CITY OF COFFEYVILLE
BOARD OF COMMISSIONERS AGENDA ITEM

MEETING DATE	February 11, 2014	
RESOLUTION OR ORDINANCE NUMBER	R-14-08	
AGENDA TITLE	**A RESOLUTION TO AUTHORIZE THE MAYOR TO EXECUTE AN AGREEMENT WITH UTILITY FINANCIAL SOLUTIONS TO DO AN ELECTRIC COST OF SERVICE STUDY**	
REQUESTING DEPARTMENT	Electric Utility	
PRESENTER	Steve McGie	
FISCAL INFORMATION	Cost as recommended:	$42,500.00
	Budget Line Item:	800-5-040-478
	Balance Available	
	New Appropriation Required:	[X] Yes [ ] No
PURPOSE	Authorizes the Mayor to execute an agreement with UTC for an Electric Cost of Service Study	
BACKGROUND	At the November 26, 2013 Commission Meeting the Commissioners directed Staff to go out for RFQs to perform an Electric Cost of Service Study RFQs were sent to 9 companies on 12/20/2013 asking them to submit their qualifications to perform an Electric Cost of Service Study. 4 companies responded to the RFQ, 3 declined and 4 did not respond at all. 2 of the companies that did respond were not solicited.	
SPECIAL NOTES	NA	

ANALYSIS	City Manager, Finance Director and Electric Utility staff reviewed the submitted RFQs and evaluated them based on 5 criteria; Responsiveness, Project Approach, Firm Experience, Staff Experience and Project Schedule. Staff set up in person interviews for the top 2 companies, which took place 1/30/2014 and 1/31/2014. City Manager, Finance Director and Electric Utility Staff decided Utility Financial Solutions would be the best choice to perform the Cost of Service Study.
PUBLIC INFORMATION PROCESS	NA
BOARD OR COMMISSION RECOMMENDATION	NA
STAFF RECOMMENDATION	Staff recommends the Mayor be authorized to execute an agreement with Utility Financial Solutions to perform an Electric Cost of Service Study in the amount not to exceed $42,500.00, which includes 2 additional on-site presentations at $2,800.00 per visit.
REFERENCE DOCUMENTS ATTACHED	RFQs from Burns & McDonnell and UFS (Utility Financial Solutions) and the UFS Pricing Sheet

RESOLUTION NO. R-14-08

A RESOLUTION TO AUTHORIZE THE EXECUTION OF AN AGREEMENT WITH UTILITY FINANCIAL SOLUTIONS. LLC, TO PERFORM A COST OF SERVICE STUDY AND RATE DESIGN FOR THE CITY OF COFFEYVILLE ELECTRIC UTILITY.

BE IT RESOLVED by the Board of Commissioners of the City of Coffeyville, Kansas that the Mayor and City Clerk be and are hereby authorized and directed to execute and authorize an agreement with Utility Financial Solutions, LLC, to perform a Cost of Service Study and Rate Design for the City of Coffeyville electric utility at a not to exceed cost of $42,500.

ADOPTED THIS 11th DAY OF FEBRUARY 2014.

_____
David George, Mayor

ATTEST:

_____
Cindy Price, City Clerk

APPROVED AS TO FORM AND LEGALITY:

_____
Paul Kritz, City Attorney

Coffeyville Muncipal Light & Power (Electric Department Cost of Service Study)

Services	Hours	Project Manager	Rates Manager	Analyst	Average Hourly Rate	Amount
Data Collection and Analysis						
Data Request	6	2	2	2	$ 192	$ 1,150
Determine Revenue Requirements	16	2	6	8	169	2,700
Sales and Power Requirements	16	8	8	0	225	3,600
Load Data Analysis	12	4	4	4	192	2,300
Cost of Service Model						
Customer Class Demands & Allocation Factors	12	4	4	4	192	2,300
Class Cost of Service	14	2	4	8	164	2,300
Study Reports	12	2	8	2	196	2,350
Rate Design Recommendation						
Electric Rate Design	16	4	10	2	203	3,250
Meetings and Presentations						
The following meetings were requested in the RFP to complete the analysis:						
1. Initial meeting – (Conf Call)	6	2	2	2	192	1,150
2. Field Work (On-Site)	10	10	0	0	250	2,500
3. Review reports with management (Conf Call)	7	3	2	2	200	1,400
4. On-Site Presentation(s) (per request)	0	0	0	0	-	-
Additional Services						
Financial Projection and Rate Track (5-Year)	12	2	6	4	183	2,200
Rate Survey	16	4	4	8	175	2,800
Review Fertilizer plan Agreement	6	4	2	0	233	1,400
Review Pole Attachement Agreements and Fees	8	4	4		225	1,800
Pole Attachement Survey	5	1	4	0	210	1,050
Review PCA	12	4	8	0	217	2,600
Fee Analysis (need to clarify if needed)	18	2	8	8	172	3,100
Total (less travel)	**204**	**64**	**86**	**54**	**$ 196**	**$ 39,950**
Hometown Connections 10% Discount						**$ 3,995**
Total after Project discount						**$ 35,955**
Total Out of Pocket Expenses:						**$ 945**
Project Total: Total Not to Exceed						**$ 36,900**

Non budgeted on-site visits estimated total per trip $2,800 (This amount includes $900 in not to exceed out of pocket expenses

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January 15, 2014

RECEIVED
JAN 17 2014
CITY CLERK

Cindy Price, City Clerk
City of Coffeyville, KS
102 W. 7th Street
Coffeyville, KS 67337

Re: Qualifications Pertaining to Electric Utility Cost of Service Study

Ms. Price:

Burns & McDonnell is pleased to provide our qualifications and general proposal for an Electric Utility Cost of Service Study (Study) for the City of Coffeeville, Kansas (the City). Burns & McDonnell has prepared this information in response to the Request for Qualifications for Engineering Services for providing a Cost of Service Study for the City.

Burns & McDonnell understands the requirements and potential scope of services required to complete the Study and feel that we are well qualified and prepared to perform the necessary services. Burns & McDonnell has served in similar roles for other similarly sized municipalities across Kansas and the United States and welcomes the opportunity to assist the City with each engagement. Our recent rate study experience with systems including the City of McPherson, KS, Owensboro Municipal Utilities, Pasadena Water & Power, Lakeland Electric, and others in completing detailed electric rate studies provides us with relevant experience that we can draw upon in executing the current Study for the City.

If Burns & McDonnell is selected as your consultant, you should expect the following:

- ***An Experienced Partner***. Our staff assigned to this important engagement has a long history of providing exceptional customer service and years of national experience in rate and financial consulting services.
- ***An Outstanding Firm.*** Our project team is backed by an employee-owned, financially strong, safety oriented, and nationally recognized engineering company. In fact, Burns & McDonnell is the only ENR Top 100 Firm to be awarded PSMJ's Premier Award for Customer Service, an honor we have received the past three consecutive years.
- ***A Fresh Perspective***. We will bring energy and ideas to the table that will provide LES with the benefit of a fresh mindset and collaborative approach.

Resources from our Kansas City office will provide the support for each project effort and will make it easy for our consultants to be available for meetings in your office as required to complete the Study and present the results. We realize there are many options to consider when selecting a consultant. We strive to be considered an extension of your staff, and pride ourselves on providing superior customer service and support.

If you would like to check with our references they can confirm we are effective and responsive to their needs. We look forward to your favorable review of this information and the opportunity to work with you and your team. If you have any questions concerning our qualifications and the information provided, please contact Mr. Adam Young at 816.822.3957 or ayoung@burnsmcd.com.

9400 Ward Parkway • Kansas City, MO 64114
Tel: 816 333-9400 • Fax: 816 822-3027 • www.burnsmcd.com

Sincerely,
BURNS & McDONNELL

Jeffrey J. Greig
Senior Vice President & General Manager

Adam Young, PE
Project Manager

City of Coffeyville
102 W. 7th Street
P.O. Box 1629
Coffeyville, KS 67337
Phone: 620-252-6120

TITLE-SIGNATURE PAGE
REQUEST FOR QUALIFICATIONS

The City of Coffeyville, Kansas, invites you to submit a proposal and statement of qualifications for professional engineering services for a Municipal Electric Department Cost of Service Study.

Five (5) SIGNED PROPOSALS

Plus one (1) unbound copy for a total of six (6) copies

MUST BE RECEIVED BY:
4:00 P.M. on January 17, 2014

PLEASE MARK YOUR SEALED PROPOSAL "COST OF SERVICE STUDY" AND SEND IT TO:

City of Coffeyville

Attention: Cindy Price, City Clerk
102 W. 7th Street
P.O. Box 1629
Coffeyville, KS 67337

The City reserves the right to reject any and all proposals, to waive technical defects, and to select the proposal(s) deemed most advantageous to the City.

The undersigned certifies that he/she has the authority to bind this company in an agreement to supply the service or commodity in accordance with all terms and conditions specified herein. Please type or print the information below. **Respondent is REQUIRED to complete, sign and return this form with their submittal.**

Company Name Burns & McDonnell

9400 Ward Parkway
Address

Kansas City, MO 64114
City/State/Zip

816.333.9400 816.822.3027
Telephone # Fax #

jgreig@burnsmcd.com
E-mail

Authorized Person (Print) Jeffrey J. Greig

Signature

Senior Vice President
Title

1/15/14 43-0956142
Date Tax ID #

Corporation - 100% employee-owned firm
Entity Type

Firm Profile

Burns & McDonnell is an internationally recognized consulting firm serving clients since 1898. The first major assignment for our founders, Mr. Burns and Mr. McDonnell, was a project for the City of Iola Kansas, a client Burns & McDonnell has serviced for over 115 years. This long-standing relationship is a testament to the services our company provides. Today, Burns & McDonnell is an over 4,300 strong, 100% employee-owned firm, directed by a board of directors that practices a management philosophy grounded in participation and attention to client and employee matters. This philosophy and participation have been the foundation for the continued success of the firm.

Contact Information

Adam Young, PE, MBA
Project Manager
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114
816-822-3957
ayoung@burnsmcd.com

Ted Kelly, MBA
Principal
Burns & McDonnell
9400 Ward Parkway
Kansas City, MO 64114
816-822-3208
ayoung@burnsmcd.com

Global Practices

Burns & McDonnell has over 4,300 employees in more than 30 offices nationwide providing innovative, timely and cost-effective services to our clients. Our company is organized into the following interactive Global Practices to meet industry needs:

- Business & Technology Services
- Transmission & Distribution
- Environmental Studies & Permitting
- Energy
- Environmental
- Infrastructure
- Aviation & Federal
- Process & Industrial
- Global Facilities
- Construction/Design Build

Regional Offices

Burns & McDonnell serves clients throughout the United States and worldwide. Our headquarters is in Kansas City, Missouri with offices across the country.

Firm Profile
(continued)

We have built our reputation on providing timely and responsive services to our clients. We measure success in part by the degree to which we are viewed as extensions of our clients' staff. This status cannot be achieved if physical location interferes with the delivery of timely and responsive service. A trusted business advisor must be readily accessible when the need arises, regardless of location. We encourage you to contact our references regarding the level of personal service and commitment we provide. You will find we have a history of meeting this challenge with our clients across the nation.

Depth of Staff

Burns & McDonnell has experts in a wide range of scientific, economic and engineering disciplines. This diversity of experience provides an excellent resource that can be drawn upon as needed to meet challenges and recommend solutions in a timely and efficient manner. This translates to project consistency, lower costs and the ability to maintain project schedules.

Employee Ownership

As a 100% employee-owned firm, each member of the Burns & McDonnell team brings an owner's mentality to your project. This provides a noticeably higher level of service to our clients.

Industry Rankings

Burns & McDonnell is ranked in the ***top 10 percent of the leading 500 U.S. design firms*** and the top third of the leading design-build firms by the *Engineering News Record*. We were also recently listed in the top 10 mechanical/electrical firms by Consulting-Specifying Engineer. Honored with numerous awards for excellence by professional organizations, government agencies and the armed forces, we've established a reputation for providing high-quality service to our clients and innovative solutions to meet their needs.

For the third consecutive year Burns & McDonnell has been awarded the ***Premier Award for Client Satisfaction by PSMJ (the Professional Services Management Journal),*** the leading publisher, trainer and consultancy to the A/E/C industry. PSMJ conducted an independent survey of A/E/C service provider clients to determine overall satisfaction levels in seven key client service categories: Helpfulness; Responsiveness; Quality; Accuracy; Schedule Adherence; Budget Adherence; and Scope and Fees. Survey respondents were asked to compare the performance of Burns & McDonnell to other A/E/C service providers with whom they had experience.

For the second consecutive year Burns & McDonnell has been recognized by ***FORTUNE Magazine as one of The 100 Best Companies To Work For in 2013***. One of only two U.S. Engineering firms to be so honored, this recognition calls attention to our industry leadership and stability, growth and low turnover, experience, expertise and financial strength. All attributes we routinely deliver in our continued efforts to make our clients successful.

A Commitment to Health & Safety

Safety is the most important component of any project. Burns & McDonnell employee-owners are committed to safety on the job at all times. Every project at Burns & McDonnell operates with the safety philosophy that zero recordable incidents can be accomplished with proper planning, resources and follow-through. The importance of safety is advocated by focusing on training efforts.

Firm Profile
(continued)

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A Commitment to Quality

The QC procedures used at Burns & McDonnell were adopted in March 1981 and were updated and revised in September 2010.

The QC process for studies involves three distinct review steps that occur at strategic milestones during the project. Documents that take the form of a report undergo these distinct reviews prior to the draft publication. "Draft" or "Working Draft" submittals to any client are prepared as if they were "Final," reducing work on any subsequent iteration, if required, to the incorporation of purely technical comments from regulators or the client.

The objectives of the Burns & McDonnell quality control program are to:

- Satisfy our clients' requirements for their project, consistent with imposed time and budget constraints and technical practicalities.
- Comply with applicable codes, standards, laws, and regulations.
- Comply with company standards, unless otherwise directed by our client and provided that the substituted standards are in accordance with good practice.
- Select cost-effective concepts and systems.
- Minimize errors.
- Produce contract documents within budgets and on schedule.
- Reduce liability to the client and the company.

Financial Soundness

The company's strong financial performance is reflected by its historical growth and stability. Annual revenues for the years ending December 31, 2012, 2011, and 2010 were $1.524 billion, 1.174 billion, and 1.070 billion. Burns & McDonnell maintains cash and investment balances of nine figures and has no current or long-term bank borrowings. The company maintains positive net income, current backlog levels approximating $1 billion and an aggregate bonding capacity in support of our projects of $1 billion.

