

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: May 23, 2016

ITEM NO: 13

File 16-1578

SUBJECT: FIRST AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL CONSULTANT SERVICES FOR ELECTRIC COST OF SERVICE AND RATE DESIGN PROJECT - EXTENDING THE TERM OF THE AGREEMENT TO APRIL 30, 2017 AND INCREASING THE CONTRACT AMOUNT BY \$21,150 TO A REVISED CONTRACT AMOUNT OF \$146,150

ISSUE:

The item for Board of Public Utilities consideration is approval of a First Amendment to the Professional Services Agreement (Agreement) with Leidos Engineering, LLC., of Denver, Colorado, for the purpose of conducting an Electric Cost of Service Analysis and Rate Design Project., extending the term of the Agreement to April 30, 2017 and increasing the Agreement by \$21,150 from the original contract agreement of \$125,000 to a revised contract amount of \$146,150.

RECOMMENDATION:

That the Board of Public Utilities approve the First Amendment to the Professional Service Agreement with Leidos Engineering, LLC., of Denver, Colorado, for the Electric Cost of Service Analysis and Rate Design, extending the term of the Agreement to April 30, 2017 and increasing the Agreement by \$21,150 from the original contract amount of \$125,000 to a revised contract amount of \$146,150.

BACKGROUND:

On July 10, 2015, the Board of Public Utilities (Board) approved the Agreement with Leidos Engineering, LLC., of Denver, Colorado, (Leidos), for the purpose of conducting an Electric Cost of Service Analysis and Rate Design Project for Riverside Public Utilities. The scope of the project focuses on three areas:

- Phase 1 – Cost of Service Analysis at Current Rates;
- Phase 2 – Electric Utility Rate Trends Analysis; and
- Phase 3 – Rate Design Recommendations.

The work for the three phases is a coordinated effort between RPU Rates division and Leidos. The first two phases are complete and the third phase is underway making progress towards completion. Current tentative presentation dates to the Board are June through August 2016.

The project was originally anticipated to be completed in quarter 3 of 2015 with the rate plan proposed in quarter 4 of 2015. Conceptual approval of Utility 2.0 and incorporating numerous financial scenarios into the 10 year proforma resulted in a delay in schedule from the original implementation date and has required additional effort by RPU staff and Leidos. Additional effort is also required due to the complexity of the analysis of future rate options and determining the recommended rate alternatives. These issues combined have requiring additional meetings between RPU staff and Leidos. The First Amendment to the Agreement with Leidos will extend the contract through April 30, 2017, and increase the Agreement to provide sufficient time and funding for remaining analysis and also address any issues that may arise subsequent to presentations to the Board and City Council.

FISCAL IMPACT:

The total cost of the amendment is \$21,150. Funds are budgeted and available for this amendment to the Agreement in the Administration Professional Services Account No. 6000000-421000.

Prepared by: Laura Chavez-Nomura, Public Utilities Assistant General Manager/Finance

Approved by: Girish Balachandran, Public Utilities General Manager

Approved by: John A. Russo, City Manager

Approved as to form: Gary G. Guess, City Attorney

Attachment: First Amendment to Professional Consultant Services Agreement – Leidos Engineering, LLC., of Denver, California