**REQUEST FOR PROPOSALS**

**BEREA MUNICIPAL UTILITIES ELECTRIC UTILITY RATE DESIGN, RATE CLASSIFICATION, AND COST ALLOCATION STUDY**

**DUE: TUESDAY, FEBRUARY 18, 2020 @ 4:00 P.M.**

**REQUEST FOR PROPOSALS**

**Electric Utility Rate Design, Rate Classification, and Cost Allocation Study**

Berea Municipal Utilities, a division of the City of Berea, is seeking proposals from qualified firms until 4:00 P.M. on Tuesday, February 18, 2020, for the following:

All proposals must be submitted by the date and time above, or they will be rejected.

Proposals will be accepted at the office of the Mayor, Berea City Hall, 212 Chestnut Street, Berea, KY 40403.

**Proposals are to be submitted with a summary total listed (EXHIBIT A) as a cover sheet.**

Bids will be opened and read aloud at 6:30 P.M. at the regularly scheduled City Council meeting on February 18, 2020.

The City Council of the City of Berea reserves the right to accept or reject any and all bids, to waive any irregularities or discrepancies in bidding, and to select the bid, if any, that it determines to be in its best interest.

All interested bidders are required to request and review the complete request for proposal documents. This can be received by contacting Kevin Howard at Berea Municipal Utilities. khoward@bereaky.gov

**I. Background**

Berea Municipal Utilities operates as a division of the City of Berea. The Utility is comprised of four divisions: Administrative, Electric, Water, and Wastewater. Our electric service area is located within the city limits of Berea and reaches into portions of southern and southeastern Madison County. The majority of our customers are located within the city limits of Berea. We have a total of approximately 5300 customers—4650 Residential, 600 Commercial, and 60 Industrial and an average monthly demand of 22MW with common peak demand of 30-35MW in the winter months. Our average monthly energy usage is 11,000 MWh with winter month peaks of 15,0000-16,000 MWh common.

The electric distribution system consists of two substations, (3) 69kV-12kV station transformers-total rating of 55MVA, 81 miles of overhead primary lines, 11 miles of underground primary, 4,035 poles, 1,615 pole mounted transformers, and 255 pad mounted transformers.

Berea Municipal Utilities purchases wholesale energy from American Municipal Power (AMP) and transmission delivery services from Kentucky Municipal Energy Agency (KYMEA). Current wholesale power contracts began in May 2019 and expire in May of 2024.

**II. Purpose**

The purpose of this document is to solicit proposals to perform a review of the electric distribution rates, rate classifications, fees, private lighting rate review, and net metering credit policy. We invite qualified firms to respond to this request for proposals by submitting a proposal to provide the required services consistent with the terms and conditions set forth.

**III. Delivery Requirements**

The delivery of submissions to the City of Berea prior to the specified date and time is solely the responsibility of the responder. Proposals received after the due date and time will not be considered. Proposals shall be sent in an envelope marked: Berea Municipal Utilities Electric Utility Rate Design and Cost Allocation Study. Proposals are due by 4:00 P.M. on Tuesday, February 18, 2020.

**Proposals shall be submitted to: The Honorable Bruce Fraley**

 **Mayor of the City of Berea**

 **212 Chestnut Street**

 **Berea, KY 40403**

**IV. Proposal Format and General Instructions**

The following establishes the format applicable to the preparation of proposals and the acceptable minimum requirements for the format of proposals.

1) Indicate the name, address, and telephone number, of the principal member/office of the firm responsible for administration of the contract and project manager.

2) List the names of the personnel who will be assigned to perform these services. For each person listed, provide a detailed description of utility rate study experience. Indicate the time that the individual will work, perform and dedicate to the project.

3) Specify the location of offices where the work will be performed, and a percent of work to be performed at each location.

4) Consultant shall propose a schedule for commencement and completion of the study along with milestones for the study.

5) A comprehensive narrative of the respondent’s proposal should be included. The narrative should include a description of the analysis, reports and participation, which the Consultant expects to provide pertaining to that activity. This would include a summary of the steps to be completed to accomplish the scope of work, approaches to the project, and your firm’s understanding of the project requirements.

6) Provide a list of 3-5 project references, including contact names and telephone numbers for projects of similar scope performed by the key personnel listed. An example of a recently completed rate study is also desirable.

7) No reimbursement will be made by the City for any cost incurred in preparing responses to this solicitation of bid, or for cost incurred before a formal Notice to Proceed is issued if a contract is awarded.

8) No sub-contracting party and/or guarantors will be permitted.

9) It is expressly agreed and understood that the Firm is in all respects an independent contractor as to work and is in no respect any agent, servant, or employee of the City. The contract shall specify the work to be done by the Firm, but the method to accomplish the work shall be the responsibility of the Firm. The Firm shall maintain an active business license with the City of Berea.

10) Respondents should include a sample contract as the basis for negotiating an agreement to provide services.

11) All materials submitted in conjunction with this request may be subject to public inspection pursuant to public record laws. Information contained within the submitted materials that are alleged to be confidential or proprietary in nature, or that are alleged to be trade materials should be clearly marked as such. Submissions shall not contain a blanket confidentiality clause. Marking materials as confidential, proprietary, or as trade secrets does not guaranty that these materials will not be released pursuant to a lawful open records request. The City of Berea generally will not release information contained in a submission until a contract has been fully executed.