Business & Technology Services

This project for the City will be executed by Burns & McDonnell's Business & Technology Services Global Practice. This group was formed to meet the financial and management challenges of our clients. Specific services provided include:

- Utility Rate Services
- Economic/Pricing/Financial Analyses
- Management Consulting Services
- Resource Planning
- Transmission Planning
- Operations Services
- Human Resource Management

The Business & Technology Services group offers the experience and expertise needed to successfully provide utility rate and financial consulting services for the City. Our experience in forecasting, financing, operation and maintenance reports, and other management assignments provides our staff with a broad understanding of the utility industry, in addition to the breadth and depth of knowledge necessary to successfully complete this assignment. Our knowledge and experience will allow us to address the issues of recovery of the cost of each element of utility service and preparation of the system for meeting future needs the City.

Firm Profile
(continued)

The Business & Technology Services group of Burns & McDonnell assists its clients with cost evaluations of providing electric services to their customers and with the development of appropriate pricing mechanisms designed to properly recover those costs. A brief narrative regarding some of the typical service offerings managed on behalf of electric utility clients is presented below.

Utility Rate Studies

The Business & Technology Services group provides cost-of-service and rate analyses for electric, gas, waste, utility clients. These projects include development of financial forecasts to estimate the effects of anticipated sales and costs on clients' revenue requirements. Our staff creates sophisticated computer models and databases that are utilized in the analyses. Burns & McDonnell's approach to performing each study is specifically tailored to each individual client's needs.

A key component of our cost of service and rate studies is the development of rate and pricing options for our clients. Burns & McDonnell utilizes the results of the cost analyses to evaluate and design rate structures for retail or wholesale service that accomplish our clients' strategic goals and objectives. We consider both traditional and innovative alternatives in the structure and application of pricing strategies recommended to our clients. The impacts of potential pricing scenarios on our clients' key constituents are identified and assessed. We also provide expert testimony to regulatory, legal, or other public authorities, both written and oral, on behalf of our clients in support of our pricing recommendations.

Cost Analysis

Burns & McDonnell provides detailed cost analyses and feasibility study services to clients in many different industries. These analyses have included feasibility studies of utility regionalization, plant expansions, office consolidations, mergers and acquisitions, and operational master plans. These studies have ranged from one-year to forty-year analyses. We have the in-house capabilities of numerous business and engineering disciplines that enhance our ability to accurately assess the advantages and disadvantages of many types of proposed projects. Custom financial proformas are often developed during these analyses to model the unique features of our client's particular business.

Engineer's Reports

The Business & Technology Services group prepares engineering reports for official statements in conjunction with the sale of revenue bonds. Typically, projections are made of the bond issuers' operating expenses, required revenues, and compliance with applicable debt covenants. Burns & McDonnell has served as consulting engineer for public utility financings totaling more than $15 billion. Through these financial activities, we have worked with many investment banking firms and bond counsels, and have assisted in presentations to rating agencies and bond insurers.

Management and Operation Reports

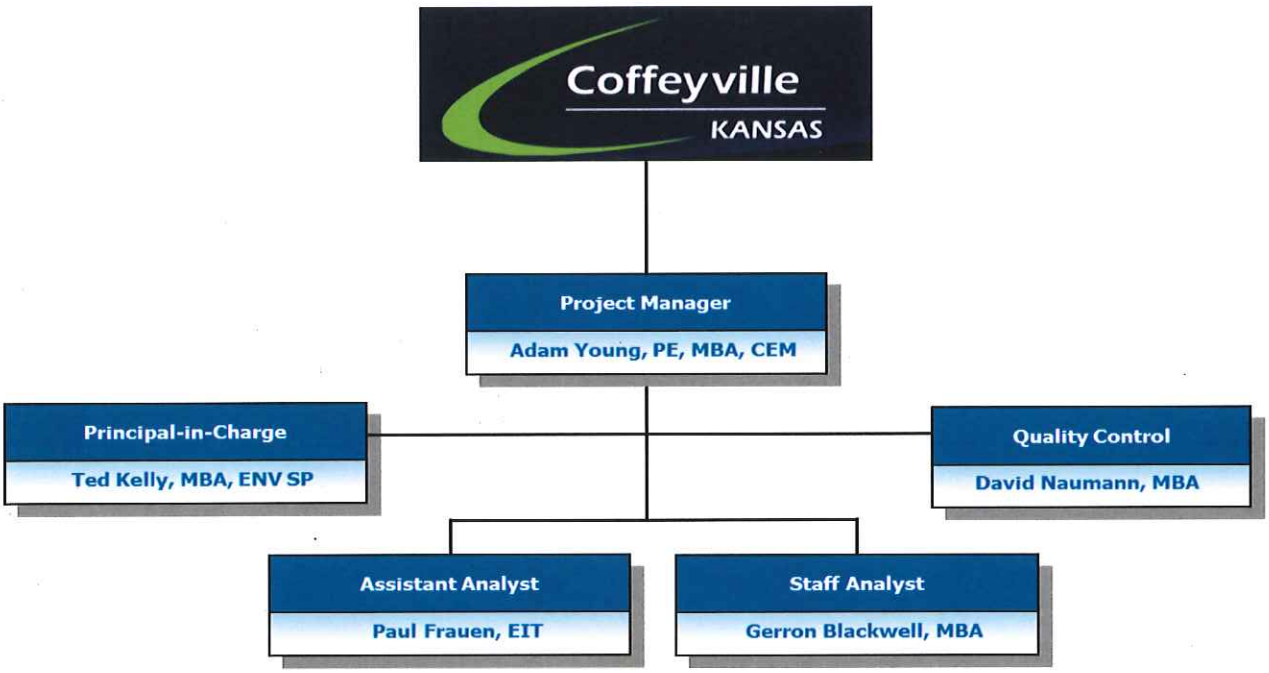
Utilities retain Burns & McDonnell to develop management and operation reports. These reports, individually tailored to the utilities' specific needs, are frequently required by the utilities' trust indentures or bond ordinances and have helped our clients improve their systems. Such reports require a periodic review of the utilities' management and operation by the consulting engineer to ensure that the utility is operated appropriately and the investment of the bondholder is protected.

Key Personnel

Key Personnel & Organizational Chart

Burns & McDonnell has assembled a highly qualified staff of economic and business professionals with deep and directly applicable experience to execute the proposed Study for the City. Our project team is illustrated below. This team has the experience and knowledge to complete the services and provide actionable recommendations. In addition, the firm has technical specialists with additional areas of focus on which the project team can call on as needed. As you review our project team, consider these important points:

- Our project team's experience in forecasting, financing, operation and maintenance reports, and other management assignments provides the breadth and the depth of knowledge necessary to successfully complete this assignment.
- Our project team has a history of completing similarly sized and scoped projects on time and to the satisfaction of our clients and the Project Manager selected for this effort, Adam Young, has over 10 years of experience in electric utility financial consulting and cost of service studies.
- Our project team assigned to this engagement would also include our principal in charge for the study, Ted Kelly, who has more than 33 years of experience in professional services and rate study projects. Ted will be joined by Gerron Blackwell, Paul Frauen, and David Naumann who have substantial experience in utility rate studies.



We have structured a team that is committed, available and is fully capable of performing this project. We are ready to go! A brief synopsis of each member of our project team is included on the following pages.

Key Personnel
(continued)

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Adam Young, MBA, PE, CEM – Project Manager

Mr. Adam Young will serve as the project manager for the Study. Mr. Young will be responsible for completing and coordinating the completion of the various analyses in the Study. Besides having responsibility for completing certain aspects of the proposed work, he will engage other appropriate resources within our multi-disciplined, full-service firm as needed. Mr. Young has developed customized Excel based financial models and analyses for a number of electric utility studies. These studies have included financial analysis, determination of revenue and revenue requirements, cost-of-service analyses, rate analyses, and rate design. Mr. Young has managed, directed, conducted, and supported numerous similar studies over the past ten years including studies for Naperville, Illinois, Lakeland, Florida; Pasadena, California; Owensboro, Kentucky; and Jackson, Missouri.

Ted Kelly, MBA – Principal in Charge

Mr. Ted Kelly will serve as principal in charge for the Study. Mr. Kelly has extensive experience in electric utility rate matters and has performed cost-of-service and rate design studies for clients across the country. As principal in charge, he will oversee satisfactory completion of the work and be directly responsible for the services provided. Mr. Kelly has managed and directed numerous similar studies over the past five years including studies for Pasadena, California; Naperville, Illinois; Lakeland, Florida; McPherson, Kansas; Dover, Delaware; and Owensboro, Kentucky.

Gerron Blackwell, MBA – Staff Analyst

Mr. Gerron Blackwell will serve as the project analyst for the Study. Mr. Blackwell has been actively involved as project analyst in several cost-of-service and rate studies, with responsibility for analyzing required capital expenditures, evaluating revenue and debt financing, and allocating costs to various customer classes. He has also determined cost-based rates based on projected revenues and expenses using detailed financial models. His project experience includes serving as an analyst on similar studies for Pasadena, California; Lakeland, Florida; Naperville, IL; Dover, Delaware; McPherson, Kansas; and Owensboro, Kentucky.

Paul Frauen, EIT – Assistant Analyst

Mr. Paul Frauen will serve as an assistant project analyst for the study. Mr. Frauen has been actively involved as an assistant analyst in several electric rate studies and has prepared numerous financial forecast models, power supply analyses, and rate analyses. He has been responsible for analyzing required capital expenditures, evaluating revenue and debt financing, and allocating costs to various customer classes. He has also determined cost-based rates based on projected revenues and expenses using detailed financial models. His recent project experience includes supporting work in developing financial forecast models and detailed customer rate analyses for Pasadena, California, Owensboro, Kentucky, and Jackson, Missouri.

David Naumann, MBA – Quality Control

Mr. Naumann will serve as the quality control specialist for the Study, and will assist with the independent review of the deliverables for the Study. Mr. Naumann has been actively involved as a senior project analyst in several cost-of-service and rate studies for various utilities. He has been responsible for analyzing required capital expenditures, evaluating revenue and debt financing, and allocating costs to various customer classes. He has also determined cost-based rates based on projected revenues and expenses using detailed financial models.

Detailed resumes for the project team members are provided on the following pages.

Adam S. Young, PE, MBA, CEM

Project Manager

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Expertise

- Financial Modeling
- Cost-of-Service
- Utility Rate Design
- TOU Rate Design
- Renewable Energy
- Distributed Generation
- Demand Side Management
- Smart Grid Planning

Education

- B.S. in Mechanical Engineering, University of Missouri, Columbia, 2003
- MBA, University of Missouri, Kansas City, 2007

Organizations

- Smart Grid Interoperability Panel
- American Public Power Association

Registration

- Professional Engineer, Missouri
- Certified Energy Manager, AEE

Total Years of Experience

11

Years With Burns & McDonnell

11

Start Date

2002

Mr. Young is a project manager and senior project analyst in Burns & McDonnell's Business & Technology Services division where he specializes in engineering and financial analysis in the energy industry. During his career at Burns & McDonnell, he has gained a broad base of experience in the energy industry including system planning, financial analysis, economic modeling, cost of service analysis, utility rate design.

Financial Modeling and Planning Services, Long Island Power Authority

New York, NY

Mr. Young is serving as the project manager and lead financial analyst in redeveloping the long term financial planning model for the Long Island Power Authority (LIPA). The financial model was developed to forecast LIPA's revenues and costs and is used to develop their income and cash flow statement forecasts. The model is used to determine levels of rate revenue increases, annual debt issue amounts, and cash balances. Additionally, Burns & McDonnell is continuously supporting LIPA in their long term resource planning and financial planning needs by modeling various scenarios and strategies including but not limited to rate restructuring alternatives, the sale of generation assets, securitization of over 2 billion in outstanding debt, construction financing of new generation assets, and various power purchase agreement alternatives.

Electric Utility Cost of Service and Rate Study, Trenton Municipal Utilities

Trenton, MO

Mr. Young recently served as the project manager and lead business analyst for an electric utility cost of service and rate design study for Trenton Municipal Utilities (TMU). The study includes the development of a comprehensive financial forecast model of the integrated utility system, a cost of service analysis and the design and restructuring of TMU's retail rate classes. As part of the study, Burns & McDonnell evaluated the impact of consolidating customer classes, variations in power supply structure, and various capital financing strategies.

Electric Cost-of-Service and Rate Design Study, Naperville Department of Public Utilities

Naperville, IL

Mr. Young served as the project manager on the comprehensive electric cost-of-service and rate design study for Naperville. The study includes development of time-of-use rates for various customer classes served by Naperville. New rate classes were included in the cost-of-service allocations, and corresponding rate schedules were developed for each resulting class of customers.

Electric Rate Analysis and Cost of Service Study, Lakeland Electric

Lakeland, FL

Mr. Young served as the assistant project manager in preparing an electric rate analysis and cost of service study for Lakeland Electric. The cost of service analysis was required due to Florida Public Utilities Commission regulations

and served as the basis for the setting of new electric rates. This study also developed time of use (TOU) electric rate structures that will support the implementation of Lakeland Electric's Smart Grid project.

Electric Rate Analysis and Cost of Service Study, City of Jackson
Jackson, MO

Mr. Young served as the project manager on a comprehensive electric rate analysis and cost of service analysis for the City of Jackson, MO. The cost of service analysis was needed to better allocate the cost of power supply to the City's various customer classes. The City currently purchases from MOPEP.

Electric Rate Analysis and Cost of Service Study, Owensboro Municipal Utilities
Owensboro, KY

Mr. Young served as the lead analyst in preparing a detailed electric rate analysis and cost of service study for Owensboro Municipal Utilities (OMU). The study was required due to OMU's new power supply agreement with its coal plant.

Electric Rate Analysis and Cost of Service Study, City of Dover, DE
Dover, DE

Mr. Young served as the lead analyst in preparing an electric rate analysis and cost of service study for the City of Dover, DE. The rate analysis and cost of service analysis incorporated changes in Dover's new wholesale power supply contract with Pace Global Energy Services. Mr. Young also provided rate design services to Dover in 2007 to 2008.

