



## Request for Proposals Hallsville Natural Gas Project

American Electric Power Service Corporation (“AEPSC” or “Company”), as agent for Southwestern Electric Power Company (“SWEPCO”), is soliciting proposals to construct, operate and maintain a natural gas pipeline lateral and associated facilities to the Hallsville Natural Gas Project (“Plant”) located in Hallsville, Texas. These facilities will be utilized to supply the Plant with natural gas as the primary fuel source.

It is the Company’s objective to obtain a reliable supply of natural gas for the project beginning on its Commercial Operation Date (“COD”) estimated to be December 1, 2027. Fuel for testing must be available at the Plant site prior to the COD. All construction and/or interconnection activities should be completed with sufficient time to provide intermittent startup and fuel for testing beginning approximately August 1, 2027.

### 1) RFP SCHEDULE

Proposals should be submitted to the Company via e-mail no later than 5:00 p.m. Eastern Standard Time (“EST”) on November 20, 2024. Proposals should be emailed to [aepfuelsrfp@aep.com](mailto:aepfuelsrfp@aep.com). All RFP communication with the Company shall be directed to the RFP Representative:

Clint Stutler  
[cmstutler@aep.com](mailto:cmstutler@aep.com)

Below is a tentative schedule for the RFP process. Notification to bidders will occur if changes to the schedule are required.

Issue Draft RFP	September 19, 2024
Notice to AEPSC of Intent to Bid	October 2, 2024
Submission of Credit Requirements	October 2, 2024
Issue Final RFP	October 16, 2024
Submission of Bids	November 20, 2024
Clarification of Bids	November 20, 2024 – January 10, 2025
Bid Selection	January 15, 2025



## 2) SCOPE OF WORK

The Company is soliciting responses for the following design scenario:

- Maximum Consumption: 126,600 MMBtu per day (5,275 MMBtu per hour)
- Minimum Consumption: 29,800 MMBtu per day (1,242 MMBtu per hour)
- Minimum Delivery Pressure: 500 psig
- Maximum Delivery Pressure: 700 psig
- Pipeline MAOP: 720 psig

The design scenario described above is detailed in the *Hallsville Natural Gas Project – Gas Pipeline RFP Specification Extent of Work* (Appendix A).

## PROGRESS AND REPORTING

Bidder will be required to prepare and submit to Company, monthly progress reports, describing the status of all on going activities, and an update to the proposed Project and Construction Schedule submitted. The reports shall include significant events or changes, detail of delays, and major activities to be performed in the next month.

## 3) BIDDER'S REQUIREMENTS

- Submittal of Credit Information (see Section 4).
- Proposal inclusive of all Content Requirements (see Section 7).
- Timely Submission of Bids. It is the bidder's responsibility to submit all requested material by the deadlines specified in this RFP.

## 4) CREDIT INFORMATION

Bidders shall provide the following credit information by October 2, 2024:

1. The most recently published senior, unsecured, unenhanced, long-term debt rating (or corporate issuer rating if an unsecured, unenhanced long-term debt rating is unavailable) from S&P or Moody's Investor Services.
2. If a Credit Rating is not available for the Bidder or its Guarantor, the Bidder or its Guarantor may submit their previous three years of audited financial statements for review. Financial statements shall mean audited Balance Sheet, Income Statement, Cash Flow Statement, and accompanying notes.

## 5) COMPENSATION / RATE STRUCTURE

The Company is soliciting proposals in which all costs and fees related to the construction of the interconnect and/or delivery facilities are borne by the bidder. The capital cost is to be recovered over a 10-year term, beginning with the expected COD of the Plant ("Initial Term"). The proposal should include the cost to construct, own, operate and maintain the interconnect and/or delivery facilities over the Initial Term of the contract. Furthermore, and also incorporated



within the 10-year term, the proposal should include the rate for firm transportation capacity. The interconnect and construction cost portion of the rate should be provided separately from the firm transportation portion of the rate. All costs should be expressed as dollars per MMBtu. Please see Example 1 below:

**Example 1**

<b>Rate Breakdown</b>	<b>\$ Per MMBtu</b>
Interconnect	\$0.05
Firm Transportation	\$0.20
<b>Total Rate</b>	<b>\$0.25</b>

In this example, the bidder has provided a total rate of \$0.25 per MMBtu.

For the required 126,600 MMBtu of capacity, the total monthly payment will equal \$962,688 [(\$0.25 per MMBtu \* 126,600 MMBtu \* 365) / 12].

Although the Company will not own the pipeline and associated facilities, the Company reserves the right to review and approve engineering drawings for pipeline and associated facilities to be installed on SWEPCO property as well as review and approve the procedures for any operational release of gas (e.g., pigging process and/or cleaning blows).

**6) REGULATORY FILINGS**

SWEPCO desires to obtain regulatory approval to complete this project. It may be unavoidable for the parties to execute a Precedent Agreement, where the successful bidder will be limited to only performing work required to support any permitting and/or regulatory approvals, engineering, and right of way identification needed to construct the lateral pipeline. In line with a Precedent Agreement, the Company would require that major procurement and construction work not occur until such final Commission approval has been received by SWEPCO and any Firm Transportation Service Agreement would be contingent upon SWEPCO receiving such approval. At that time, the parties would agree to terminate the Precedent Agreement and enter into a Service Agreement. The Company will keep open communications with the successful bidder regarding the status of such approval throughout the process and notify the successful bidder once final approval has been granted.

**7) PROPOSAL CONTENT REQUIREMENTS**

AEPSC expects bidders to furnish any information that could impact the cost, construction schedule, reliability, or capability of the project. If it appears that certain information is inadvertently omitted from a proposal, AEPSC may contact the bidder to obtain the information.

