

# Agenda Report

November 15, 1999

**TO:** City Council  
**THROUGH:** Deregulation Committee

**FROM:** City Manager

**SUBJECT: Award of Contract for Electric Cost of Service Study and Rate Design**

## **RECOMMENDATION:**

It is recommended that the City Council authorize the General Manager of Pasadena Water and Power to enter into a professional services contract with Christensen Associates for an amount not to exceed \$141,000 to perform an electric cost of service study and rate design, without competitive bidding, pursuant to City Charter Subsection 1002(f), contracts for professional or unique services.

## **BACKGROUND:**

In 1996, City Council approved Direct Access for Pasadena Water and Power's (PWP) electric customers for implementation beginning January 1, 2000. In addition, City Council approved the Water and Power Business Plan on October 4, 1999 which required a restructuring of electrical rates to be in line with market rates in order to be successful in the new environment.

PWP developed a Rate Restructuring Plan that was provided to the City Council for information only and received on September 13, 1999. This plan outlines the necessary goals and direction for PWP as related to rate restructuring. The plan specifically addresses those changes in PWP's electric rate structure that are required to position PWP for competition. The goal of the Restructuring Plan provided to City Council was to develop electric service rates for the underlying services that are aligned with the cost of providing those services. Specifically, the plan will 1) emphasize a facility charge and de-emphasize the energy charge, 2) allow the marketplace to encourage conservation as compared to artificial rates, 3) provide City Council vehicles other than rates for providing subsidies for various needs, and 4) time the rate adjustment to become effective upon the elimination of the Competitive Transition Charge. This rate redesign is being done in conjunction with the implementation of the Direct Access Plan.

PWP is taking the necessary steps to begin the process of rate restructuring. A Cost of Service study must be performed before any rate restructuring can be accomplished.

As a result, PWP developed and mailed a Request for Proposal (RFP) for a Cost of Service Study and Rate Design to fifteen (15) firms. In response to the RFP, seven (7) proposals were received and evaluated.

Each proposal was subject to the City of Pasadena's competitive selection process and evaluated based on the proposal evaluation criteria stated in the RFP. The criteria included: 1) ability to perform per proposal; 2) qualifications of individuals assigned to the project; 3) fee to complete the work within schedule; 4) demonstrated record of success; 5) specific method and techniques; 6) Affirmative Action/EEO; and 7) local Pasadena preference. Below is a summary of the evaluation:

### Competitive Process Summary

Firm	Ability to Perform Per Proposal (0-30)	Qualifications of Individuals Assigned to Project (0-5)	Fee to Complete Work Within Schedule (0-25)	Demonstrated Record of Success (0-10)	Specific Method & Techniques (Approach) (0-20)	Affirmative Action/EEO (0-5)	Local Pasadena Preference (0-5)	Total (100)
Black & Veatch Corp.	25	4	20	7	17	5	0	78
Burns & McDonnell	25	4	24	8	17	5	0	83
Christensen Associates, Inc.	28	5	23	9	19	5	0	89
Henwood Energy Services	25	4	12	8	16	5	0	71
EES Consulting, Inc.	26	5	25	9	17	5	0	86
Navigant Consulting, Inc.	25	4	16	8	16	5	5	79
R.W. Beck & Associates	26	5	22	10	17	5	0	85

Based on the final weighted average, Christensen Associates was determined to be the best overall to perform the services. Although price was not the sole criteria, Christensen Associates was among the three (3) lowest bids.

**Fiscal Impact**

The proposed contract price is \$141,000. This amount includes the contract base price of \$128,750 and approximately ten percent (10%) contingency to accommodate any necessary changes in the scope of work. This project was anticipated during the development of the Light and Power Fund FY2000 Operating budget and adequate funds are provided in the budget for the project.

Respectfully submitted,



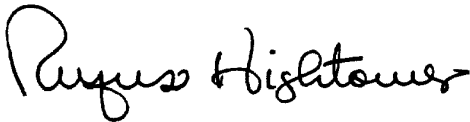
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