Ted J. Kelly

Principal-In-Charge

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Expertise

- Utility Rate Analyses
- Cost of Service
- Utility Planning and Operations Analysis
- Financial Analysis
- Power Supply Evaluations

Education

- B.S. in Economics, Minor in Engineer Management, University of Missouri-Rolla, 1977
- MBA in Utility Regulation and Management, Indiana University, 1983

Professional Registration

- Envision Sustainability Professional

Organizations

- Council of Energy Advisors
- Empire Who's Who of Executives and Professionals 2003-04, 2005-06
- National Register's Who's Who in Executives & Professionals 2002-03
- American Water Works Association

Committees

- Texas Public Power Association Marketing & Customer Service

Total Years of Experience

34

Years With Burns & McDonnell

15

Start Date

1998

Mr. Kelly is a Principal in Business & Technology Services at Burns & McDonnell. In this capacity, Mr. Kelly is responsible for managing a variety of projects for utilities relating to financial and management issues. He is the Director of Business Analysis in Business & Technology Services Group. Mr. Kelly's project experience includes analysis of utility operations and management; strategic and business planning; cost-benefit analysis; financial feasibility; economic impacts; revenue requirements; financial and cost accounting; cost of service; rate design; contributions in aid of construction; resource acquisition strategies; power supply planning; and valuations of utility property. He has managed numerous projects involving in-depth financial analysis. Mr. Kelly has over 30 years of utility financial consulting experience.

Mr. Kelly has been involved in utility assignments involving the determination of revenue requirements and cost of service by customer class. Specific studies include projections of revenues and expenses; normalization of test period data; analyses of customer class load characteristics; development of customer class cost allocation factors; analyses of customer bill frequency data; design of cost of service rates; calculations of revenue under proposed rates; and preparation of testimony. Mr. Kelly has completed studies for electric, water, wastewater, stormwater, and gas utility systems. His work has included presentation of testimony before state regulatory commissions.

Electric Rate Analysis and Cost of Service Study, Pasadena Water and Power, Pasadena, CA

Mr. Kelly managed a detailed electric rate analysis and cost of service study for Pasadena Water and Power (PWP). The study was prepared to address cost increases and determine PWP's ability to fully meet revenue requirements. In completing the study, rate schedules were developed to address standard rates and other rate options that PWP wanted to make available to customers to incorporate critical requirements related to customer service conditions.

Electric Rate Analysis and Cost of Service Study, Lakeland Electric Lakeland, FL

Mr. Kelly managed an electric rate analysis and cost of service study for Lakeland Electric. The cost of service analysis was required due to Florida Public Utilities Commission regulations and served as the basis for the setting of new electric rates. This study also developed time of use (TOU) electric rate structures that will support the implementation of Lakeland Electric's Smart Grid project.

Electric Cost-of-Service and Rate Design Study, Naperville Department of Public Utilities, Naperville, IL

Served as the project director on the comprehensive electric cost-of-service and rate design study for Naperville. The study included development of time-of-use rates for various customer classes served by Naperville. New rate classes were included in the cost-of-service allocations, and corresponding rate schedules were developed for each resulting class of customers.

Other Recent Studies

Mr. Kelly was the project director for recent electric rate studies for the Board of Public Utilities of McPherson, KS, Owensboro Municipal Utilities (OMU), City of Dover, DE, and Trenton Municipal Utilities, MO.

Gerron Blackwell

Staff Analyst

Burns & McDonnell
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Expertise

- Economic Analysis
- Financial Forecasting
- Valuation Analysis
- Utility Rate Analysis
- Cost-of-Service Analysis

Education

- MBA in Finance, University of Missouri-Kansas City, 2007
- B.S. in CADD Technology, Central Missouri State University, 2003

Total Years of Experience

10

Years With Burns & McDonnell

10

Start Date

2004

Mr. Blackwell is a project analyst in the Business & Technology Services group at Burns & McDonnell. Mr. Blackwell specializes in financial modeling, financial analysis, forecasting, and valuation assessment. Specific experience includes the projections of revenues and expenses, normalization of test period data, analyses of customer class load characteristics, development of customer class cost allocation factors, design of cost-of-service rates, and calculations of revenue under proposed rates. Analyses performed include development of revenue requirements forecasts, cost-of-service analysis, consolidation of customer classes, and various modifications to the rate design structure. A summary of Mr. Blackwell's engagements is presented below.

Electric Rate Analysis and Cost of Service Study, Pasadena Water and Power - *Pasadena, CA*

Mr. Blackwell was the principal analyst for a detailed electric rate analysis and cost of service study for Pasadena Water and Power (PWP). The study was prepared to address cost increases and determine PWP's ability to fully meet revenue requirements. In completing the study, rate schedules were developed to address standard rates and other rate options that PWP wanted to make available to customers to address specific requirements related to service conditions.

Electric Rate Analysis and Cost of Service Study, Owensboro Municipal Utilities – *Owensboro, KY*

Mr. Blackwell was the principal analyst for a detailed electric rate analysis and cost of service study for Owensboro Municipal Utilities (OMU). The study was prepared to address cost increases and reset base and appropriate cost adjustment factors to fully meet revenue requirements. In completing the study, rate schedules were developed to address standard rates and other rate options that OMU wanted to make available to customers.

Electric Rate Analysis and Cost of Service Study, Lakeland Electric - *Lakeland, FL*

Mr. Blackwell served as an analyst in preparing an electric rate analysis and cost of service study for Lakeland Electric. The cost of service analysis was required due to Florida Public Utilities Commission regulations and served as the basis for setting new electric rates. This study also developed time of use (TOU) electric rate structures that support implementation of Lakeland's Smart Grid project.

Electric Cost-of-Service and Rate Design Study, Naperville Department of Public Utilities - *Naperville, Illinois*

Mr. Blackwell served as an analyst on the comprehensive electric cost-of-service and rate design study for Naperville. The study includes development of time-of-use rates for various customer classes served by Naperville. New rate classes were included in the cost-of-service allocations, and corresponding rate schedules were developed for each resulting class of customers.

Electric Cost of Service and Rate Study, Board of Public Utilities - *McPherson, KS*

Mr. Blackwell prepared a detailed electric rate analysis and cost of service analysis and model for the Board of Public Utilities of McPherson, KS. In completing the study, prepared forecasts of revenues and revenue requirements, completed cost allocations and developed revised rates including modification to rate structures by customer class. Assisted with the preparation of the project report and presentation of results and recommendations.

Paul Frauen, E.I.T.

Assistant Analyst

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Expertise

- Economic Modeling
- Feasibility Studies
- Performance Modeling
- Financial Forecasting
- Valuation Analysis
- Utility Rate Analysis
- Cost-of-Service Analysis

Education

- B.S. in Mechanical Engineering, University of Missouri – Columbia, 2012

Organizations

- American Society of Mechanical Engineers

Certifications and Training

- E.I.T., Missouri

Total Years of Experience

1.5

Years With Burns & McDonnell

1.5

Start Date

Full-time – June 2012
Intern – Winter 2011-2012
Intern – Summer 2011

Paul Frauen works as an Assistant Mechanical Engineer in Burns & McDonnell's Business and Technology Services Analysis Group. Mr. Frauen assists lead engineers and project managers on a multitude of projects. His experience includes financial, economic, hydraulic, and renewable energy modeling, system planning, rate analysis, and technology integration.

Electric Rate Analysis and Cost of Service Study, Trenton Municipal Utilities

Trenton, MO

Mr. Frauen served as a project analyst on a comprehensive electric rate analysis and cost of service analysis for the City of Trenton, MO. The cost of service analysis was needed to better allocate the cost of power supply to the City's various customer classes. The City currently purchases from MOPEP.

Electric Rate Analysis and Cost of Service Study, Owensboro Municipal Utilities - *Owensboro, KY*

Mr. Frauen is serving as an analyst in preparing a detailed electric rate analysis and cost of service study for Owensboro Municipal Utilities (OMU). The study is required due to OMU's new power supply agreement with its coal plant.

Electric Rate Analysis and Cost of Service Study, City of Jackson - *Jackson, MO*

Mr. Frauen served as the project analyst on a comprehensive electric rate analysis and cost of service analysis for the City of Jackson, MO. The cost of service analysis was needed to better allocate the cost of power supply to the City's various customer classes. The City currently purchases from MOPEP.

Electric Rate Analysis and Cost of Service Study, Pasadena Water and Power - *Pasadena, CA*

Mr. Frauen is an analyst for a detailed electric rate analysis and cost of service study for Pasadena Water and Power (PWP). The study is being prepared to address cost increases and determine PWP's ability to fully meet revenue requirements. In completing the study, rate schedules are being developed to address standard rates and other rate options that PWP wants to make available to customers to address specific requirements related to service conditions.

Biomass CHP Plant Phase 1 Feasibility Study, Columbia Water & Light - *Columbia, MO*

Mr. Frauen assisted Columbia Water & Light in inspecting the feasibility of a Biomass CHP plant to service multiple industrial facilities within Columbia, MO. This effort included the drafting of the technical report to be presented to Columbia Water & Light, as well as the construction of a model examining loads and the determination of an appropriate plant placement.

David Naumann

Quality Control

Burns & McDonnell
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Specialties

- Project Management
- Financial Consulting
- Cost of Service
- Rate Analysis
- Feasibility Analysis
- Debt Issuance Support
- Economic Modeling
- Valuation
- System Development Fees
- Performance Management

Education

- B.S.B.A., Finance Economics, Rockhurst University, 1991
- M.B.A., Finance, University of Missouri – Kansas City, 1997

Organizations

- American Water Works Association
- Water Environment Federation

Total Years of Experience

22

Years With Burns & McDonnell

2

Start Date

2011

Mr. Naumann is a project manager in Burns & McDonnell's Business & Technology Services Division specializing in the financial and operational analysis of a variety of municipal utility systems. The breadth of engagements during Mr. Naumann's 22 years of service have included financial planning, cost of service, and rate design; system development charges; utility valuation; economic modeling; feasibility of plant expansion; feasibility of organizational or governance change, and related transition planning; and process improvement. His decision support background, understanding of business operations, and economic modeling skills have been leveraged to develop innovative feasibility assessments and viable financial plans. Mr. Naumann has facilitated large and small workshops and presented study results effectively to decision makers and stakeholders.

Electric Rate Analysis and Cost of Service Study, Pasadena Water and Power - *Pasadena, CA*

Mr. Naumann assisted in the execution of a detailed electric rate analysis and cost of service study for Pasadena Water and Power (PWP). Specifically Mr. Naumann contributed toward the development of the cash and utility basis revenue requirements and rate of return modeling.

Utility System Financial Analysis

Springfield, MO

Mr. Naumann is serving as the project manager to perform variance analysis comparing forecasts of financial performance used in the most recent wastewater rate study to actual results achieved in the recently completed fiscal year. Variance analysis includes customers, volumes, revenues, operating expenses, and other cash requirements.

Wastewater Utility Bond Feasibility Study

Kansas City, MO

Mr. Naumann served as the project manager responsible for the bond feasibility analysis associated with the issuance of approximately $78M in wastewater revenue bonds. Services included representative system inspections and a financial analysis projecting cash flows and revenue bond debt service coverage over a 10 year time horizon. As a condition of their existing bond covenant, an additional bonds test was also performed. This project was executed in an accelerated approach to help the City take advantage of a favorable municipal bond market.

Depreciation Study, Gainesville Regional Utilities

Gainesville, FL

Mr. Naumann served as a project manager for a comprehensive depreciation rate study for Gainesville Regional Utilities' (GRU) systems. The study involved on-site inspections and observations regarding the condition of key assets, followed by detailed analysis of related fixed asset records. The Whole Life and Life Span methods were used as appropriate to develop recommendations for depreciation rate changes for utility asset classes.

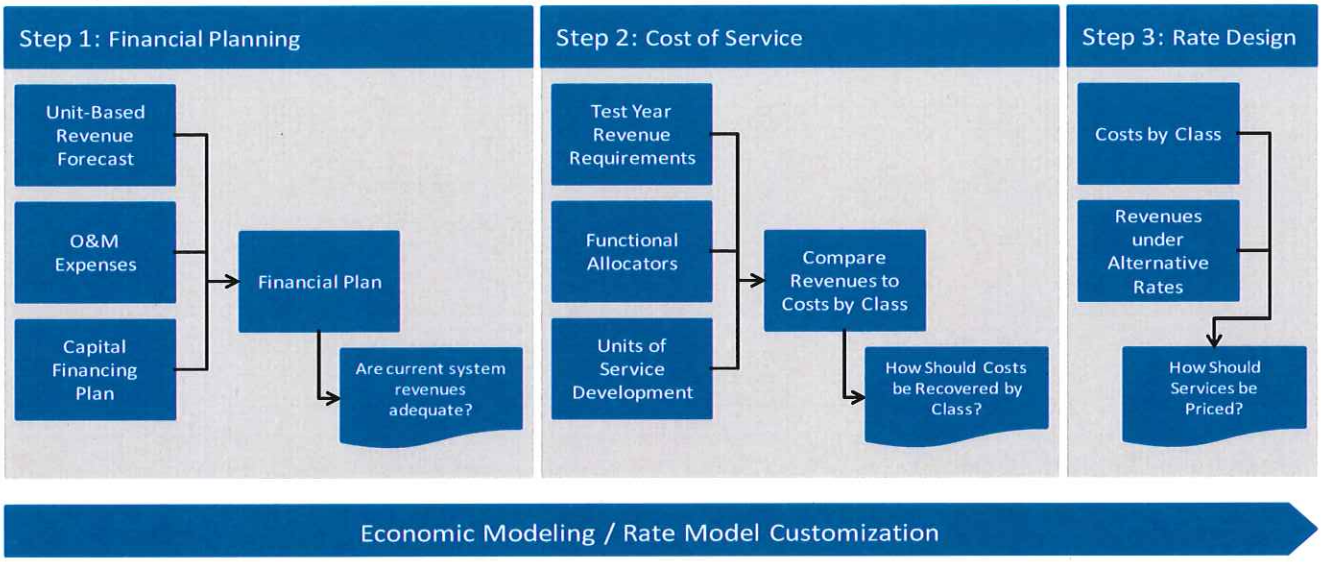
Approach

Project Understanding

Burns & McDonnell proposes to provide the professional consulting services required by the City of Coffeyville, Kansas (the City) to conduct a comprehensive Electric Utility Cost of Service and Rate Design Study (Study). Burns & McDonnell has reviewed the scope of work covered in the RFP and understands that the City would like to complete the tasks described in the Project Approach section of our proposal document.

