



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: August 15, 2022

Re: Authorizing an amendment to the agreement with Horizons Energy LLC for an Electric Cost of Service Study.

Executive Summary

Staff has prepared for Council consideration an ordinance authorizing the City Manager to execute a \$16,000 amendment to an existing agreement with Horizons Energy, LLC for an Electric Cost of Service Study. This will allow Horizons to develop financial projections based on current economic conditions as well as develop a rate for Electric Vehicle charging and develop a replacement option for the current Fuel Adjustment Ordinance.

Discussion

In September 2019, the City entered into an agreement with Horizons Energy, LLC for professional services for an Electric Cost of Service Study. This work is being done in conjunction with the Integrated Electric Resource and Master Plan (IER&MP). Most of Horizon's work required completion of the work done by Siemens for the IER&MP.

Due to the length of the project, the original funds authorized by the initial agreement are exhausted. Staff has worked with Horizon to develop an estimate of the funds required to complete the project, and to include some addition items to the scope of work.

Staff would like Horizon to provide two additional financial projections based on actual information as of December 2021 since the initial test year was during a period of low inflation and interest rates. These two additional financial projections will reflect changing economic conditions, specifically higher interest rates and higher inflation rates. In addition, staff would like Horizon to develop a rate for Electric Vehicle (EV) charging and also to review and develop a replacement for the current Fuel Adjustment Allowance ordinance (Sec. 27-118).

The estimated cost for this additional work is \$16,000, which would bring the total agreement with Horizon to \$84,000. Funding for this additional expense is available in the FY 2022 operating budget.

Fiscal Impact

Short-Term Impact: The proposed amendment will increase the cost of the project by \$16,000.

Long-Term Impact: None.



Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Infrastructure, Secondary Impact: Operational Excellence, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Infrastructure, Secondary Impact: Livable & Sustainable Communities, Tertiary Impact: Not Applicable

Legislative History

Date	Action
09/03/2019	B243-19A – An Ordinance authorizing agreements for professional services with Horizon Energy LLC and Siemens Industry, Inc. for the development of an Integrated Electric Resource Plan, an Electric Master Plan and an Electric Cost of Service Study, and appropriating funds.
11/19/2018	R184-18 – A Resolution approving the scope of work to be used for the solicitation of qualified consultants to assist in the development of an Electric Integrated Resource Plan, Master Plan and Cost of Service Analysis.
03/19/2018	R36-18A – A Resolution establishing an Integrated Electric Resource and Master Plan Task Force.

Suggested Council Action

Approval of the ordinance.