Proposals must include the following topics:

**Executive Summary:** Provide an executive summary of the bid's characteristics and

timeline, including any unique aspects and benefits.

**Bidder's Information:** Bidders must provide the name of the company, its address, and any company representative(s) (name, phone number and email address).

**Compensation / Rate Structure:** See Section 5.

**Project and Construction Schedule:** Schedules must include major milestones such as expected receipt of all regulatory approvals, completion of engineering design, procurement of construction materials, major construction activities, availability for testing, and the Commercial Operation Date, etc.

**Quarterly Pre-Service Cost Estimate Template (Appendix B)** – If a Precedent Agreement is required, Appendix B is a proposed template that the bidder would complete prior to capital being disbursed. This will ensure the Company is aware of potential pre-service cost exposure if the required Commission approval is not granted.

## **8) RFP REFERENCE DOCUMENTS**

In addition to the information provided herein, the following are included as appendices to this document:

- Appendix A: Gas Pipeline RFP Specification
  - Attachment A1 – M&R Yard Process Flow Diagram
  - Attachment A2 – M&R Yard Location Plan
- Appendix B: Quarterly Pre-Service Cost Estimate Template
  - If Precedent Agreement is required
- Appendix C: Safety Requirements and General Terms & Conditions
  - Appendix C Attachment 1: Safety and Health Requirements (12/18/2020 Rev. 0.1)
  - Appendix C Attachment 2: Natural Gas Venting, Purging, Inerting Procedure (02-01-13)
  - Appendix C Attachment 3: PWHA Form (dated 09/17/2024)
  - Appendix C Attachment 4: GEK 110843G – Cleanliness Requirements for Power Plant Installation, Commissioning, and Maintenance

## **9) BID EVALUATION AND SELECTION PROCEDURES**

The objective of the AEPSC bid evaluation is to identify the proposal or proposals which best meet the needs identified in this solicitation. The evaluation process will include an assessment of both economic and non-economic criteria. Non-economic factors will be assessed through a due diligence process that will gauge the relative risks and benefits of the proposal. For example, hourly shaping will be an important aspect of service for the Plant. SPP is likely to increase requirements during peak hours and reduce requirements during off-



peak hours. **Bidders should include permissible hourly shaping in their proposal, which will be incorporated into the eventual Firm Transportation Service Agreement.**

The information provided in each initial bid will first be evaluated for completeness and consistency with the proposal content and bid requirements outlined in this RFP. As a result of this screening review, AEPSC will eliminate bids that do not meet the requirements described in this RFP from further consideration. AEPSC will limit follow up contacts to clarify bids or request additional information only to those bids that meet the requirements described in this RFP.

Once bids have been evaluated for completeness, preliminary due diligence will be conducted at this stage to identify any flaws associated with the bid that are unacceptable to AEPSC. As a result of this screening, AEPSC may either eliminate bids from further consideration, or contact bidders to clarify information or request additional material.

The Company has no obligation to accept any proposal, and the Company may reject any proposal for any reason at any time in its sole judgment and discretion. The Company has no obligation to disclose the reason or reasons for rejection. AEPSC reserves the right to solicit additional proposals and the right to submit additional information requests to bidders during the bid evaluation process.

#### **10) POST-BID NEGOTIATIONS AND AWARDED OF CONTRACT**

AEPSC may request additional information regarding factors that could impact the total cost and/or schedule of the project in order to periodically reevaluate the Company's economic and risk exposure until such time as AEPSC and the bidder execute an acceptable agreement.

Neither AEPSC nor its affiliates are obligated to enter into a definitive agreement with any bidder responding to this RFP and may terminate or modify this RFP at any time without liability or obligation to any respondent. AEPSC also reserves the right to negotiate with only those bidders who propose transactions that AEPSC believes offer the best combination of value to SWEPCO and their customers.

For further information, please contact the Company representative:

Clint Stutler  
American Electric Power Service Corporation  
1 Riverside Plaza, 14<sup>th</sup> Floor  
Columbus, OH 43215  
Phone: 614.395.3562  
E-mail: [cmstutler@aep.com](mailto:cmstutler@aep.com)



## Appendix A: Gas Pipeline RFP Specification See Separate Attachments:

- Appendix A: Gas Pipeline RFP Specification
- Appendix A Attachment 1: M&R Yard Process Flow Diagram (*165528SKMF0001*)
- Appendix A Attachment 2: M&R Yard Location Plan (*165528SKMP0001*)



## Appendix B: Quarterly Pre-Service Cost Estimate Template

Bid Item	Description	QX XXXX	QX XXXX	QX XXXX	QX XXXX
1	Estimated cost of acquiring all required regulatory approvals and permits.				
2	Estimated cost of Engineering and Design.				
3	Estimated cost of Environmental Impact Study.				
4	Estimated cost of Identifying and Acquiring Rights of Ways.				
5	Estimated Material Costs.				
6	Estimated Installation and Labor Costs.				
7	Other Estimated Costs.				

\*\*If a Precedent Agreement is required, the Company would be agreeable to discuss alternative templates or ways to communicate cost estimates.



## Appendix C: Safety Requirements and General Terms & Conditions

See Separate Attachments:

- Appendix C Attachment 1: AEP Safety and Health Requirements Supplemental Terms and Conditions, 12/18/2020 Rev. 01
- Appendix C Attachment 2: Natural Gas Venting, Purging, Inerting Procedure, 02/01/13
- Appendix C Attachment 3: PWHA Hallsville Gas Line Supply, 09/17/2024
- Appendix C Attachment 4: GEK 110843G – Cleanliness Requirements for Power Plant Installation, Commissioning and Maintenance

Safety requirements outlined in the above-mentioned attachments only apply to work performed on AEP/SWEPCO owned property.