



ELECTRIC WATER SEWER STORMWATER

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www.HANNIBALBPW.org



Hannibal Board of Public Works Hannibal, Missouri

COST OF SERVICE STUDY – ELECTRIC UTILITY COMPETITIVE REQUEST FOR PROPOSAL RFP 2024-02

MAY 2024

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00100 INVITATION TO BID

The Hannibal Board of Public Works of the City of Hannibal, Missouri, invites you to submit a proposal for the work described below. Questions should be directed to:

Hannibal Board of Public Works
ATTN: Finance Department
3 Industrial Loop Drive
PO Box 1589
Hannibal MO, 63401
(573) 221-8050
(573) 231-7146 - direct
purchasing@hannibalbpw.org

A. SUMMARY SCOPE OF WORK

The Hannibal Board of Public Works is formally soliciting proposals from qualified teams with expertise in electric engineering and financial services to develop a Comprehensive Electric Cost of Service and Rate Design Study. The consultant shall develop a comprehensive plan that will support recommendations to the utility’s management and board of directors.

B. PROPOSAL OPENING

All proposals, whether mailed or hand delivered, must be in the hands of the Finance Director of the Hannibal Board of Public Works at the above address by the Proposal Opening date and time, which is **May 30, 2024 at 10:00 AM**. Any proposal received after such date and time, regardless of postmark date, will be rejected.

Proposals will be opened publicly, and the selected consultant will be determined based upon competitive negotiated procurement procedures for proposals as described in this RFP.

All proposals shall be irrevocable for ninety (90) days after the time for opening of proposals.

C. PROPOSAL SUBMITTAL METHODS

FAX AND EMAIL RESPONSES ARE NOT ACCEPTABLE. All proposals must be received by the Hannibal Board of Public Works Finance Director by the opening date and time stated in this document. The method of submittal is at the sole discretion and risk of the bidder. Preparation for any submittal method should be taken well enough in advance of the posted opening date and time to allow for unexpected issues. The Hannibal Board of Public Works is not responsible for submittal failures of any kind. Parties mailing proposals or having proposals delivered should allow sufficient time to ensure receipt by the due date and time specified. All bids must be sealed and clearly marked on the outside with the RFP number and description. Proposals are to be addressed to:

Hannibal Board of Public Works
ATTN: Finance Department
3 Industrial Loop Drive
PO Box 1589
Hannibal MO, 63401

END OF SECTION



00200 INSTRUCTIONS TO BIDDERS

A. INTERPRETATION TO BIDDER

A prospective bidder who is in doubt as to the meaning of any part of the scope of services or any addenda thereto, may submit a written request for interpretation. Such requests shall be directed to the Hannibal Board of Public Works Finance representative identified in this document or directly to the Hannibal Board of Public Works Finance Department at one of the following options:

Hannibal Board of Public Works
ATTN: Finance Department
3 Industrial Loop Drive
PO Box 1589
Hannibal MO, 63401
(573) 221-8050
(573) 231-7125 - fax
ptrenhaile@hannibalbpw.org

Any such interpretation will be made by written addendum. The Hannibal Board of Public Works will not be responsible for any explanation or interpretation of proposed documents other than by such an addendum. An oral permission or interpretation has no legal force, authority, or effect. Any addenda must be acknowledged in the proposal and will become a part of the Contract Documents. Failure to acknowledge in the proposal all addenda issued may constitute grounds for rejection of that proposal.

All requests for interpretations must be received by the Finance Department no later than **five calendar days prior to the proposal opening date**. Requests received after that date will not be answered. Persons submitting a request will be responsible for its prompt delivery.

The terms “bid” and “proposal” are synonymous when used in this document.

B. SIGNATURE ON PROPOSALS

Each proposal must be signed in ink and include the full business address of the bidder. Proposals by partnerships must be signed in the partnership name by one or more of the general partners. Proposals by a corporation must be signed by an officer of the corporation or other person authorized to bind the corporation to the proposal. The names and titles of all persons signing shall be typed or printed below their signatures.