Project Approach

To meet the study objectives identified by the City, Burns & McDonnell proposes to follow a three-step approach to address the three key aspects:



Task 1 - Initiate Project

Burns & McDonnell will initiate the project activities as soon as possible following the execution of an Agreement for Professional Consulting Services and receipt of authorization to proceed from the City.

Task 1.1 - Prepare Data Request

Burns & McDonnell will submit a comprehensive data request for information to the City required to perform the analysis and complete the Study. This will include various historical and budgeted financial information, as well as certain electronic data and specific documents. As the evaluation proceeds, additional information may be requested, as necessary. An example data request has been included at the end of this section.

Task 1.2 - Conduct Project Kick-off Meeting

Burns & McDonnell proposes to initiate the project by conducting a project kick-off meeting at the City's offices. This meeting will provide the opportunity for the project team to meet with utility staff and gain further understanding of the City's goals and objectives of the Study. It will also allow Burns & McDonnell and the City to review the project approach, the various issues to be addressed, and the data and information requested previously. During the meeting, the Burns & McDonnell project team will work with the City to finalize a timeline for the study that will result in completion and acceptance of all tasks and deliverables in time to facilitate completion of the Study in a timely manner to meet the City's needs.

Approach
(continued)

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Task 1 - Deliverables and Meetings

Deliverables:	Data Request List	Formal Meeting:	On Site Project Kick-off

Task 2 - Prepare Financial Forecast Model and Determine Revenue Requirement

Burns & McDonnell will develop a five-year financial forecast of the City's electric utility's operating results. This will result in a determination of whether the City's current electric rates will provide adequate revenues to meet utility operating and capital costs for five years into the future. The results of this financial forecast will be utilized to define the target annual revenue requirements for the cost of service analysis. Burns & McDonnell will utilize any retail rate revenue projections, capital plan, and operating cost projections that the City has available as the basis for developing the financial forecast. This task will include addressing the following requirements from the RFP; (1) review and validation of City operating revenues and expenses, (2) comparison to other utilities, and (3) identification for revenue enhancement opportunities.

Task 2.1 - Review Historical Electric Usage and Prepare Load Forecast

Burns & McDonnell will review the historical load and usage data, energy consumption data, and billing demand data provided by the City to assess usage patterns of each customer class. Burns & McDonnell will also review historical growth in the number of customers by class and then forecast the annual number of customers for each class for each year of the forecast period. Based on the historical data provided and other available information, Burns & McDonnell will estimate the total annual energy consumption by customer for each rate class.

Burns & McDonnell will also prepare a summary of the annual power supply requirement which will be based on the individual customer classes' load forecasts. The annual power supply requirement will have the necessary system energy and demand data that will allow Burns & McDonnell and the City to project the annual system power supply cost. Burns & McDonnell will prepare a system demand and energy forecast that is able to easily integrate power supply contract billing determinants.

Task 2.2 - Prepare Detailed Revenue Forecast

Burns & McDonnell will apply the "*existing*" schedules of electric rates to the projected annual detailed billing determinants (i.e. demand, energy, etc.) and the estimated annual numbers of customers to develop the forecasted annual billed electric revenues under the existing rates for the forecast period. Burns & McDonnell will set up the energy sales and revenue sections of the financial forecast model such that the City staff will be able to easily update the model inputs such as (energy growth, customer count, etc.) in the future. Burns & McDonnell will also develop projections of electric revenues from other sources such as interest income, penalties, and other miscellaneous income sources.

Task 2.3 - Prepare Detailed Power Supply Cost Forecast

Burns & McDonnell will work with the City staff to accurately model power supply contract billing determinants, contract rates, and overall annual costs, monthly costs, and hourly costs (as needed) in the financial forecast model. The costs under the Grand River Dam Authority (GRDA) power supply contract will need to be summarized under the necessary cost components (i.e. capacity costs, energy costs, transmission costs, etc.) so that the data can be integrated directly into the cost-of-service sections of the model. Additional details and cost components of the City's own internal local generation will be integrated into the model to account for the wholesale revenues provided through the capacity purchase agreement with GRDA. The details of the power supply cost will be critically important when determining the allocated energy cost and demand cost to each class and will provide the basis for the design of the proposed rates.

Task 2.4 - Prepare Operation and Maintenance Expense Forecast

Burns & McDonnell will prepare projections of annual system operation and maintenance expenses, by FERC account if available, based on projected usage, historical levels of these expenses, budgets for future periods, and the input of the City staff as to impacts of any planned changes to the electric system.

Approach
(continued)

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Task 2.5 - Prepare Capital Improvements and Depreciation Expense Forecast

Burns & McDonnell will review the funding provided in the current Capital Improvements Budget for system additions and expansions, renewals, and replacements. The funding provided for recurring capital activities will be compared to historical levels and trends. Comparisons will be made between the specific projects included in the budget and those projects identified in any existing electric system master plans, construction work plans, long-term budgets, strategic plans, or other capital plans. Any significant variations will be discussed with the City and final projections of annual capital investments required for each year will be incorporated into the financial forecast. Once the capital improvement plan is completed, Burns & McDonnell will also prepare a forecast of the annual plant-in-service by FERC account (if applicable). This will be utilized to determine the annual depreciation expense which will be utilized in determining the projected change in net utility plant.

Task 2.6 - Prepare Debt Service Requirements Forecast

Existing annual debt service requirements on any outstanding debt will also be included in the financial forecast. The outstanding debt will be based on existing debt schedules provided by the City. Burns & McDonnell will work with the City staff to ensure that the debt service on any new bonds issued for future capital improvement projects are correctly modeled and integrated into the model. If the City has already issued bonds and has the debt schedules available, Burns & McDonnell will utilize those schedules in the forecast.

Task 2.7 - Prepare Statement of Cash Flow, Net Income, and Revenue Requirement Analysis

Burns & McDonnell will summarize the annual forecasts of the electric utility revenues, annual operating expenses, capital improvements expenditures, debt service, and all other necessary operation and non-operating expenditures in the form of a five-year pro forma cash flow analyses and net income statement. The total projected annual net margins will provide an indication of whether the existing electric rates will generate sufficient revenues to cover the utility's costs for each year of the forecast period and whether an overall revenue adjustment is necessary or if capital improvement programs require the issuance of additional debt financing.

In addition, the effects of any financial performance requirements or targets, i.e. debt service coverage requirement, target operating ratio, reserve level requirements, and net cash flow for the electric utility will be assessed. Burns & McDonnell will provide the draft financial forecast model to the City for review and assessment of the estimated impacts on the cash flow forecast of the electric utility before developing subsequent financial planning scenarios. Burns & McDonnell will incorporate appropriate revisions to forecast assumptions based on input from the City and prepare the draft baseline financial model and revenue requirement forecast.

Task 2.8 - Financial Planning Scenario Analysis

Once the draft baseline financial model and revenue requirement is built and agreed upon with the City, Burns & McDonnell will develop up to three different financial planning scenarios for the City to consider before moving into the cost of service analysis. These financial planning scenarios will include various strategies for increasing rate revenues to cover utility costs and address potential capital financing alternatives over the forecast period.

Burns & McDonnell will review the results of the financial planning scenarios with the City for assessment of the estimated impacts on the cash flow, net income, debt service coverage, and reserve balance forecasts of the electric utility. City staff and Burns & McDonnell consultants will select the financial scenario that best meets the City's financial and political objectives and use that scenario as the basis for the cost of service and rate design.

Task 2 - Deliverables and Meetings

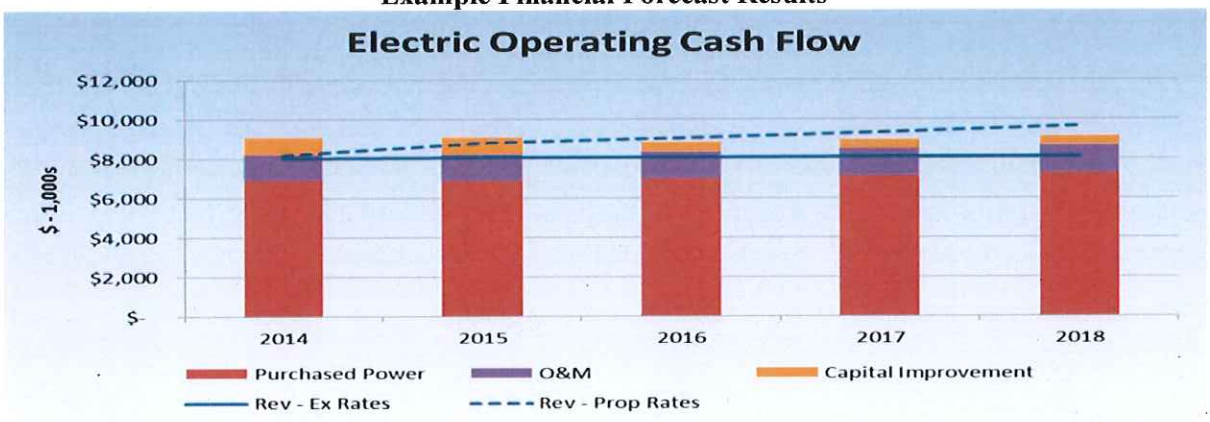
Deliverables:

- Draft Baseline Financial Forecast Model
- Draft Financial Forecast Planning Scenarios
- Final Financial Forecast Model

Formal Meetings:

- On Site Meeting to Review and Discuss Draft Financial Forecast
- Conference Call to Review and Discuss Final Financial Forecast Scenarios

"Example Financial Forecast Results"



Task 3 - Develop Cost-of-Service Analysis

The information contained in the five-year financial forecasts for the electric utility will be used to determine the corresponding annual revenue requirement. The annual revenue requirement will serve as the basis for the cost-of-service analyses for the electric system. Since the financial forecast provides projections of the operating, capital, and other costs of providing service for five annual periods, there are several options for defining the annual revenue requirement to be used in the cost-of-service analysis. For example, projections for any one year could be used directly, i.e. year three might be assumed to be representative of the entire period. The manner in which the revenue requirement will be determined from the forecast will be agreed upon at the kick-off meeting. Once the required level of annual revenues has been determined, Burns & McDonnell will create a cost-of-service analysis that will result in allocation of cost responsibility for the overall rate revenue requirement to each customer class. The development of the allocated class cost of service will be consistent with industry standards.

Task 3.1 - Functionalize Costs

Burns & McDonnell will utilize its internally developed cost-of-service model, which will be provided to the City at the end of the Study, for the development of the cost-of-service analysis. This Excel-based model has been used in completing dozens of cost-of-service studies over the past five years. In addition to including all financial and statistical data to reflect the annual revenue requirement derived from the financial forecast model, Burns & McDonnell will develop allocation factors based on the City data and assumptions, as appropriate, that will serve as the bases for functionalizing and unbundling of costs. This model will likely require some modifications.

Information for the annual test year revenue requirement will flow through to the cost-of-service model. The first segregation of costs in a cost-of-service analysis is the assignment of the cost components of the revenue requirement to functional service areas, i.e. power production, power transmission delivery, distribution delivery, customer service, metering, etc. This step is often referred to as "*unbundling*". For this analysis, Burns & McDonnell will discuss with the City which functional services to use to assign the annual revenue requirement based on the City's current system operation. Based on the RFQ, Burns & McDonnell understands that the City would like to unbundle the projected costs from the revenue requirement into the four primary services at a minimum which include (1) power supply, (2) distribution, (3) metering, and (4) customer service.

The amounts included in the annual revenue requirement for each component of revenue, and expense will be assigned to or split between the various functional services by one of several methods. These methods include direct assignment to a specific related function, assumed percentage breakdowns based on estimated levels of related activities within multiple functions, ratios of statistical factors affecting multiple functions, and composite ratios of the assignments resulting from the previous methods. The annual revenue requirement will then be summarized by functional service.

Burns & McDonnell will utilize the detailed power supply costs data, transmission costs, distribution costs,

Approach
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metering costs, and customer costs built up in the financial forecast to build up the costs which will ultimately be assignable to each customer class. The demand and energy cost structure under the City's existing power supply contract will be a critical component in allocating the costs into each of the correct functional categories.

Task 3.2 - Allocate Costs to Rate Classifications

The annual revenue requirement will be allocated among the City's various rate classes using the cost of service model. The rate classifications agreed upon at the beginning of the study will be used as the basis for these allocations. Burns & McDonnell will discuss with the City the allocation methods to be used in completing the study. Certain allocation methods are more appropriate than others, depending upon the cost structure and financial goals of the City.

Burns & McDonnell will use existing load information from the City's various rate classifications to develop allocation factors, particularly in relation to demand costs. If the City has not assembled any load research data, Burns & McDonnell will utilize publicly available data and our internal database for load shape data in Kansas.

The cost of service model produces a summary of the allocated revenue requirement. The output, as shown below, will be compared with the revenues to be generated by each rate class to estimate for each class the extent to which the current rates would recover the corresponding allocated share of the annual revenue requirement. As a result, a breakdown by rate classification of the total revenue change at the system level will be determined.

Task 3.3 - Review Cost-of-Service Results

Burns & McDonnell will conduct a review meeting with the City staff to review the preliminary cost-of-service analysis results. Any revisions to the assumptions used in the cost-of-service analysis will be agreed upon for purposes of finalizing the analysis. In addition, guidance will be obtained from the City as to any adjustments to the revenue recovery to be provided by each rate classification prior to beginning Task 4 of the Study.

