

# Agenda Report

December 3, 2001

**TO:** City Council  
**FROM:** City Manager  
**SUBJECT:** Approval to Pay for Additional Consultant Fees in Excess of Authorized Contract Amount

## RECOMMENDATION

It is recommended that the City Council authorize the City Manager to pay Christensen Associates, Inc. \$4,482.00 in excess of the authorized contract amount for performance of an electric cost of service study and rate design update supplied to Pasadena Water and Power (PWP) under Contract Number 17144, thus bringing the total cost to \$145,482.00.

## BACKGROUND

Contract Number 17144 was approved by the City Council on November 15, 1999 for the purchase of consulting services, for an amount not to exceed \$141,000. Under this contract, Christensen Associates, Inc. was authorized to supply PWP with an Electric Cost of Service Study and Rate Design. On October 4, 1999, the City Council approved the Water and Power Business Plan, which required a restructuring of electrical rates in line with market rates in preparation for deregulation of the electric utility industry. This contract was executed to achieve that goal.

During the course of the contract period, additional work was required beyond the original scope of the project due to changes in the utility industry. The Cost of Service Model that was provided by Christensen Associates, Inc. needed to be updated with financial, price and load data to reflect the changes related to the electricity market in early 2001. In an effort to avoid future costs for updating the model, training was procured to enable PWP to perform future updates as needed. This resulted in purchasing \$4,482.00 worth of services in excess of the approved amount.

The services purchased in excess of the approved amount have been delivered and used to 1.) Update the Cost of Service Models and rate design worksheets with recent financial, price and load data and 2.) Provide training on updating the model. This

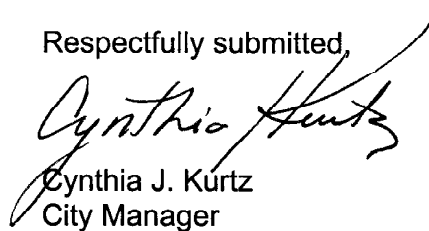
MEETING OF 12/3/01

AGENDA ITEM NO. 4.A.(5)

**FISCAL IMPACT**


This project was anticipated during the development of the FY 2001 Light and Power Fund Operating Budget and adequate funds are provided for in Account Number 8114-401-833000-0923.

Respectfully submitted,



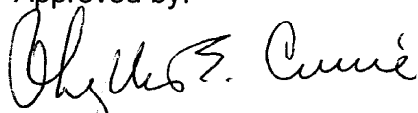
Cynthia J. Kurtz  
City Manager

Prepared by:



Jay Panzica  
Director of Finance and Administration  
Pasadena Water and Power

Approved by:



Phyllis E. Currie  
General Manager  
Pasadena Water and Power