

AGENDA



Thursday, October 14, 2010

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 29**

Subject: Authorize award, negotiation, and execution of an 18-month requirements service contract with VOLATILITY MANAGERS LLC, Green Mountain Falls, CO, or one of the other qualified offerors to RFP No. RML0022, for consulting services for performing residential consumer independent rate advisor services for Austin Energy in an estimated amount not to exceed \$97,340 for Phase I (Participation in Public Involvement Committee process), with one 18-month extension option to provide additional services in an estimated amount not to exceed \$162,600 for Phase II (Rate Proceeding Support), for a total estimated contract amount not to exceed \$259,940.

Amount and Source of Funding: Funding in the amount of \$75,000 is available in the Fiscal Year 2010-2011 Operating Budget of Austin Energy. Funding for the remaining six months of the original contract period and extension option 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

Purchasing Language: Best evaluated proposal of three 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.

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

This contract is for a Residential Rate Advisor to provide input to Austin Energy staff on cost of service, rate design, and related issues affecting residential consumers in Austin Energy's ongoing rate review. In Phase I, the Residential Rate Advisor will participate in the public involvement process, representing residential ratepayers. The Residential Rate Advisor will be responsible for analyzing the utility's rate structure, cost of service methodologies, and rate design for electric utility services. The Residential Rate Advisor will attend and participate in public meetings and will provide written reports to Austin Energy staff on issues and impacts of electric rates on residential customers.

The engagement includes an option to proceed to Phase II for additional services in support of the rate proceeding. In Phase II, the Residential Rate Advisor will review and analyze the final cost of service and rate design studies based on FY 2011 test year data. The Residential Rate Advisor will prepare a report on the cost of service and rate design studies and proposed rate structure. The Residential Rate Advisor will participate in ratemaking hearings and City Council processes and provide written testimony as needed. The Residential Rate Advisor will also serve as an expert witness, prepare written expert testimony and if necessary appear before jurisdictional bodies.

An Austin Energy team evaluated the proposals and unanimously chose this proposal to provide these services. The criteria evaluated included project concept and solutions and program proposed, demonstrated applicable experience of company and personnel, evidence of good organization and management practices, schedule, financial viability/stability and total evaluated cost.

This request allows for the development of an agreement with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory agreement with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified offeror and authorize contract negotiations with this provider.

MBE/WBE solicited: 21/27 MBE/WBE bid: 0/0

PROPOSAL ANALYSIS

- a. Adequate competition.
- b. Seven hundred ninety-three notices were sent, including 21 MBEs and 27 WBEs. Three proposals were received, with no response from the MBE/WBEs.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.