Task 3 - Deliverables and Meetings

- Deliverables: Cost-of-Service Excel Model
- Formal Meeting: On Site Meeting to Review Cost-of-Service Results

"Example Cost of Service Model Results Snap Shot"

	Total System	Residential	Residential TOU	General Service	General Service TOU	Primary	Transmission	Outdoor Metered Lighting	General Service (IAC)
Summary of Cost of Service									
Energy Cost									
Energy Sales (kWh)	1,473,723,985	557,862,133	8,493,476	621,545,647	9,435,052	225,407,541	37,614,068	3,049,966	10,316,102
Total Cost	$ 59,509,929	$ 22,592,855	$ 343,977	$ 25,171,974	$ 382,110	$ 8,995,040	$ 1,482,661	$ 123,521	$ 417,792
Dollars/kWh	$ 0.0404	$ 0.0405	$ 0.0405	$ 0.0405	$ 0.0405	$ 0.0399	$ 0.0394	$ 0.0405	$ 0.0405
Demand Cost (Total)									
Contribution to System NCP (kW)	276,721	122,256	1,861	109,275	1,659	31,177	7,933	746	1,814
Total Cost	$ 67,757,221	$ 27,961,557	$ 425,716	$ 29,227,492	$ 443,673	$ 8,103,205	$ 959,787	$ 150,689	$ 485,103
$/kW-mo	$ 20.40	$ 19.06	$ 19.06	$ 22.29	$ 22.29	$ 21.66	$ 10.08	$ 16.82	$ 22.29
Customer Service:									
Number of Customers	57,240	50,378	767	5,797	88	9	1	116	84
Total Cost	$ 6,534,250	$ 5,749,896	$ 87,542	$ 661,660	$ 10,044	$ 2,054	$ 228	$ 13,257	$ 9,568
$/Customer/Month	$ 9.51	$ 9.51	$ 9.51	$ 9.51	$ 9.51	$ 19.02	$ 19.02	$ 9.51	$ 9.51
Revenue Requirement Before Adjustments	$ 133,801,400	$ 56,304,308	$ 857,236	$ 55,061,125	$ 835,827	$ 17,100,299	$ 2,442,676	$ 287,466	$ 912,463
Lighting Depreciation Adjustment [1]	$ 0	$ (25,958)	$ (395)	$ (2,987)	$ (45)	$ (5)	$ (1)	$ 29,434	$ (43)
Total Cost:									
Dollars	$ 133,801,400	$ 56,278,350	$ 856,840	$ 55,058,138	$ 835,782	$ 17,100,295	$ 2,442,676	$ 316,900	$ 912,420
Dollars/kWh	$ 0.0908	$ 0.1009	$ 0.1009	$ 0.0886	$ 0.0886	$ 0.0759	$ 0.0649	$ 0.1039	$ 0.0884
Comparison of Revenues ($)									
Revenue Requirement	$ 133,801,400	$ 56,278,350	$ 856,840	$ 55,058,138	$ 835,782	$ 17,100,295	$ 2,442,676	$ 316,900	$ 912,420
Gen. by Existing Rates	133,801,400	$ 55,132,700	$ 839,500	$ 55,642,700	$ 844,700	$ 17,497,300	$ 2,607,300	$ 316,900	$ 920,300
Dollar Difference	**$ -**	**$ 1,145,650**	**$ 17,340**	**$ (584,562)**	**$ (8,918)**	**$ (397,005)**	**$ (164,624)**	**$ -**	**$ (7,880)**
Revenue Adjustment Required	**0.00%**	**2.08%**	**2.07%**	**-1.05%**	**-1.06%**	**-2.27%**	**-6.31%**	**0.00%**	**-0.86%**

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(continued)

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Task 4 - Review and Design Customer Class Proposed Rates

Following the determination of the annual revenue requirements for the electric utility and the completion of the allocation of those revenue requirements to each customer class within the cost of service analysis, Burns & McDonnell will complete an assessment of the City's current electric rates. Burns & McDonnell will then develop proposed new rates and fees for the electric utility.

Task 4.1 - Review of Existing Rate Classifications and Structures

Burns and McDonnell will review the existing customer classes rates to determine if the current classifications are appropriate or if modifications should be made to better align with the cost to provide service to customers and reflect the specific characteristics of service. Recommended adjustments will be summarized and provided to the City staff for consideration.

Task 4.2 - Review Power Cost Adjustment Spreadsheet Review

Burns & McDonnell will review the City's Power Cost Adjustment (PCA) spreadsheet and provide recommendations as needed, including the current base rate. This task will be conducted in parallel with the development of proposed electric service rates as any changes to the PCA mechanism could influence the proposed development and new structure of the base rates.

Task 4.4 - Review Existing Utility Ordinance Rules and Electric Service Agreements

Burns & McDonnell will review the City's existing electric utility ordinance rules and regulations and will consider these in the development and design of new electric utility rates. Recommended adjustments will be summarized and provided to the City staff for consideration.

The existing Electric Service Agreement by and between the City of Coffeyville and Coffeyville Resources will be reviewed prior to the development of proposed electric service rates to determine if certain provisions should be adjusted based on the results of the cost of service analysis and existing rate review. Burns & McDonnell will also solicit input from the utility staff that should be incorporated into any rate revisions considered.

Task 4.5 - Develop Proposed Electric Service Rates

Once Burns & McDonnell and the City are in agreement on the appropriate rate classifications and structures, Burns & McDonnell will develop and prepare proposed rates for the proposed customer classes. The new rates will be designed to generate adequate revenues in accordance with the financial forecast results, provide revenue recovery sufficient to cover the total system revenue requirement, reflect the results of the cost-of-service analysis, and incorporate the rate design policies and objectives of the City.

The proposed standard service rates will be designed to provide the revenues needed to cover the annual revenue requirement by class and cost classification. Burns & McDonnell will prepare standard schedules of existing and proposed rates and typical bills for each customer class for the City's review. Based on our understanding of the City's goals and objectives of the Study, Burns & McDonnell will develop new proposed electric service rates which eliminate the declining block rate structure that exists today and develop new electric rates that achieve the City's objectives while working to minimize the initial financial impact on those customers who benefit from the existing declining block rate structure.

Task 4.6 – Benchmark Current and Proposed Rates

Once the proposed rates are developed and submitted for client review, Burns & McDonnell will review the proposed rates and typical bills of the residential and general service classes with those of up to three (3) specific utilities located within a 100-mile radius of the City well as the average costs in Kansas and the United States.

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Task 4 - Deliverables and Meetings

- Deliverables: PCA, Ordinance, ESA Reviews
  Proposed Standard Service Rates
  Benchmark of Rates
- Formal Meeting: On Site Meeting to Review Proposed Electric Rates and other Items

"Example Existing and Proposed Rates Results Snap Shot"

	Units	Existing	Proposed
RESIDENTIAL SERVICE			
Customer Charge	$/month	$ 11.1000	$ 11.1000
Energy Charge	$/kWh	$ 0.0868	$ 0.0868
GENERAL SERVICE (< 50 kW)			
Customer Charge	$/month	$ 21.6500	$ 21.6500
Energy Charge	$/kWh	$ 0.0871	$ 0.0871
GENERAL SERVICE DEMAND (> 50 kW)			
Customer Charge	$/month	$ 21.6500	$ 21.6500
Energy Charge	$/kWh	$ 0.0871	$ 0.0105
Monthly Demand Charge	$/kW	$ -	$ 17.6250
Reactive Demand Charge	$/kVar	$ -	$ -
PRIMARY SERVICE			
Customer Charge	$/month	$ 52.3500	$ 52.3500
Energy Charge	$/kWh	$ 0.0776	$ 0.0100
Monthly Demand Charge	$/kW	$ -	$ 17.3500
Reactive Demand Charge	$/kVar	$ -	$ -
TRANSMISSION SERVICE			
Customer Charge	$/month	$ 52.3500	$ 52.3500
Energy Charge	$/kWh	$ 0.0693	$ 0.0391
Monthly Demand Charge	$/kW	$ -	$ 13.7700
Reactive Demand Charge	$/kVar	$ -	$ -

Average General Service Customer	Units	Standard Rate	TOU Rate
Customer Charge	$/month	$ 21.6500	$ 21.6500
Critical Peak Energy Charge	$/kWh	$ -	$ 0.1745
On-Peak Energy Charge	$/kWh	$ -	$ 0.1445
Off-Peak Energy Charge	$/kWh	$ -	$ 0.0405
Flat Energy Charge	$/kWh	$ 0.0871	$ -
Critical Peak Energy	kWh	1,632	1,632
On-Peak Energy	kWh	1,902	1,902
Off-Peak Energy	kWh	5,401	5,401
Total Energy	kWh	8,935	8,935
Critical Peak Energy Charges	$	$ -	$ 285
On-Peak Energy Charges	$	$ -	$ 275
Off-Peak Energy Charges	$	$ -	$ 219
Flat Energy Charges	$	$ 779	$ -
Total Energy Charges	$	$ 779	$ 778
Average Monthly Bill	$	$ 801	$ 800

Task 5 - Review Pole Attachment Agreements and Fees

Burns & McDonnell will review existing pole attachment agreements and fees of the electric utility with those of up to three (3) specific utilities located within a 100-mile radius of Coffeyville. The pole attachment fees will be benchmarked to determine if the City's fees are in line with other communities or if adjustments should be made.

Task 6 - Present Study Results

Burns & McDonnell understands that the City would like the consultant selected for the proposed Study to attend and present at three (3) separate meetings at the City's office. If additional meetings are required those will be separate from the base bid proposed as part of this Study.

Task 6.1 - Council Work Session

Burns & McDonnell will prepare presentation materials and present preliminary results of the Study at a City Council work session. Burns & McDonnell will present the preliminary results of the Study and obtain general feedback on the recommended results before finalizing the rates and report. Burns & McDonnell will review feedback with City staff and make adjustments to the proposed rate design.

Task 6.2 - Public Open House Meeting

Burns & McDonnell will be available to prepare presentation materials and present final results of the Study at a public open house meeting. Burns & McDonnell will present the results of the Study with the City staff as part of the public education process in order to facilitate the public's understanding and also to solicit feedback before recommendations are finalized.

Task 6 - Deliverables and Meetings

Deliverables: 1 Presentation to Council
1 Presentation to Public

Formal Meetings: 1 City Council Workshop
1 Public Meeting

Task 7 - Delivery of Study Results

Upon completion of the financial analysis, revenue requirement, cost-of-service analysis, and rate design, Burns & McDonnell will summarize the study results in a preliminary report for review by the City. The report will describe the analysis completed and will identify the inputs, assumptions, methodology, and results of the study. It will also propose recommendations for how the City should proceed with the implementation of the study

results. The report will present the financial forecasts, cost-of-service analyses, and rate designs system.

Burns & McDonnell will discuss the results of the study in a meeting with the City staff. Based upon comments and input from the City, Burns & McDonnell will revise the final report, as appropriate, and will provide 3 hard copy of the final report to the City. An electronic copy of the final report will also be provided to the City.

Task 7 - Deliverables and Meetings

Deliverables: Preliminary Report
Final Report

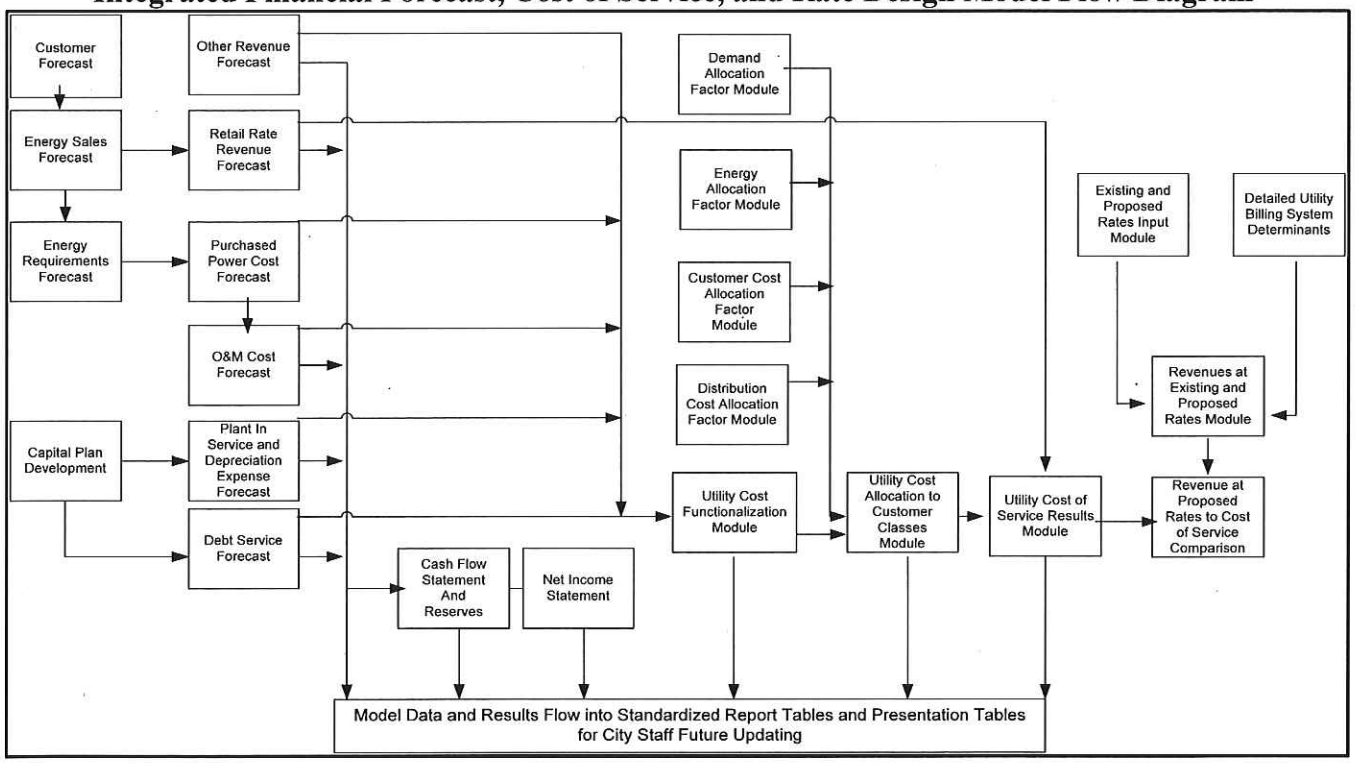
Formal Meeting: Conference Call Results Meeting

Description of the Model Provided to the City

The model developed for the financial forecast, cost-of-service analysis, and rate design for the electric utility will be created in a Microsoft Excel spreadsheet model which will be provided to the City at various stages throughout the Study. Burns & McDonnell will provide an electronic copy of the final spreadsheet model to the City for its own use in updating the study results and assessing impacts of future conditions.

The model will be developed so it can be used to study various scenarios by factoring in capital improvements, additional personnel, operating costs, and debt service. The model will include the ability for the City to enter various budgets by the rate component categories, consumption levels, customer counts by customer class, and have the model calculate the rate required by service and customer class to generate the needed revenues. A basic flow diagram of the model is provided below.

