



# **REQUEST FOR PROPOSAL COST OF SERVICE ANALYSIS AND RATE DESIGN**

**TAHLEQUAH PUBLIC WORKS AUTHORITY**

**Tahlequah, OK.**

Tahlequah Public Works Authority  
P.O. Box 29  
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Phone 918-456-2564

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## **BACKGROUND**

The purpose of this Request for Proposal (RFP) is to select a Consultant to provide a Cost of Service analysis (COSA) for Tahlequah Public Works Authority (TPWA) for its electrical system. The Consultant will also provide recommendations for a new rate design.

By receipt of this document, entities shall treat this information as confidential and not use it in any other way than to prepare the requested response.

TPWA is a Beneficial Trust of the City of Tahlequah, OK. The Authority provides electrical services to approximately 6,650 residential and 1,450 commercial and academic customers. The Authority purchases power through the Grand River Dam Authority located in Vinita, OK.

The last Electrical rate study was completed in 2004.

## **SCOPE OF WORK**

The scope of the project is to review TPWA's current revenue and rate allocations in which to provide recommendations for rate design. The consultant will meet with staff to acquire the necessary data to conduct the analysis, including but not limited to, general ledger data, power supplier invoices, financial and statistical reports, load forecast studies, and board reports.

The overall COSA shall consist of revenue requirements, cost of service, and recommended rate design. TPWA does not have a preference on methodologies used for the analyses.

1. Development of the test year Sales and Revenue Forecast – Necessary to project test period electric utility revenues, weather-normalized and adjusted for growth and any other anticipated changes in business conditions such as the addition or loss of large customers. The revenue requirement shall identify current and forecasted revenues and expenses using an appropriate basis. This analysis can include the following:
  - a. Determination of test year.
  - b. Calculate current and projected power supply costs from the Electrical Supplier
  - c. Recommend appropriate reserve fund levels.
  - d. Analyze operations and management expenses, power supply costs, taxes, debts that are funded from revenue, margins and reserve funds to determine annual revenue requirements.
2. **The cost of service study is to consider appropriate allocation of the revenue requirement to each of the rate classes.** TPWA's current rate schedules may be found in Appendix A The analysis can include:

- a. Allocate costs to TPWA's rate classes based on customer information, historical and projected usage.
- b. The Consultant will forecast TPWA's Electric purchasing requirements inclusive of distribution losses for the test period.
- c. Estimation of the test period Purchased Electric by forecasting purchased electric and applying projected prices, including all associated costs and fees. The Consultant will develop projected purchased electric costs, and if applicable will prepare or recalculate the power cost adjustment (pca) factor(s).
- d. Average unit cost by functional category shall be provided based on the allocation costs will be presented for energy and customer related charges for each customer class. The average unit cost represents cost of service rates and can be used as an input in the rate setting process.
- e. Revenue requirements will be determined based on TPWA's most recent budget, a determination of the revenue that will be required to recover anticipated O&M, A&G, purchased power, depreciation, debt service, margins and contributions to the general fund, applicable taxes, and other expenses during the test year and beyond.
- f. Any subsidies that may exist between rate classes will be identified in this task and addressed before starting the rate design including the impact from the cost of operating water and wastewater treatment facilities.

3. Class Cost of Service Analysis will include:

- a. Functionalization of costs into unbundled cost categories.
- b. Classification of costs
- c. Allocation of costs to rate classes
- d. Cost of service summary and revenue summary at present rates showing how existing rates compare with the cost of providing electric service to each customer class.
- e. Summary of the per unit rates that would be necessary to reach parity; i.e. rates that fully recover the class cost of service. Special attention will be paid to the development of cost-based Basic Service Charges for each customer class.

4. Large Customer Analysis will include the development of estimated usage data and load characteristics for the client's key large electric consumers.
5. The rate design recommendation is created from the unit cost determinations and other output from the cost of service study. Rate design and the development of proposed rates, including designing or modifying electric fees to reflect any new rates or terms of service that result from action associated with the Rate Study. The analysis can include the following:
  - a. Flat energy charges.
  - b. Seasonal energy charges.
  - c. Time of use energy charges.
  - d. Demand charges.
  - e. Adjustment of rates to be more competitive.
  - f. Review of the line extension policy.
  - g. Prepare or modify rules of service to reflect any rate or rules changes that result from the Rate Study.
6. The Consultant shall also provide monthly progress reports with invoices.
7. Report and Recommendations.
  - a. The Final report will include text, schedules, tables, and exhibits.
8. Presentation of Results
  - a. The Consultant will prepare a Power Point presentation of results and recommendations, either stand-alone or as part of a comprehensive project presentation for TPWA, delivered in person to The Board of Trustees during one of the Board's regularly scheduled board meetings.

