

AGENDA



Thursday, August 26, 2010

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 33

Subject: Authorize award, negotiation, and execution of two 48-month requirements service contracts for a utility rate study to determine the cost of service for Austin Energy with R.W. BECK, INC., Austin, TX in an estimated amount not to exceed \$2,000,000 and J. STOWE & CO., LLC, Austin, TX in an estimated amount not to exceed \$1,000,000, for a total estimated combined contract amount not to exceed of \$3,000,000.

Amount and Source of Funding: Funding in the amount of \$250,000 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy. Funding for the remaining 46 months of the original contract period is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rosemary Ledesma, Purchasing Manager/322-6155; Mark Dreyfus, Director of Regulatory & Government Affairs/322-6544; Ann Little, Vice President of Finance and Corporate Services/322-6148.

Purchasing Language: Best evaluated proposals of nine proposals received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation. However, RW Beck has identified 24.24% WBE subcontracting participation for Component B.

Boards and Commission Action: Recommended by the Electric Utility Commission.

These contracts are for a utility rate study to determine the cost of Austin Energy's generated and delivered energy service for residential, commercial, and industrial customers in the Electric Reliability Council of Texas (ERCOT) region. A request for proposal (RFP) solicitation was issued on April 5, 2010 seeking responses from qualified firms and individuals to propose services for one or more of the three service components listed below:

A. Prepare cost of service and rate design

- review and recommend electric cost of service rate filing formats and methodologies
- develop a cost of service model
- prepare an electric utility cost of service rate study
- design and recommend alternative rate options
- perform a comprehensive rate filing package
- serve as expert witness, prepare written testimony and testify before jurisdictional bodies if necessary
- provide assistance with requests for information from the public

B. Develop, implement and lead a public involvement communication plan

- the plan will encompass consultant services for all rate classes
- develop, attend, facilitate and/or lead presentations and meetings
- handle updating and providing communication to the website

-provide assistance with requests for information from the public

C. Act as a financial consultant and additional resource to assist Austin Energy

-provide additional evaluation independently of the results of the cost of service study, rate design, and proof of revenue

-serve as a liaison between the cost of service, rate design and public involvement functions

-serve as an expert witness, prepare written testimony and testify before jurisdictional bodies if necessary

-provide recommendations and alternatives to the results of the rate filing package and related concepts

-provide assistance with requests for information from the public

-coordinate and participate in meetings

The rate study and all service components above are expected to be delivered in three phases over a contract term of four years with anticipation of City Council approval of the new electric rates in September of 2012. Phase I will include project planning and development of an unbundled Cost of Service and Rate Design Model to be completed early in 2011. Phase II will include modeling detailed rate design scenarios, as well as public involvement input, community outreach, and town hall meetings. Phase III will involve incorporation of the new electric rate proposal into the City's budget process, formal review by the Electric Utility Commission in anticipation of City Council approval in September 2012, and billing implementation upon completion of approval process.

An Austin Energy team with expertise in utility rates, financials, communication, regulatory policy, and management evaluated the proposals and unanimously chose these two top proposers, R.W. Beck to provide preparation of the cost of service and rate design for Austin Energy (component A) and for the public involvement communications plan (Component B) with their subcontractor, Group Solutions RJW (WBE-FB) providing specific elements for component B including: creating & maintaining stakeholder input database services, maintaining & updating the project website, meeting set up and catering services, and providing meeting transcripts; and J. Stowe & Co. to provide the financial consultant assistance services (component C). The criteria evaluated included project concept and solutions and program proposed, demonstrated applicable experience of company, evidence of good organization and management practices, personnel qualifications and experience, schedule, financial viability/stability, additional proposed applicable resources, and total evaluated cost.

MBE/WBE solicited: 26/39 MBE/WBE bid: 0/1

PROPOSAL ANALYSIS

a. Adequate competition.

b. Seven hundred sixty-seven notices were sent, including 29 MBEs and 39 WBEs. Nine proposals were received, with no response from the MBEs.

APPROVAL JUSTIFICATION

a. Best two evaluated proposals received.

b. The Purchasing Office concurs with Austin Energy's recommended award.

c. Advertised on the Internet.