"Integrated Financial Forecast, Cost of Service, and Rate Design Model Flow Diagram"



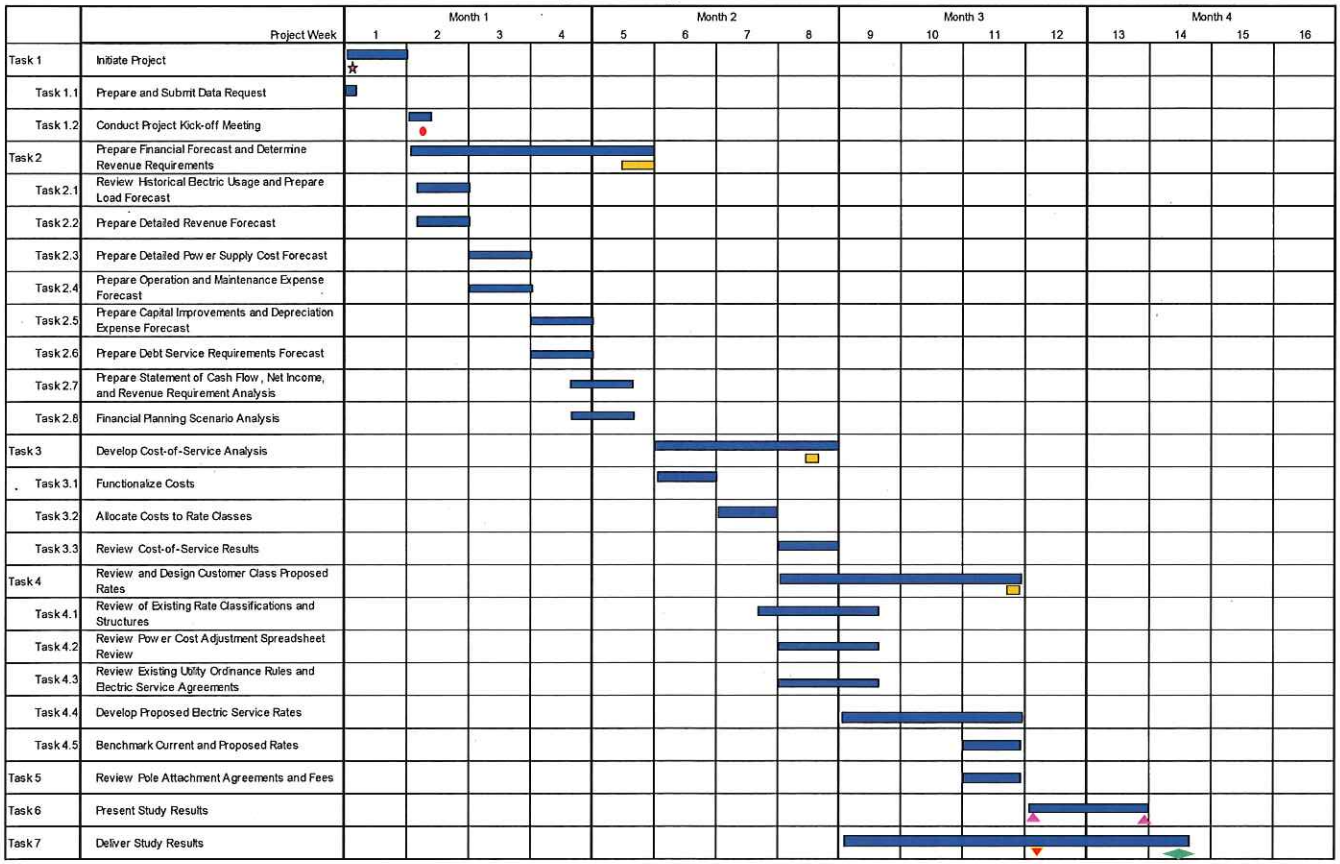
Schedule

When the City decides to proceed with authorization to Burns & McDonnell for the completion of the Study, our project team will be prepared to initiate the assignment immediately. Burns & McDonnell is prepared to complete the work on this Study within a schedule acceptable to the City and agreed to prior to notice to proceed and execution of the contract agreement. Based on our initial understanding of the scope in the RFQ, the Study can be completed in three to four month period if so desired by the City. Allowing for a little additional time in the schedule will give the City more time to review information and provide feedback. The Study will be completed to meet specific timing requirements of the City.

Burns & McDonnell has prepared a preliminary project schedule that allows for adequate time to complete various analyses and provide the City with appropriate time to complete reviews and provide feedback. The schedule provided below anticipates an approximate three month schedule to complete the Study. We believe the proposed schedule is adequate to complete a thorough study, provide the City with ample opportunity to review preliminary project results, and maintain close client/consultant interaction and communication.

During the course of completing the Study it is possible that there may be the need to adjust the schedule of completion. This is not an unusual situation when completing a rate study and meeting specific requirements. Our project staff will notify the City of any situation that may alter the project schedule and identify solutions to complete the Study to the satisfaction of the City.

Proposed Project Schedule



(1) Results Presentation will be scheduled at the end of the study to meet the City's needs. Additional on-site presentations and/or meetings will be scheduled as needed.

CERTIFICATE OF LIABILITY INSURANCE 12/1/2014

DATE (MM/DD/YYYY) 11/21/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Companies, LLC-1 Kansas City
444 W. 47th Street, Suite 900
Kansas City MO 64112-1906
(816) 960-9000

CONTACT NAME:
PHONE (A/C, No, Ext):
FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Liberty Mutual Fire Insurance Company	23035
INSURER B : Westchester Fire Insurance Company	10030
INSURER C : Zurich American Insurance Company	16535
INSURER D :	
INSURER E :	
INSURER F :	

INSURED 1334934
BURNS & MCDONNELL ENGINEERING COMPANY, INC.
ATTN: LYNDA LEVAN
PO BOX 419173
KANSAS CITY MO 64141-6173

COVERAGES BURMC01 **CERTIFICATE NUMBER:** 11076205 **REVISION NUMBER:** XXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	N	N	TB2-Z41-432888-033	12/1/2013	12/1/2014	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG $	$ 1,000,000 $ 1,000,000 $ 10,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
A	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	N	N	AS2-Z41-432888-043	12/1/2013	12/1/2014	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) $	$ 1,000,000 $ XXXXXXX $ XXXXXXX $ XXXXXXX $ XXXXXXX
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION $ 10,000	N	N	G21986410009	12/1/2013	12/1/2014	EACH OCCURRENCE AGGREGATE $	$ 1,000,000 $ 1,000,000 $ XXXXXXX
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	N	WC2-Z41-432888-013	12/1/2013	12/1/2014	X WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
C	PROFESSIONAL LIABILITY	N	N	EOC9140546	12/1/2013	12/1/2014	$1,000,000 EACH CLAIM & IN THE ANNUAL AGGREGATE FOR ALL PROJECTS.	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

11076205
FOR INFORMATIONAL PURPOSES

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Ronald J Foster

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RECEIVED
JAN 17 2014
CITY CLERK

RATE STUDY

REQUEST FOR QUALIFICATIONS
FOR ENGINEERING SERVICES

COFFEYVILLE MUNICIPAL LIGHT & POWER
CITY OF COFFEYVILLE, KANSAS

RFQ DUE DATE: January 17, 2014
RFQ DUE TIME 4:00 p.m., Local Time

Proposal respectively submitted by:
Mark Beauchamp, President, CPA, CMA, MBA
Utility Financial Solutions LLC
Phone (616) 393-9722
Fax (888) 501-0998
mbeauchamp@ufsweb.com

Utility Financial Solutions, LLC
185 Sun Meadow Court
Holland, MI 49424

Utility Financial Solutions, LLC

January 15, 2014

Cindy Price, City Clerk
City of Coffeyville
102 West 7th Street
Coffeyville, KS 67337

Dear Cindy:

Utility Financial Solutions, LLC (UFS) is pleased to submit a proposal to provide a Rate Study for Coffeyville Municipal Light & Power (CMLP). Over the last 12 years, UFS has set the standard in independent financial analysis and cost of service/rate design for over 300 Electric, Water & Wastewater Utilities around the nation.

UFS is an international consulting firm with a staff that consists of course instructors for Electric, Water & Wastewater cost of service & financial planning for the National Association of Regulatory Commissioners, the American Water Works Regional Associations, Municipal Finance Officers Associations and the American Public Power Association.

UFS is experienced with a variety of power supply contracts, generation cost structures and ISO's including CAISO, MISO, and PJM markets. We have taught wholesale power supply rate structures for the National Association of Utilities Commissioners through Michigan State University for Investor-Owned Utilities and Public Service Commissions. We teach a variety of courses and webinars on power supply rate structures (including Electric Vehicles) through the American Public Power Association.

Our staff includes Certified Public Accountants, Engineers, Economists and Utility Marketing Specialists.

We appreciate the opportunity to submit this proposal and look forward to discussing it with you. If you have questions or need additional information, please contact Mark at 616-393-9722.

Sincerely,

Mark Beauchamp, President, CPA, CMA, MBA
Utility Financial Solutions, LLC
185 Sun Meadow Ct
Holland, MI 49424

mbeauchamp@ufsweb.com
(616)393-9722 Office
(616) 403-5450 Cellular
(888) 501-0998 Fax

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UFS Experience

UFS has been in business 12 years and has a long standing relationship and history of assisting utilities with financial analysis for electric, water, wastewater, gas and telecommunications utilities and are recognized experts in the utility field. Utility Financial Solutions (UFS) will provide you with the highest quality service within an agreed-upon timeframe and has the personnel available to meet your needs. Our group and the project team assigned to this engagement are composed of highly qualified, experienced, and knowledgeable professionals who remain current on all issues facing utilities. We are regularly requested speakers at seminars at regional and national level including the American Public Power Association, American Water Works Association, and numerous municipal utility agencies in various states. We are instructors for the basic and advanced electric cost of service courses and financial planning courses offered through the American Public Power Association and the National Association of Regulatory Utility Commissioners. We included a list of conferences and seminars conducted by UFS on the following page.

UFS is a Hometown Connections partner providing services to assist utilities in meeting their strategic and financial objectives. Services are designed to ensure complete client satisfaction and a commitment that:

- Services will be completed in the agreed upon timeframe
- Services are delivered within budget for services requested
- Services provided will meet or exceed client expectations
- Services will be unbiased and independent recommendations provided to the utility

Our experience and commitment to utilities ensures that we understand the issues they face and can assist in providing a variety of services including:

- Electric, water, wastewater and telecommunication cost of service and rate design
- Review of indirect cost allocations
- Fee and ancillary service charges
- Electric cost of service and unbundling studies
- Cost reduction strategies and benchmarking analysis for utilities
- Cost of service and rate designs for, storm water, landfill, and gas utilities
- Financial analysis and feasibility studies for offering telecommunication services
- Evaluating and developing policies and procedures
- Econometric forecasts of sales and load growth
- Strategic planning assistance
- Utility valuation services
- Power supply negotiation and financial analysis
- Software selection and review

UFS is an international consulting firm with a staff located in Michigan, Wisconsin and Nebraska.

UFS Main Office locations and contacts

Corporate Office	Leland, MI	Madison, WI	Grand Haven, MI
Mark Beauchamp	Dawn Lund	Mike Johnson	Dan Kasbohm
President	Vice President	Senior Consultant	Senior Consultant
185 Sun Meadow Ct	PO Box 582	4901 Hermsmeier Rd	14986 Sandstone Rd
Holland, MI 49424	Leland, MI 49654	Madison, WI 53714	Grand Haven, MI 49417
mbeauchamp@ufsweb.com	dlund@ufsweb.com	mjohnson@ufsweb.com	dkasbohm@ufsweb.com
616-393-9722	231-256-0092	608-609-6279	616- 846-6464

List of conferences and seminars conducted by UFS:

Conference	Date	Organization
Coping with Financial Challenges in Periods of Declining Sales	2011, 2012	American Public Power Association National Conference
Time of Use Pricing – Power Supply	2011, 2012, 2013	American Public Power Association Webinar Sessions
Industry Rate Trends & Future Rate Structures	2011	American Public Power Association National Conference
Overview of Utility Financial Operations for Boards	2011, 2012, 2013	American Public Power Association National Conference
Utility Revenue Requirements	2011, 2012, 2013	American Public Power Association Webinar Sessions
Rate Making for Utility Boards/Councils	2011, 2012, 2013	American Public Power Association Webinar Sessions
Cash Reserves	2011, 2012, 2013	American Public Power Association Webinar Sessions & American Public Power Association
Smart Grid and New Rate Designs for the Future	2010, 2011, 2012, 2013	American Public Power Association National Conference
Rate Designs for the Future	2010	American Public Power Association National Conference
Financial Planning for Municipal Utilities	Annually 2003 to 2013	American Public Power Association National Conference
Advance Electric Cost of Service and Rate Design	Annually 2003 to 2013	American Public Power Association National Conference
Public Policy Makers Understanding of Financial Planning	2005, 2006, 2007, 2009	American Public Power Association National Conference
Pricing Energy Efficiency Programs and impact on Customer Rates	2009	American Public Power Association National Conference
Wholesale Pricing of Electricity Public Service Commissioners	August 2011, 2012	Michigan State University CAMP Naruc
Retail Pricing of Electricity Public Service Commissioners	August 2011, 2012	Michigan State University CAMP Naruc
Advanced Issues in Cost Allocation for Gas, Water and Electric	September 2011, October 2012	Michigan State University
Intermediate and Advance Cost of Service	Min. 3 times annually from 2005 to 2012	American Public Power Association
Industry Rate Trends & Future Rate Structures	2011	American Public Power Association
Utility Line Extension Polcies	2011, 2012	American Public Power Association
Decoupling Electric Rates	2011	American Public Power Association
Working with Boards and Commissioners to Explain Rate Changes	2012	Heartland Electric Association
Development of Time of Use Electric Rates	2010, 2011, 2012	American Public Power Association
Financial Planning for Water Utilities	2010	Southeast Water Association
Conservation Pricing and Impact on Utility Rates	2010	American Public Power Association

References and Representative Projects

UFS has provided similar services around the nation as listed in the RFQ Anticipated Scope of Work. Below are References with a description of work completed and contact information for each.

