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§ 685.1 Utility contract and procurement procedures

(a) Every telephone and telegraph corporation subject to the jurisdiction of this commission with annual gross operating revenues in excess of \$ 2,000,000 shall file with this commission three copies of its procedures which govern the contracting for and procurement of services, equipment or materials to be used in its utility operations. These statements shall:

(1) Describe the circumstances in which cost estimates will be prepared and the procedures for awarding a contract which exceeds such an estimate. Such estimates, when prepared:

(i) Shall be related to market conditions and trends as well as the utility's own experience; and

(ii) Where competitive bidding is employed, shall remain confidential until after the bids are opened.

(2) Where competitive bidding is employed, specify the procedures used in preparing and maintaining lists of qualified bidders by geographical area, type of material or service provided, and degree of capability, including:

(i) The criteria used for including or excluding bidders;

(ii) A description of the circumstances in which all bidders on such a list will not be solicited in instances where the utility uses competitive bidding; and

(iii) A provision that in the absence of such a list, all requests to be allowed to bid, which are not honored, shall be reviewed within the utility.

(3) Where competitive bidding is employed, specify the procedure to be employed to insure that sealed bids are opened at the time and place specified.

(4) Specify the procedure employed in making awards in the absence of bids, or, where competitive bidding is employed, to a person other than the low bidder.

(5) Specify the procedures employed in reviewing contract expenditures, relating such expenditures to any cost estimate, the amount of the award and existing market conditions.

(6) Include a requirement for disclosure to the utility of any ownership or beneficial interest in potential suppliers by employees involved in specifying or procuring services, equipment and materials; and shall provide that no employee in the purchasing department nor anyone with authority to review or approve a purchasing decision shall have such an interest except in accordance with such rules as the utility may develop and file with this commission.

§ 685.2 Filing of changes in procedures

Each such telephone and telegraph corporation shall file with this commission any change in these procedures at least 30 days before they are to be effective, unless otherwise authorized by this commission.