C. EVALUATION AND SELECTION PROCESS

The proposal evaluation and selection process will be conducted under this Request for Proposal (RFP) based on competitive negotiated procurement procedures. Interviews, discussions, negotiations and a Best and Final Offer (BAFO) may be held only with selected parties from those parties who meet the Hannibal Board of Public Works requirements and fall within the competitive range as determined by the Hannibal Board of Public Works. The Hannibal Board of Public Works reserves the right to limit negotiations to those proposals which received the highest rankings during the initial evaluation phase. However, the Hannibal Board of Public Works reserves the right to award a contract to a party solely based on this initial proposal submitted and without any further interview, discussions, and negotiation.

If the Hannibal Board of Public Works determines that the number of proposals that would otherwise be in the competitive range exceeds the number at which an efficient competition can be conducted, the Hannibal Board of Public Works may limit the number of proposals in the competitive range to the greatest number that will permit an efficient competition among the most highly rated proposals.

Each Proposer must comply with the requirements contained in the RFP. Deviation from the requirements will be evaluated, but may, in the discretion of the Hannibal Board of Public Works, result in rejection of a proposal.

The Hannibal Board of Public Works will evaluate each proposal to determine which is the lowest and best (i.e., Best Value). The Board of Public Works reserves the right to waive informalities and to accept or reject any or all proposals submitted.

If the Hannibal Board of Public Works determines that a proposal has failed to meet an acceptable level on any factor listed below, the Board of Public Works may reject that proposal.

D. BIDDER'S RESPONSIBILITIES

By submitting a proposal, each bidder represents that he or she is familiar with, assumes full responsibility for having familiarized him or herself with, and will comply with the content of the Contract Documents, the nature of the work, the locality, permits, licenses, and all local conditions, together with all applicable Federal, State, and local laws and ordinances.

E. PROPRIETARY INFORMATION

Proprietary Information: Pursuant to Section 610.010.15 of the Revised Statutes of Missouri, Hannibal Board of Public Works may close records that relate to scientific and technological innovations in which the owner has a proprietary interest. If you plan to submit such information with your proposal and wish to keep it confidential, please submit it in a separate envelope with your proposal and clearly mark it "CONFIDENTIAL AND PROPRIETARY SCIENTIFIC AND/OR TECHNOLOGICAL INFORMATION." This information must not include prices, terms and conditions, Bidder's qualifications, or any other information submitted in response to this Request for Proposal. Any information that does not fall within Section 610.010.15 or other exception to Missouri's Sunshine Law (Section 610.010 R.S.Mo., et seq.) is a public record and will be disclosed upon request.

F. ERRORS IN PROPOSALS

Each bidder must carefully examine his or her proposal prior to submission. Failure to do so is at the bidder's risk. He or she is responsible for any errors therein. Claim of oversight is not a basis for permitting withdrawal of a proposal after opening. There shall be no erasures in any proposal. Any changes must be made by striking the portion to be changed with the change noted above the deleted portion, followed by the bidder's initials and date.

G. PROPOSAL WITHDRAWAL

Proposals may be withdrawn at any time prior to the time for the opening of proposals.

H. CONDITIONS AFFECTING THE WORK

Each bidder should take such steps as he or she thinks necessary to ascertain the nature and location of the work and any peculiar local conditions which can affect the work or its cost. Failure to do so will not relieve the bidder of his or her responsibility for proper estimation of the difficulty or cost of the work. The Hannibal Board of Public Works assumes no responsibility for any understanding or representation made by any person at any time, unless it is included in the Contract Documents, including addenda.

I. STANDARD BIDDING INSTRUCTIONS AND GENERAL CONDITIONS

Any order arising from this Bidding Event will be subject to the following WHICH ARE INCORPORATED HEREIN BY REFERENCE:

1. Hannibal Board of Public Works Missouri Standard Bidding Instructions

The referenced documents are available upon request.

J. LIABILITY AND INDEMNITY

In no event shall the Hannibal Board of Public Works be liable to the successful firm for special, indirect, or consequential damages, except those caused by the Hannibal Board of Public Works' gross negligence or willful or wanton misconduct arising out of or in any way connected with a breach of this contract. The maximum liability of the Hannibal Board of Public Works shall be limited to the amount of money to be paid or received by the Hannibal Board of Public Works under this contract.