Coldwater Board of Public Utilities, MI

- Client Contact: Paul Beckhusen, Utilities Director
- Phone/Email: 517-279-9531
- ***Project Description:*** Coldwater Board of Public Utilities service approximately 7,000 electric meters. UFS has completed electric, water & wastewater cost of service studies in various years since 2002. In 2011 we updated the 2006 electric cost of service study and completed within the $14,000 budget provided. In 2004 and updated in 2008, UFS completed the water and wastewater cost of service study update within the budget provided of $14,900. Both water and wastewater studies included a cost of service & rate design study and presentation to the Board of Directors. The study included completion of the following:
    - Long-term financial projection & rate track
    - Cost of service study for the electric, water and wastewater departments
    - Rate Design to meet projected revenue requirements
    - Provide financial targets for Minimum Cash, Debt Service, and Operating Income
    - Presentation to the Board of Directors

McMinnville, Oregon

- Client Contact: Mark R. Carlton; Finance Director
- Phone/Email: 503-472-6158 / markc@mc-power.com
- ***Project Description***: McMinnville Water & Light services approximately 15,000 electric meters. UFS completed an electric and water cost of service study in 2011 and updated the electric cost of service in 2013. McMinnville purchases tier one power supply from BPA and has **two large customers with power supply as a direct pass through**. McMinnville staff was trained on the use of the financial projection and cost of service models. UFS worked with staff and the Board of Directors in development of a strategy to move toward cost of service, current and projected rate changes, and minimum cash reserve requirements. Each project included completion of the following tasks:
    - Developed a long-term financial projection & rate track
    - Cost of service study for the electric and water departments
    - Provide financial targets for Minimum Cash, Debt Service, and Operating Income
    - Develop street lighting rates for City and Commercial use
    - Develop LED street lighting rates
    - **Review of (2) Large Industrial Electric Customers**
    - Rate Design to meet projected revenue requirements
    - **Presentation to City Commission**

Ashland, Oregon

- Client Contact: Warren DiNappoli; Electric Superintendent
- Phone/Email: 541-552-2307 / warren.dinapoli@ashland.or.us
- ***Project Description***: The City of Ashland's Electric Department services approximately 12,000 meters. Ashland purchases tier one power supply from BPA and in 2013 UFS completed a cost of service, rate design and financial projection study. UFS worked with staff in development of a strategy to move toward cost of service, current and projected rate changes, and minimum cash reserve requirements. The financial projection incorporated five year power supply and capital improvements, identification of the amount and timing of future bond issuances and long term rate track for the utility. Study results were presented by UFS to the City Council. Additionally, UFS is currently completing a Fee analysis, Line Extension Policy and reviewing current and potential Energy Conservation Programs. The study included completion of the following:
    - Long-term financial projection & rate track
    - Cost of service study for the electric department
    - Rate Designs to meet projected revenue requirements
    - Provide financial targets for Minimum Cash, Debt Service, and Operating Income
    - **Presentation to City Commission**
    - **Review and update Fees of Electric Department**
    - Develop Line Extension Policy
    - Review of current Energy Conservation Programs

Rochester, Minnesota

- Client Contact: Bryan Blom, Manager Finance & Accounting
- Phone/Email: 507-280-1616 / BBlom@RPU.ORG
- Scope of Work: Rochester Public Utilities service approximately 46,000 electric meters. UFS has completed electric cost of service studies since 2007 and are in process of updating the COS for 2015. Studies included completion of the following tasks:
    - Seasonal customer rates
    - Review and assistance with Street Lighting rates
    - Development of car charging station rates
    - Development of time of use rate structures
    - Long-term financial plan and rate track
    - **Review and recommendations for power cost adjustment**
    - Identification of minimum cash reserves
    - **Rate design for all rate classes**
    - Identification of financial goals and targets
    - Review of Power Factor Penalty
    - Review of Ratchet Clause
    - **Presentation to Board of Directors**

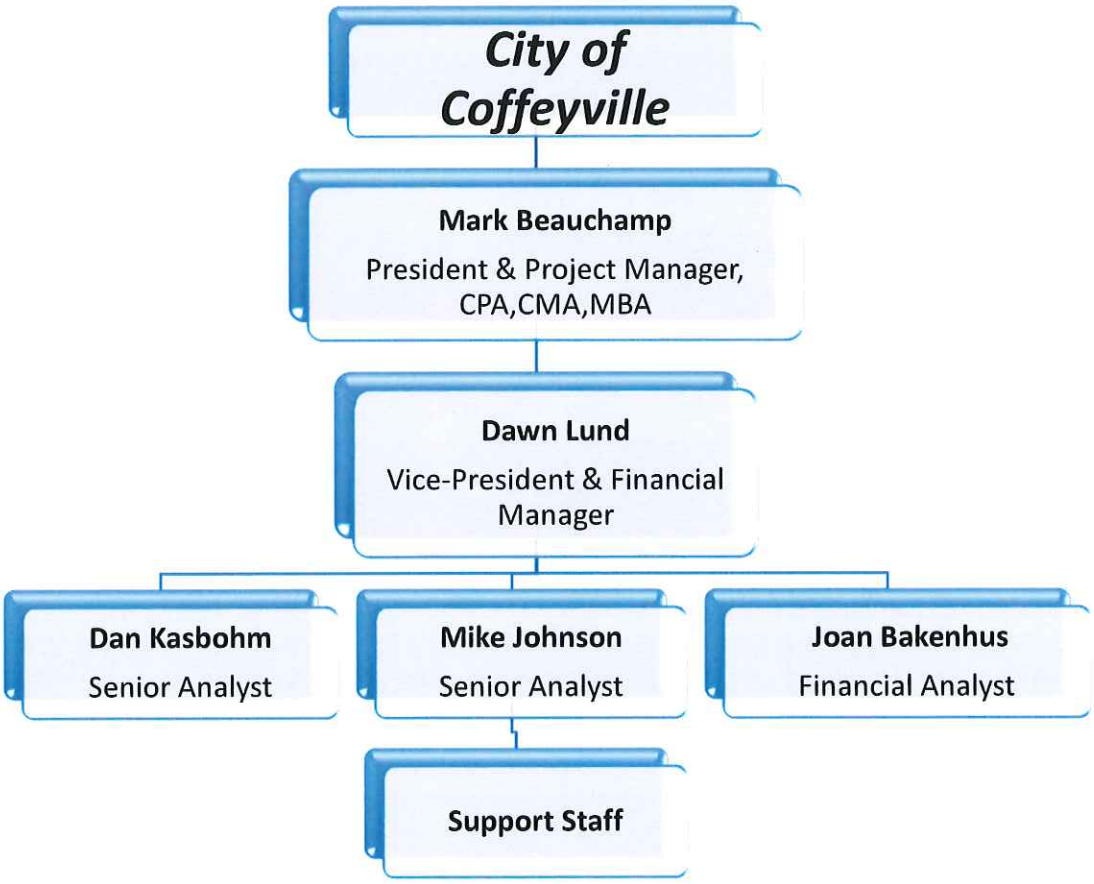
Staff Qualifications

We put together a project team with the knowledge and experience to successfully meet your requirements. The team has over 90 years of combined experience performing similar studies for municipal utilities. This provides CMLP with experience to creatively solve financial and operational issues and help ensure financial stability in future years. The project team members are recognized national experts and have completed over 300 electric cost of service studies in 34 states.

Utility Financial Solutions Staff

UFS staff consists of accountants, engineers and CPA's, additional staff is available if needed to ensure timely completion of the project. Their role is dependent on work load and timing requirements of project and will be used in various stages of the cost of service study. Resumes of key staff members are listed below.

UFS Organizational Chart



Mark Beauchamp, President & Project Manager, CPA, CMA, MBA

Education

- AAS Water Purification Technology
- ABA Business Administration
- BBA Major – Accounting
- MBA Master's Degree in Business

License and Qualifications

- Class "A" license in sanitary sewer treatment from the State of Michigan
- (CPA) Certified Public Accountant – Wisconsin
- (CMA) Certified Management Accountant – Institute Certified Management Accountants

Course Instructor

American Public Power Association (APPA)

- Advanced Cost of Service Course (Cash Basis & Utility Basis of Ratemaking)
- Intermediate Cost of Service (Cash Basis & Utility Basis of Ratemaking)
- Basic Cost of Service (Cash Basis and Utility Basis of Ratemaking)
- Financial Planning for Municipal Utilities
- Financial Planning for Board & Councils
- Financial Planning and Rate Setting for Managers (Part of Managers Certificate Program)

American Municipal Power (AMP)

- Financial Planning and Rate Designs for Electric Utilities

Course Instructor

Michigan State University

- Advanced Issues in Cost Allocation (Utility Basis of Rate Making)
- Retail Costing and Pricing of Electricity
- Wholesale Costing and Pricing of Electricity

Southwest American Water Works Association

Michigan Rural Water Association

- Cost of Service & Rate Making for Water Utilities

Michigan Finance Government Officers Association

- Cost of Service & Rate Making for Water & Wastewater Utilities

Expert Witness Service

- Detroit Edison vs. Ameritech – Provided expert witness services for Detroit Edison on development of Pole Attachment Rates for Ameritech
- Nebraska State Unicameral – Served as an expert witness before the state of Nebraska Unicameral on Proper rate setting and credits to provide customer installed renewable generation
- Dayton Power & Light – Provided expert witness services on pole attachment rates. Case was resolved prior to Court appearance
- Coldwater Board of Public Works – Provide expert witness services on rate challenge by large industrial customer. Case was dropped after deposition was provided
- Smethport PA – Provided deposition and responses to Pennsylvania Public Service Commission on Rate Filing for Smethport

Industry Involvement

- Member of the American Public Power Association
- Member of the American Water Works Association
- Member of the Institute of Management Accountants
- Speaker at national conferences on Financial Planning for Municipal Utilities, Pricing for Water Utilities, Pricing Fiber Optic backbone systems, Unbundling Electric Rates, and Ways to Attract and Retain Customers
- Author of articles appearing in national magazines and newsletters regarding pricing fiber optics, unbundling electric rates, and designing water rates

Dawn Lund, Vice President & Financial Manager

Dawn has 19 years' experience in pricing and marketing utility services and is experienced in pricing water, sanitary sewer, electric, refuse, and telecommunication services. Dawn worked with a large utility and held positions as Cost Analyst, Marketing and Communications Specialist, and Cost and Rate Specialist. Dawn has completed over 60 electric, water, wastewater and telecommunication cost of service and rate design studies. Dawn has a degree in Accounting and has the following experience:

- Development of long-term sales and expense projections for electric, water, and sanitary sewer utilities
- Development of long-term financial plan and rate track for water, wastewater, gas and electric utilities
- Completed over 30 electric cost of service and unbundling studies
- Completed over 50 cost of service analysis for Water, Wastewater, Trash and Telecommunication Utilities
- Development of electric rate designs to meet financial and social objectives of Utility
- Development of power (fuel) cost adjustments for electric utilities
- Development of connection charges for Water and Sewer utilities based on the equity method and consistent with Michigan Supreme Court decision
- Review and recommend changes to ordinances related to utility operations
- Development of fees for utility services
- Business plan development for telecommunications and pricing of fiber services to customers
- Determining high strength surcharge rates for sanitary sewer treatment plants consistent with EPA requirements
- Determining appropriate allocations of overhead costs between utility services
- Development of marketing plans for utilities
- Development of special rates for electric utilities including Net Metering, Economic Development and Time of Use
- Determination of minimum cash reserve requirements for utilities
- Experienced in pricing electric line extension fees and system development charges
- Presentations to City Councils and The Municipal Council for approval of utility rates and proposed rate track

Mike Johnson, Senior Analyst

Mike joined Utility Financial Solutions in 2011 and has over 17 years' experience assisting utilities. He has a Higher National Diploma in Mechatronics (Combined Electrical/Mechanical Engineering). Mike is experienced in cost of service, rate making, financial/operational modeling, automation, electric utility operations, and power supply. Mike's experience includes:

- Completed over 40 electric cost of service studies
- Development of cost of service studies for electric, cable, gas, Water and Sewer utilities
- Forecasts utility revenue requirements
- Provides cost of services class allocations and rate making
- Develops utility financial analysis models
- Computes cost functionalization and allocation systems for designing and managing complex changes
- Evaluates data and system integration issues associated with new software implementations
- Provides market analysis, bidding and settlement processes analysis
- Prepared and testified on filings to Public Utility Commission

Joan Bakenhus, Financial Analyst

Joan has 15 years' experience working with municipal utilities and has a degree in Business Administration. Joan has worked as a Rate Analyst for one of the largest public power systems in the nation (Lincoln Electric System) and for Utility Financial Solutions since 2006. Joan is experienced in development of long-term financial plans, rate design models and cost of service studies for electric, Water utilities. Joan's experience includes:

- Working with Utilities to identify information requirements to complete cost of service and financial plans
- Set up and develop utility revenue requirements, cost of service program and utility revenue proof
- Development of long-term financial forecasts for water, wastewater, and electric utilities to determine the amount and timing of rate adjustments
- Balancing and set up of models for development of cost of service and rate design for water, wastewater and electric utilities to determine commodity and customer charges
- Responsible for analysis, preparation and updating cost of service models for a number of electric, Water utilities
- Development of rate design models for electric, Water utilities
- Development of rate survey
- Balancing of sales with revenue to help ensure proper billing statistics are used in cost of service models

Dan Kasbohm, Senior Analyst

Dan has 6 years' experience with Utility Financial Solutions. He has a degree in Engineering and has been employed in the automotive manufacturing industry for 16 years. Dan is experienced in development of time of use rates, load research data for electric utilities, long-term financial plans, power cost adjustment models, rate design models and cost of service studies for electric, cable, Water and Sewer utilities. Dan's experience includes:

- Development of cost of service studies for electric, cable, Water and Sewer utilities
- Development of long-term financial forecasts for water, wastewater, and electric utilities to determine the amount and timing of rate adjustments
- Managing professional, technical, and contract staff
- Balancing models for development of cost of service and rate design for water, wastewater and electric utilities to determine commodity charges and customer charges
- Assisted in developing econometric models and use of statistical analysis for forecasting
- Assisted in the development of rate design models
- Development of rate surveys for Utility Financial Solutions
- Balancing of sales with revenue to help ensure proper billing statistics are used in cost of service models
- Development of electric TOU models to analyze large load data files
- Development of inclining bloc rate models to determine projected revenues with ability to adjust block size, fixed monthly rate, usage block rates and varying rates of elasticity
- Assist in the development of Power Cost Adjustment models to project and balance power costs with actual monthly billings
- Develop power cost projections
- Prepared filing to Public Utility Commission

About Coffeyville Municipal Light & Power (CMLP)

The Electric Department is part of the City of Coffeyville and provides power for a service territory of over 60 square miles, with over 6,300 meters in service. The system includes 10 miles of 138 kV Transmission Lines, 18 miles of 69 kV Sub -Transmission Lines, with approximately 205 miles of 12.47 kV Secondary Distribution Lines, including 6 Substations. Power is supplied through the Grand River Dam Authority (GRDA) and Southwestern Power Administration (SWPA). The CMLP owns and maintains two 138 kV Transmission lines which have been placed under the functional control of the Southwest Power Pool (SPP) and is subject to SPP Revenue Requirements. The Utility owns and operates electric generation with a capacity of 56 MW. This generating capacity provides for additional revenues, through a Capacity Purchase Agreement with GRDA

Scope of Work

The City of Coffeyville is inviting proposals for the purpose of selecting a firm to provide engineering services to conduct a cost of service study for the CMLP. The City is seeking to forecast a justifiable revenue requirement over the next five years and make recommendations on the magnitude and frequency of rate adjustments necessary to meet the revenue requirement. The consultant is to review existing rates to ensure that they are allocating costs equitably and in proportion to the cost to serve the different customer classes, and/or recommend changes consistent with industry standards and best practices.