12) Initial request for a list of data and information in which the City of Berea and Berea Municipal Utilities will need to provide for use in the study. This information is expected to include, but not be limited to, utility billing records, historical budget documents and audit reports, resolutions, policies, operation and maintenance practices.

13) The Proposal should include a list of deliverables for the study and a fixed-price for the entire study, meetings, and presentations. Deliverables should include a single electronic PDF file of the study in entirety. The price portion of the proposal should consist of a firm-fixed bid price which includes all travel and expense costs of completing the rate study. The cost for the study should not deviate from the proposal price without written approval of the City of Berea.

**V. Scope of Work**

1) Revenue requirement and cost allocation for all customer classes with an emphasis of analyzing current rate classes and usage requirement classification to make needed adjustments for fair and equitable cost recovery allocations across all classes. Berea Municipal Utilities desires to ensure that our customer classifications are appropriate.

2) The cost of service study will define and separate fixed and variable costs. The study should identify costs to be allocated across all customer classes and those costs that are specific to a class. In determining the actual cost of providing electric service to each customer class, traditional cost of service and rate setting principles and approaches should be employed such that the City of Berea can ensure that class rate requirements are fair and equitable to other similar electric utilities.

3) Develop projected rate increases/decreases and recommended rate structure needed to meet operating requirements, capital improvements, regulatory obligations, and reserve funding levels assuming no additional obligations over the next 5-year planning period (2020-2025).

4) Thorough review and analysis of current Power Cost Adjustment formula with recommendation of any needed change in the implementation of this mechanism as a rate stabilization method.

5) Report on the consistency between current and proposed rate schedules and fee schedules compared to other similar electric utilities.

6) Review current private lighting rate classes and structure and provide recommendations of adjustments needed to capture operating and maintenance cost across each class.

7) Review key background information including, but not limited to:

i) Bond covenants and other contractual requirements and operations.

ii) Historical revenues, operation expenses, debt service requirements, reserve policies, billing and collection procedures, approved rates and charges, customer information and usage data.

iii) Current power supply contracts and future power supply cost, current system facilities, and the proposed capital improvement plan.

iv) Berea Municipal Utilities projected revenue, operation expenses, debt service and other funding.

8) Comment as to the extent to which the projected revenues meet projected operation and capital needs, satisfies bond covenants, and required/recommended reserve levels over the next 5-year planning period (2020-2025).

9) Load research development, power supply costs by customer class and breakdown of distribution-related costs. This shall include a summary of rate impact at various usage levels within all customer classes (Minimum of three examples per class).

10) Detail of 5-year financial projection, long term rate adjustments, and target operating income. Include projected debt service coverage ratios and minimum cash reserve recommendations.

11) Thorough review of current net metering tariff and recommendations for establishing credits to all existing residential and commercial net metering customers.

12) Detailed report with a presentation of study recommendations to administrative staff (preliminary) and a detailed final presentation during a scheduled City Council session.

13) Completion target date—3 months from the date of the Notice to Proceed, with a preliminary target date of June 1, 2020.

**VI. PROPOSAL EVALUATION PROCEDURE**

1) Bids will be opened and read aloud at 6:30 P.M. at the regularly scheduled City Council meeting on February 18, 2020.

2) City of Berea and Berea Municipal Utility staff will review the proposals submitted. After each proposal has been evaluated based on the criteria listed in the RFP, staff may determine, in its sole discretion, that only one proposal is clearly more highly qualified and suitable than other submittals, a contract may be negotiated and awarded to that offeror.

3) If, after review of proposals, staff determines two or more offerors should be further evaluated, a short-list will be used to invite these firms to an interview at which time each firm will be expected to conduct a presentation on its proposal and to answer questions of City of Berea and Berea Municipal Utility staff. Negotiations will then be conducted with the firm ranked first. If a contract satisfactory and advantageous to the City of Berea can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be terminated and negotiations conducted with the offeror ranked second, and so on until such a contract can be negotiated at a fair and reasonable price.

**VII. QUESTIONS REGARDING RFP**

1) All questions relating to this RFP or any clarification requests of the scope of work should be directed to:

Kevin Howard

General Manager

Berea Municipal Utilities

200 Harrison Road

Berea, KY 40403

(859) 986-4391

Email: khoward@bereaky.gov

2) Questions will be answered by written addenda and posted on the Berea Municipal Utility website at: http://www.bereautilities.com/rfps

3) Questions must be asked at least 2 business days prior to the proposal due date. Questions received after this time may not be answered. It is the responsibility of the firm to check the website for addenda prior to submitting proposals. Oral or other interpretations or clarifications will be without legal effect.

**EXHIBIT A**

**Request for Proposals (RFP)**

**Electric Utility Rate Design, Rate Classification, and Cost Allocation Study**

**Berea Municipal Utilities**

**Fee Proposal**

**Please include pricing for all services as described in the RFP on this form. Attach separate sheets as needed to fully explain fee arrangements; however, *TOTAL PRICE* must be shown on this schedule and submitted as a *COVER SHEET* with proposal.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | # Hours | Standard Hourly Rate | Quoted Hourly Rate | Total Base Proposal |
| Manager |  |  |  |  |
| Supervisory Staff |  |  |  |  |
| Other Staff (Specify) |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Additional Work (Specify) |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Total All-Inclusive Maximum Price |  |  |  | $ |