The successful firm shall defend, indemnify and save harmless the Hannibal Board of Public Works, its elected or appointed officials, agents and employees from and against any and all liability, suits, damages, costs (including attorney fees), losses, outlays and expenses from claims in any manner caused by, or allegedly caused by, or arising out of, or connected with, this contract, or the work or any subcontract thereunder (the Lessee hereby assuming full responsibility for relations with subcontractors), including, but not limited to, claims for personal injuries, death, property damage, or for damages from the award of this contract.

The successful firm shall indemnify and hold the Hannibal Board of Public Works harmless from all wages and overtime compensation due any employees in rendering services pursuant to contract awarded from this bid proposal or any subcontract arising therefrom, including payment of all reasonable attorneys' fees and costs in the defense of any claim made pursuant to the Fair Labor Standards Act, the Missouri Minimum Wage Act, or any other federal, state, or local laws.

The indemnification obligations of consultant hereunder shall not be limited by any limitations as to the amount or type of damages, compensation or benefits payable by or for the firm, under any federal or state law, to any person asserting the claim against Hannibal Board of Public Works, its elected or appointed officials, agents, and employees, for which indemnification is sought.

The indemnification obligations herein shall not negate, abridge, or reduce in any way any additional indemnification rights of the Hannibal Board of Public Works, its elected or appointed officials, agents, and employees, which are otherwise available under statute, or in law or equity.

END OF SECTION



00300 BACKGROUND

Organization

The City of Hannibal, Missouri ("Hannibal") was founded in 1819 and became chartered as a city in 1845. Hannibal is located 116 miles northwest of St. Louis in Marion County along the Mississippi River's west bank. Hannibal and the adjacent area comprise an area over 14 square miles and contain approximately two-thirds of the Marion County population and a portion of Ralls County. Hannibal and the surrounding area population is over 20,000, and over 250,000 people live within a radius of fifty miles.

Hannibal is organized under the laws of the State of Missouri and operates under a Constitutional Charter approved by the citizenry in 1845. Hannibal is governed according to a Council-Manager form of government. The Mayor and six council members are elected by the citizens of Hannibal for 3 years with staggered terms of service. The City Council appoints a City Manager to implement its policies and direct operations of Hannibal departments.

The Hannibal Board of Public Works (the "HBPW") is an executive department of the City of Hannibal under the City Charter. The City Charter grants the Board all management, supervision and control of Hannibal's electric, water, wastewater treatment, collection, and artificial underground stormwater collection systems. The HBPW was formed in 1903 and is governed by four Board Members who are appointed for a four-year term by the City Manager, subject to confirmation by the City Council, with one member appointed each year. The Board has the exclusive power to establish rates and provide for the assessment and collection of charges for Hannibal's municipal utilities. The Board has delegated responsibility for the day-to-day management and operations of the municipal utilities to its General Manager.

Service Territory, Transmission and Distribution System

The HBPW serves retail customers inside and outside the limits of Hannibal and provides approximately 8,795 retail customers with electric, water and wastewater service.

The HBPW's transmission and sub transmission systems are comprised of approximately 15 miles of 161 kV transmission line and 15 miles of 34.5 kV sub transmission lines and is interconnected to transmission facilities owned by AmerenUE. The HBPW operates three transmission lines that loop around Hannibal, allowing supply of power from any of three directions. The HBPW built a 161 kV transmission line and substation on the west side of Hannibal in 2009-2010. The HBPW added an additional 161 kV transmission line and substation adjacent to an existing substation on the south side of Hannibal in 2023.

As of June 30, 2023, the HBPW's distribution system consisted of approximately 127 miles of overhead and underground 13.8 kV primary circuits. Hannibal maintains 7 distribution substations.