## **SCHEDULE**

<b>ITEM</b>	<b>DATE</b>
<b>Release of RFP</b>	<b>April 25, 2018</b>
<b>Proposal due</b>	<b>May 15, 2018      2:00pm</b>
<b>Selection of Award</b>	<b>May 18, 2018</b>
<b>Start of COSA and Rate Design</b>	<b>June 4, 2018</b>
<b>Completion of Study and Staff Review</b>	<b>August 1, 2018</b>
<b>Board Presentation</b>	<b>August 17, 2018</b>

Any proposals submitted after 2:00 pm May 3, 2018 shall be considered late and shall not be considered. The proposals are valid for sixty (60) days from the due date. There will be no public bid opening.

## **PROPOSAL FORMAT**

The format proposal must be type written, well organized, thorough, and meet the following documentation requirements, which include but not limited to:

- Executive Summary
- Qualifications and experience
- Team member roles
- Processes used to execute the requirements of the project
- Delivery process
- Project schedule
- Project cost
- Sample report
- References

Any exceptions to this RFP need to be stated in writing and shall be considered on a case-by-case basis.

Proposals may be mailed to:

Tahlequah Public Works Authority  
Attn: Mike Doublehead  
P.O. Box 29  
Tahlequah, OK. 74465

Or emailed in Adobe format (.pdf) to:

[mike@tahlequahpwa.com](mailto:mike@tahlequahpwa.com)

cc [offmgr@cityoftahlequah.com](mailto:offmgr@cityoftahlequah.com)

Subject line **Cost of Service Proposal**

### **DETERMINATION OF PROJECT COST**

Respondents shall provide a “not to exceed” quote for providing services within this RFP with schedule of hourly billing rates and overhead costs that will be in effect.

Invoices may be submitted monthly.

### **AWARD OF CONTRACT**

TPWA intends to use the information provided with the proposals to award the contract. The consultant shall be awarded the project based on the following, but not limited to:

- Qualifications of the Consultant
- Price
- Project methodology and knowledge
- Ability to meet requirements
  
- Project approach
- References

After careful evaluation of the proposals, all proposers will be informed of their status at the time of final selection.

## **TERMS OF PAYMENT**

TPWA will provide payment on or within thirty (30) days of receipt of invoice.

## **ADDITIONAL INFORMATION**

TPWA reserves the right to:

- Retract said RFP without cause or reason.
- Postpone indefinitely or cancel the RFP or project without cause.
- Reject any or all proposals.
- Award the project at TPWA's sole discretion and criteria.

TPWA will not reimburse any respondent for any costs incurred in preparation or submittal of a proposal.

Requests for additional information or clarification of this RFP may be made by contacting the persons listed below.

## **KEY PERSONNEL**

Main Contact:

Mike Doublehead  
General Manager  
101 N. College Ave.  
Tahlequah, OK.  
918-456-2564  
[mike@tahlequahpwa.com](mailto:mike@tahlequahpwa.com)

Alternate Contact:

Gail Dotson  
Office Manager  
101 N. College Ave.  
Tahlequah, OK  
918-456-2564  
[gail.d@tahlequahpwa.com](mailto:gail.d@tahlequahpwa.com)

**APPENDIX A:**

**Tahlequah Public Works Authority  
Rate Sheet  
Effective April 1, 2018**

**Electric Rates**

<b>Residential</b>	\$7.40 Customer Charge	
1st 600 kwh	\$6.25/kwh	(37.50)
Over 600 kwh	\$5.90/kwh	

<b>All Electric</b>	\$6.71 Customer Charge	
1st 600 kwh	\$6.087/kwh	(36.53)
Over 600 kwh	\$5.771/kwh	

<b>Small Commercial</b>	\$8.06 Customer Charge	
1st 600 kwh	\$6.745/kwh	(40.47)
2nd 400 kwh	\$6.427/kwh	(25.71)
Over 1,000 kwh	\$6.127/kwh	

<b>Large Commercial LC-1</b>	\$51.30 Customer Charge	
1st 1,000 kwh	\$6.667/kwh	(66.67)
Next 9,000 kwh	\$6.427/kwh	(578.43)
Over 10,000 kwh	\$6.177/kwh	

<b>Large Commercial LC-2</b>	\$185.00 Customer Charge	
Demand Charge-All kwh	\$4.90/kwh	
Energy Charge		

First 20,000 kwh	\$4.22/kwh	(844.00)
Over 20,000 kwh	\$3.83/kwh	

<b>Large Commercial LC-3</b>	\$500.00 Customer Charge	
Demand Charge-All kwh	\$7.80/kwh	
Energy Charge-All kwh	\$3.177/kwh	

