow-up conference calls dedicated to the future DUCT unit list

Due to the volume of participants on this call, we will not be holding an open Question & Answer period, but encourage you to email cucinfo@bchydro.com with any questions you may have related to the content you hear from us today.

Please note that the topics we will be discussing today are still under development; We are getting closer to our final version, but details pertaining to the contract strategy and upcoming RFP have not been finalized. The information provided today is intended to give general insight, but there may still be some differences when you see the RFP document.

Review of Engagement Efforts

Since December, we have been travelling around the province and hosted in-person engagement sessions in Victoria, Vancouver, Kamloops, Vernon and Prince George. We have also hosted two conference calls in which we obtained additional feedback specifically on the anticipated unit list.

These events were meant to introduce the Contractor community to key elements of BC Hydro's direction & contract strategy and initiate open, meaningful, dialogue that would help us better understand the Contractor community's driving factors and your needs. By doing so and gaining your feedback we have been able to validate our overall strategy and further enhance the distribution underground construction, or DUCt, contract strategy by incorporating relevant opportunities identified by you, the Contractors.

I will now outline the Purpose and Objectives of today's call:

There are 2 purposes for today's call. We want to provide the Contractor community with;

1. Insight into some of the adjustments made to the unit list and other changes anticipated based on the feedback we heard from contractor engagement events, and,
2. to provide information about the next steps for the upcoming RFP.

Our objective is to ensure that the contracting community

- Has the opportunity to see where their time and feedback has been incorporated in order to provide for better working relationships in the future and
- Is clear on next steps for the anticipated RFP.

Strategy Enhancements

I will now go through a number of areas of our contracting strategy that have been updated or enhanced. The areas I will speak to were heard in almost all of the provincial in-person engagement events and so we spent a great deal of time considering them when we were determining how to improve our strategy for the future.

Forecasting

- Due to the nature of how distribution underground work has been managed at BC Hydro in the past, there has not been a high level of consistency in how the work has been processed which makes it difficult to develop a forecast for future demand with good data.
- However, based on a resounding request from our Contractor community the DUCt team has put in a great deal of effort over the last few months to develop a demand forecast we believe will act as an indication of how much work and what types of work will be required over the lifecycle of the new contract beginning April 1st 2019. We will provide a forecast with enough information in the RFP to represent expected volumes
- We would like to stress, however, that due to the data concerns previously mentioned, the demand forecast that will accompany the RFP is an indication only, and contractors should expect that work may increase or decrease slightly based on impacts such as BC Hydro future budgets and unpredictable customer demand.

Regions

- The DUCT team heard feedback regarding our anticipated provincial working regions and their boundaries. Based on this feedback, the team has been working on better defining the regional boundaries to ensure dedicated regions are clear and do not overlap. This review has also

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prompted the decision to add **one more dedicated region to our model**. Fort St John will be the new region, which was previously considered an 'on-call' or pre-qualified region. This means that the upcoming RFP will include 12 dedicated regions instead of the 11 we originally presented to the contractor community in the engagement events.

- We have determined that the muster points of each region will be the BC Hydro district offices in those regions. For regions that encompass more than one regional office, such as the Thompson, it is still to be determined which office will be the designated muster point; however this will be identified in the RFP.

QA/QC

- During the engagement sessions we heard that contractors want to have a clear understanding of our Quality Assurance expectations outlined in the RFP.
- We are currently working on the language to make our expectations clear.
- However, we can tell you today that the construction quality expectations align with the ES54 Engineered standards for BC Hydro underground distribution construction and the
- Class of Work Specifications. This information is available to the public at BC Hydro.com.
 - A document to assist navigating the BC Hydro webpage to find this information will be made available on BC Bid after this call, along with other pertinent documentation

Safety

- Safety was one of the key topics during the engagement sessions. We shared with you that BCH is committed to working with contractors that place the same importance on a strong safety culture as we do. We want our contractors to be knowledgeable, aware and proactive in the safe execution of work for them and their sub-contractors.
- The feedback we received suggests that this expectation is shared with the contractors we spoke to.
- We are looking forward to working with contractors who hold safety to the highest degree, who are COR certified, and have their own Safe Work Observation Program including Confined Space and Hazardous Materials safety procedures.
- In terms of evaluating COR certification, we expect Contractors who are currently COR certified to be given a higher level of scoring than those who still intend to become COR certified. However, we do not want to discourage those contractors who still intend to become COR certified as there will be many dimensions to the evaluation process which will enable those contractors to successfully compete in this RFP. (Note that, at a minimum, Contractors will be required to demonstrate that COR registration has been requested).
- We are looking for Contractors that are willing to grow, and we will foster that growth.