Power Supply

The HBPW is a unit participant in the purchase of 20 MW of capacity and energy from the Prairie State Project. The HBPW regularly enters into contracts for energy and capacity for varying time periods and quantities with various third-party suppliers. These include contracts with AEP Energy Partners and Constellation Energy which are purchased power (energy) hedges during the peak summer and winter months to lock in energy prices during volatile times of the year. The HBPW purchases the balance of its energy needs in the MISO day-ahead marketplace. These also include contracts with Moraine Sands Wind Power and MidAmerican Energy which are purchased power (capacity) hedges to lock in capacity prices for a specified time period. The HBPW purchases the balance of its capacity needs in the MISO Planning Resource Auction which occurs every year in April. Efforts to balance the HBPW's purchased power portfolio are made with the assistance of a consulting engineering firm with significant expertise in MISO operations and scheduling.

Projected Capital Additions

The HBPW completed \$10M of capital improvements in the electrical system during 2009-2010 to increase the reliability of the HBPW power grid. The HBPW completed \$8M of capital improvements during 2022-2023 which included construction of a new 161 kV line and substation adjacent to an existing 34.5 kV substation. As of June 30, 2023, future capital additions planned during the next two fiscal years include a new substation transformer and substation rebuild in a project estimated to cost \$5.8M and a tie line between two substations to complete a 34.5 kV loop in a project estimated to cost \$2.5M.

Electric Rates

Rates and charges are established by the HBPW and are not subject to regulation by any other jurisdiction. Prior to any change in rates, the HBPW is required by the City Charter to hold a public hearing no more than 30 days or less than 15 days prior to the rate change. The HBPW reviews rates and charges at least annually. Electric rates were increased most recently in October 2023 by approximately 9.25%. The user rates for residential service are as follows:

Residential Service in City Limits:

<u>Description</u>	<u>Minimum Monthly Charge</u>	<u>Plus Rate/kWh</u>
Energy Charge	\$23.25	\$0.09871

Residential Service outside City Limits:

<u>Description</u>	<u>Minimum Monthly Charge</u>	<u>Plus Rate/kWh</u>
Energy Charge	\$37.25	\$0.09871

Pursuant to the City Charter, the HBPW pays a fee equal to 5½% of its revenues to the City's general revenue (the "transfer fee"). The transfer fee is reflected on a separate line item on utility bills. The fee may not exceed 5½% without a favorable vote of the majority of the qualified electors in a City election.



00400 SCOPE OF SERVICES

The consultant will be responsible for conducting a comprehensive cost of service and rate design study for the electric utility, including the following major elements:

1. Review proposed five-year capital improvement plan and total projected project costs.
2. Review financial history, including revenues and expenses, and current rate and fee structure. Determine the required rates to meet expenses, capital, and funding costs for future needs of the system.
3. Develop requisite Revenue Requirement analysis of test period system revenue and expenses as the foundation of the cost of service class analysis.
4. Identify annual and peak requirements and usage by customer class.
5. Identify current electric load and project future loads based on anticipated community growth.
6. Examine customer database and review current customer classifications.
7. Identify largest users and determine if users are being charged under the appropriate rate schedule.
8. Review charges for fixed cost items such as street lights and security lights.
9. Review current transmission delivery and power charges.
10. Review current fixed and variable energy and demand charges.
11. Review existing pole attachment charges.
12. Review current cash reserve policy and calculation of minimums and maximums to determine reasonableness.
13. Present the findings and conclusions of each task and resulting recommendations in the cost of service study final report in a clear and concise manner. A written report is required. A summary presentation to the board of directors may be requested during a regularly scheduled board meeting.
14. (OPTIONAL) Prepare a rate alternatives study evaluating the implementation of alternative rate structures including time-of-use (TOU) rates and residential demand. Services for this study should be quoted separately from the cost of service and rate design study.

The HBPW seeks to ensure our utility rate(s) cover the true cost of providing electrical service to our customers. This includes but is not limited to power and transmission purchase, O&M and equipment repair and replacement costs, maintaining appropriate working capital and cash balances as well as meeting debt service requirements and capital improvement needs. In doing so, the proposed rate/fee structure shall ensure an equitable treatment of all charges on future and current users.