<b>Academic-All kwh</b>	\$5.60/kwh	
<b>NSU-All Kwh</b>	\$5.60/kwh	
<b>City Services-All kwh</b>	\$5.60/kwh	

**Vapor Lights**

Vapor Light	175 Watts	\$7.07 each
Vapor Light	250 Watts	\$9.54 each
Metal H.	400 Watts	\$11.73 each
Pole Rental (new poles only)		\$3.41 each

**\*\*PCA 0.008245**

*\*NOTE: TPWA electric rate changes approved by Board of Trustees 09/17/04, effective 11/01/04.*

**Tax Rates**

Residential-in city	5.00%
Residential-out of city	1.75%
Business-in city	9.50%
Business-out of city	6.25%

*Tax applies to electric and vapor lights*

**Compost**

	<u>Screened</u>	<u>Unscreened</u>
Pickup Truck	\$8.00	5.00
10 Wheel Dump Truck	\$25.00	20.00
10 Wheeler-Delivered**	\$50.00	45.00
18 Wheel Dump Truck	\$45.00	35.00
18 Wheeler-Delivered**	\$90.00	80.00

**\*\*\$2.00/mile fuel surcharge after first 5 miles from WWTP**

**Water Rates**

<b>Inside City</b>	
Base Charge	\$4.28
Rate per 1,000 gallons	\$3.44

<b>Outside City</b>	
Base Charge	\$4.99
Rate per 1,000 gallons	\$3.44

<b>Water Districts</b>	
Rate per 1,000 gallons	\$3.30

<b>NSU</b>	
Base Charge	\$4.28
Rate per 1,000 gallons	\$3.44

**Bulk Water** \$3.44 per 1,000 gallons

**Irrigation** \$3.44 per 1,000 gallons

**Sewer Rates**

<b>Residential</b>	
Base Charge	\$7.50
Rate per 1,000 gallons	\$4.29

<b>All Other Connections</b>	
Base Charge	\$10.71
Rate per 1,000 gallons	\$4.82

*Sewer rate based on water usage per 1000 gallons*

*\*Note: TPWA water and sewer rate changes approved by Board of Trustees 06/16/17, effective 09/01/17.*

**Storm Water Drainage Rates**

Residential-in & out of city	\$2.00
Non-residential, under 2" meter	\$4.00
Non-residential, 2" or over	\$10.00

*\*Note: Storm Water Drainage billed and collected for the City of Tahlequah.*

**Garbage Rates**

Residential	\$12.50
Business-minimum	\$16.50

*\*Note: Garbage billed and collected for the City of Tahlequah.*

**Sprinkler**

2" Line	\$8.34
4" Line	\$12.50
6" Line	\$16.67
8" Line	\$25.00

**Appendix B:**

**2017 Electric Sales and Purchases**

<b>Month</b>	<b>Accounts Receivable for Electricity</b>	<b>Total G.R.D.A. Bill</b>	<b>Net Accounts Receivable</b>	<b>KWH Sold</b>	<b>KWH Purchased from G.R.D.A.</b>	<b>Demand KW</b>
January	\$ 1,165,144.58	\$ 856,138.86	\$ 309,005.72	15,319,507	15,798,838	30,044
February	\$ 1,139,972.19	\$ 721,269.01	\$ 418,703.18	12,815,355	12,911,724	25,707
March	\$ 1,029,815.60	\$ 794,564.92	\$ 235,250.68	12,302,857	13,780,406	28,644
April	\$ 1,025,394.90	\$ 768,026.05	\$ 257,368.85	12,677,181	13,453,090	27,908
May	\$ 1,154,465.96	\$ 881,542.93	\$ 272,923.03	12,906,691	15,073,834	34,630
June	\$ 1,176,322.80	\$ 1,047,975.57	\$ 128,347.57	14,127,044	17,872,515	41,143
July	\$ 1,645,825.95	\$ 1,205,621.00	\$ 440,204.95	18,104,218	21,625,574	45,609
August	\$ 1,745,896.50	\$ 1,135,307.75	\$ 610,588.75	20,011,473	20,093,582	43,331
September	\$ 1,430,448.85	\$ 1,040,562.47	\$ 389,886.39	16,677,943	17,535,985	43,408
October	\$ 1,391,086.82	\$ 867,367.60	\$ 523,719.22	16,861,926	14,862,172	34,500
November	\$ 1,218,551.01	\$ 704,632.53	\$ 513,918.48	14,276,205	13,265,334	24,975
December	\$ 878,377.38	\$ 821,890.40	\$ 56,486.98	12,357,631	15,601,543	28,786
<b>Totals:</b>	<b>\$ 15,001,302.54</b>	<b>\$ 10,844,899.09</b>	<b>\$ 4,156,403.80</b>	<b>178,438,031</b>	<b>191,874,597</b>	<b>408,685</b>