Administrative processes

- In our next contract, BC Hydro will be implementing more streamlined internal administrative processes that are expected to improve efficiencies for Contractors, including a single point of contact for work issues and more prompt payment processing.
- In turn, BCH expects our contractors to invest accordingly to ensure their administrative needs are actioned in a timely and efficient manner. Although we cannot confirm this detail as of yet, we are considering incorporating these administrative processes as Key Performance Indicator measures to ensure performance transparency and enable a strong relationship.

Units

- The feedback we received on the unit list was useful. The majority of the feedback reinforced that the units we have described are for the most part complete. However, we did receive comments asking us to consider,
 - clarity on which items should be included in overhead for each unit
 - providing examples of estimated historical volumes of units per region for contractors to understand what the most common units are
 - how to address the supply of aggregate materials in remote regions
 - work impacts of cold weather in the Southern and Northern Interior areas, and
 - expanding on the details regarding variable units to ensure they application is clear.
- Again these pieces of feedback were invaluable to us and we cannot relay how much your thoughts and feedback were appreciated. We have incorporated suggestions that are practical and that align with the strategy direction, but we want to be transparent with contractors that we have not incorporated all the suggestions provided.
- We will be providing a more up-to-date copy of the unit list in our follow-up BC Bid posting in order to give interested contractors an opportunity to review and prepare to bid on the unit list once the RFP is released in the fall. Please note, there are still potential changes to this list, but we feel we are at approximately 95% completion.

Indigenous Relations

- BC Hydro is strongly committed to working with Indigenous groups around the province. Aligning to this commitment the DUCt team is working closely with the BC Hydro's internal Indigenous Relations (IR) team to determine future opportunities for First Nations (FN) companies and/or Partnerships through the upcoming RFP.
- It has been through these efforts that the DUCt and BC Hydro Indigenous Relations teams have determined that a portion of the overall spend for this contract will be put aside to be awarded to qualified FN companies and/or Partnerships.
- The objective of this approach is to identify a reasonable level of work to put aside for First Nations groups while maintaining a volume of work that appeals to civil contractors.
- We are very excited to be able to support and progress BC Hydro's relationship with our First Nations communities and look forward to working with them and continuously improving our operations together.

General

- There were other specific questions asked in our engagement sessions which we have not addressed here and are still working on. For example, issues pertaining to permits will be addressed in the RFP.

Next Steps

- A summary of this call will be posted to BC Bid in the following weeks. This posting will also include additional reference materials related to our engagement efforts such as a copy of the power point presentation from the engagement events, summaries of discussions & conference calls, relevant standards & an updated unit list. Again, this material is for information only and should not be considered final.
- Now that we have validated our contracting strategy with the civil contractor community, we will move our focus to finalizing the details of our expected qualifications for the DUCt work and finish writing the RFP.

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- We are expecting to release the RFP to market in September of this year, as we heard from the general Contracting Community that releasing the RFP in June was not the optimal time for many groups. We are planning to host an additional conference call in August which will provide more details.
- In addition to focusing on the qualification and RFP finalization, we will also be taking a closer look at our Evaluation process which will take place during October – December, specifically to determine what types of communications we will be able to have with the contracting community regarding progress pertaining to the evaluation.
- After all evaluations and negotiations have been completed as required, we will expect the regional contracts to be awarded by February 2019

Meeting Close

- I would like to once again thank everyone for attending our Distribution Underground Construction Engagement events and for providing your feedback throughout this process.
- As a reminder, the RFP document itself will be the single source of truth that will override any preliminary information that is shared today or at any time before the RFP is posted on BC Bid
- If you have any outstanding questions, we encourage you to email cucinfo@bchydro.com and we will respond accordingly.
- That concludes our call today.

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