The cost of service and rate study will identify an appropriate rate adjustment for 2015, proposed rate projections for the next five years, the costs to serve each class of customer and the monthly customer charge for each rate class.

The general scope of services that the successful firm will be asked to provide include but are not limited to:

- Review historical electric usage by consumer classification
- Review utility department costs and assign projected costs of utility operation to each consumer class
- Allocate projected expenditures among three cost classifications: consumer, demand and usage
- Allocate costs by consumer classification among individual rate classes, (rural, residential, KCC, commercial, large commercial, industrial, municipal and rental lights) using standard guidelines and methodology in the profession
- Determine the amount of revenue needed by the electric utility department to cover electrical power supply costs, operating expenditures, interest and principal payments on outstanding debt, replacements, minor capital improvements, depreciation reserve, contributions to the City General Fund and include a Revenue Requirement Analysis component to allow for the inclusion of Capital Projects
- Unbundle projected costs to serve the individual customer classes into the four primary services as follows: Electrical Power Supply, Distribution, Metering and Customer Service
- Design rates to recover the estimated cost of serving the individual rate classes
- Benchmark current and proposed rates with those of specific utilities located within a 100-mile radius of Coffeyville as well as the average consumer costs in Kansas and the USA
- Review existing utility ordinance rules and regulations pertaining to electric service, including the Electric Service Agreement between the City of Coffeyville and Coffeyville Resources Nitrogen Fertilizer
- Review Pole Attachment Agreements and fees, benchmark current and proposed fees with those of specific utilities located within a 100-mile radius of Coffeyville as well as the average consumer costs in Kansas and the USA
- Review City of Coffeyville's PCA Spreadsheet and provide recommendations as needed, including the current base rate.

Anticipated Project Deliverables

The end result of this process will be:

- Summarize results of the study in a written report including any recommendations for adjustments in existing rate structures, rate schedules, rules or regulations to accomplish the desired change in revenue
- A schedule for making any recommended changes to the Rate Codes
- A Rate Forecast Model spreadsheet that will allow the City of Coffeyville to account for changes in things like salary and new capital projects, or anything else the City may wish to include, so the City can run the model and see how these would change the outcome on rates
- Staff from the successful consulting firm may be requested to personally appear before the City Commission to present and discuss the final report.

Statement of Understanding

Our approach to this project was developed to meet the objectives of City of Coffeyville and our prior experience in preparing electric cost of service studies for publicly-owned utilities around the nation. Our proposed work plan listed below is structured with the City of Coffeyville's request and the methodologies for cost of service and financial projections are based on established standards of the American Public Power Association and the National Association of Regulatory Commissioners. Our Work Plan is include below for each item listed in the RFQ:

1. Review historical electric usage by consumer classification.

Load data is one of the most critical components of a cost of service study and with available interval data UFS will review historical peak loads and energy to project future power supply requirements. We will normalize for weather, apply projected growth, and incorporate any specific adjustments such as energy efficiency programs. The excel model is consistent with the City of Coffeyville's customer classes and used to project and allocate expenses among current and potentially new customer rate classes of the utility. We will work with the City of Coffeyville's staff to review and reconcile load data information used in the model. This load profile information also identifies how customers use electricity at various times of the day and is critical to ensure the cost of service study is accurate and defensible. We will analyze information from the following sources:

- Electronic meters installed on time of use and other customers
- Load research information available from other sources
- Analysis of substation feeders
- Utilize our data base of existing load research obtained from other utilities

2. Review utility department costs and assign projected costs of utility operation to individual consumer classes.

The cost of service will allocate revenue requirements to each class based on cost causation and the load research information used in the study. Costs are isolated by customer class and by season to identify the appropriate seasonal rate differential. The rates will be broken down based on power supply cost (energy and demand), distribution cost (kWh for energy only metered customers and demand for demand metered customers), and customer cost (per customer) and other as needed (city contribution). The result of the cost of service study will identify the cost to provide service to each class and compare with the projected revenues from each class. The table below is a summary output table from a previous cost of service report.

Sample Customer - Cost of Service to Projected Revenue

Customer Class	Cost of Service	Projected Revenues	Percent Adjustment
Residential 1PH	$ 13,807,380	$ 13,503,067	2.3%
Residential 3PH	27,308	30,022	-9.0%
Town Residential	17,025	16,800	1.3%
Town General Service	25,892,548	24,525,000	5.6%
Irrigation No Control	9,359	6,590	42.0%
Large Power	12,036,050	11,890,360	1.2%
Large Power Village	1,260,004	1,195,252	5.4%
TOTAL	**$ 53,049,674**	**$ 51,167,091**	**3.7%**

3. Allocate projected expenditures among three cost classifications: consumer, demand and usage.

UFS will develop an excel model consistent with the City of Coffeyville's chart of accounts, customer classes, and load research data. The model will be used to project and allocate expenses among current and potentially new customer rate classes of the utility.

- Load Research Analysis will be conducted to calculate class peaks and system peaks by rate class. We will work with the City of Coffeyville's staff to review and reconcile load data information
- Review and develop allocators for each customer class based on billing statistics and load research information as described in item 4 below
- Minimum System Analysis is developed using system information provided by the City of Coffeyville to identify an appropriate split between customer related and usage related costs based on industry accepted standards
- Review and include customer related allocators into the study, discuss any analysis recently completed that may assist in allocation development. Customer related allocators include the following:
    - Billing
    - Meter Reading
    - Meter O&M
    - Customer Services
    - Direct Costs
    - Services
    - Customer-portion of transformers
    - Customer-portion of Distribution Lines
    - Customer-portion of Substations
- Analyze power supply including types of generators, fuel costs, capacity factors, power supply purchase contracts and short-term market purchases
- Analyze transmission costs including transmission dedicated to an ISO, congestion charges, ancillary services and other transmission related charges
- Rate of Return - We will discuss with the City of Coffeyville and provide guidance on the rates of return and include the rate of return requirements into the cost of service study
- Discussion and analysis of working capital requirements
- Allocate costs to each rate class using industry-standard methodologies.
- Determine revenue requirements for each rate class
- The following tables are sample outputs from an electric cost of service study

Table of Distribution Costs

Customer Class	Monthly Customer Charge	Distribution Rate	Billing Basis
Residential	12.28	0.011	kWh
Outdoor Area Lighting	2.14	0.010	kWh
Street Lighting	4.26	0.084	kWh
Commercial Service	25.00	4.17	KW
LGS - Primary	320.74	3.04	KW
LGS Secondary	495.10	3.29	KW

Table of Power Supply Cost by Season

	Summer		Winter	
Customer Class	Demand	Energy	Demand	Energy
Residential	0.025	0.042	0.019	0.043
Commercial Service	10.092	0.041	4.662	0.043
LGS - Primary	8.775	0.040	4.984	0.042
LGS Secondary	8.702	0.041	4.968	0.043

4. Allocate costs by consumer classification among individual rate classes, (rural, residential, KCC, commercial, large commercial, industrial, municipal and rental lights) using standard guidelines and methodology in the profession.

UFS develops allocation factors for each type of cost for allocation to the customer classes. A typical study includes the development of over 40 allocation factors to help ensure the study is defensible and costs are properly classified and functionalized to each customer class. The development of the cost of service study often uses allocation factors different than how customers are billed for the services.

For example; distribution related costs are typically allocated to customers using the peak demand created during the year for the class of service. However, many utilities bill distribution services to customers using the peak demand created monthly. Changing methodologies often requires additional information from the billing system to identify each customer's peak demand during the current month and previous 11 months of service. A sample of the cost of service model is listed below:

Power Supply Classification & Allocation Example:

Account	Total	Classification	Function-Type	Function	Allocation
Power Supply					
Summer : Composite Charge Energy Direct MWL	4,860,781	PP-SummerVariable	Variable	PP-Summer	MWL Summer Energy
Summer : Composite Charge Energy Direct CSRM	4,379,867	PP-SummerVariable	Variable	PP-Summer	CSRM Summer Energy
Summer : Composite Charge Energy Direct ALC	560,663	PP-SummerVariable	Variable	PP-Summer	ALC Summer Energy
Winter : Composite Charge Energy Direct MWL	9,707,194	PP-WinterVariable	Variable	PP-Winter	MWL Winter Energy
Winter : Composite Charge Energy Direct CSRM	9,160,440	PP-WinterVariable	Variable	PP-Winter	CSRM Winter Energy
Winter : Composite Charge Energy Direct ALC	1,137,086	PP-WinterVariable	Variable	PP-Winter	ALC Winter Energy
Summer : Non-Slce Charge Energy Direct MWL	(913,806)	PP-SummerVariable	Variable	PP-Summer	MWL Summer Energy
Summer : Non-Slce Charge Energy Direct CSRM	(821,088)	PP-SummerVariable	Variable	PP-Summer	CSRM Summer Energy
Summer : Non-Slce Charge Energy Direct ALC	(105,305)	PP-SummerVariable	Variable	PP-Summer	ALC Summer Energy
Winter : Non-Slce Charge Energy Direct MWL	(1,499,831)	PP-WinterVariable	Variable	PP-Winter	MWL Winter Energy

Distribution Classification & Allocation Example

Account	Total	Classification	Function-Type	Function	Allocation
Op. Supervision & Engineering	557,916	DistributionAnnual	Annual	Distribution	NCP Max
Line and Station Expenses Demand	354,070	DistributionAnnual	Annual	Distribution	NCP Max
Line and Station Expenses Customer	39,341	DistCustomerCostsAnnual	Annual	DistCustomerCosts	Weighted Customers
Overhead Lines	-	DistributionAnnual	Annual	Distribution	NCP Max
Overhead Lines Demand	194,409	DistributionAnnual	Annual	Distribution	NCP Max
Overhead Lines Customer	194,409	DistCustomerCostsAnnual	Annual	DistCustomerCosts	Weighted Customers
Underground Lines	-	DistributionAnnual	Annual	Distribution	NCP Max
Underground Lines Demand	46,880	DistributionAnnual	Annual	Distribution	NCP Max
Underground Lines Customer	187,520	DistCustomerCostsAnnual	Annual	DistCustomerCosts	Weighted Customers
Street Lighting & Signal System	51,874	DirectAnnual	Annual	Direct	Street Lighting
Direct Customer Maint.	117,000	MarketingAnnual	Annual	Marketing	Energy Direct ALC
Meters	115,749	MeterO&MAnnual	Annual	MeterO&M	Meter O&M
Misc. Distribution - Operations	948,128	DistributionAnnual	Annual	Distribution	NCP Max
Maint. of Station Equipment	-	SubstationAnnual	Annual	Substation	NCP Max
Maint. of Station Equipment Demand	128,214	SubstationAnnual	Annual	Substation	NCP Substation
Maint. of Station Equipment Customer	14,246	StationCustomerCostsAnnual	Annual	StationCustomerCosts	Substation Weighting
Other - Inventory Adjustment	38,900	DistributionAnnual	Annual	Distribution	NCP Max

Allocation Factor Sample development (Model contains over 40 allocators)

Customer Class	NCP Max	NCP Substation	NCP Sec	TCP-S	TCP-W	MWL TCP-S	CSRM TCP-S	ACL TCP-S	MWL TCP-W	CSRM TCP-W	ACL TCP-W
Residential	58%	44%	58%	34%	45%	45%	0%	0%	60%	0%	0%
General Service Non-Demand	4%	3%	4%	3%	3%	4%	0%	0%	4%	0%	0%
Cable TV Signal Booster and Filter Facilities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Irrigation - Small	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Radar Signs	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Signal Lights	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Rental Lighting	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Municipal Lighting	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Private Street Light Luminaires	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
General Service Demand	37%	28%	37%	38%	27%	50%	0%	0%	36%	0%	0%
Test Customer One - Cascade Steel	0%	22%	0%	22%	23%	0%	100%	0%	0%	100%	0%
Test Customer Two - Air Liquide	0%	2%	0%	3%	2%	0%	0%	100%	0%	0%	100%
Irrigation - Large	1%	1%	1%	0%	0%	1%	0%	0%	0%	0%	0%
Wheeling	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

5. Determine the amount of revenue needed by the electric utility department to cover electrical power supply costs, operating expenditures, interest and principal payments on outstanding debt, replacements, minor capital improvements, depreciation reserve, and contributions to the City General Fund and include a Revenue Requirement Analysis (RRA) component to allow for the inclusion of Capital Projects.

Revenue requirements and the cost of service analysis will be completed on both the cash basis and utility cost of service basis using a base year adjusted for known changes in expenses. Listed below are specific tasks that will be completed:

- Expenses:
  Working with the Finance Department we will review expenses over the past fiscal year, discuss with management significant changes and exclude any non-recurring expenses from the test year projection, review the financial projection model currently used by the City of Coffeyville. Incorporate significant changes into a five year projection model listing assumptions used related to system growth, inflation assumptions, changes in power supply costs, incorporation of power cost adjustment and other as discussed with management and staff

- Power Supply Projection:
  We will work with the Electric Production Department and review current power supply projections used to project power supply costs. The information will be requested on a monthly basis and used for inputs to the cost of service models. We will discuss how each resource is used for purposes of proper assignment of allocators. We will review the current projection models used by the City of Coffeyville and if necessary construct models to dispatch production resources by each hour during the year to project resources.

- Capital Improvement Plan:
  We will request the projected capital improvement plan, if available, and incorporate the plan into the cost of service and long-term financial plan

- Rate of Return (Funding of Repair and Replacement Account):
  We will discuss with management appropriate rates of return based on industry standards and specific requirements to achieve the City of Coffeyville's financial objectives

- Minimum Cash Reserves:
  We will calculate the appropriate minimum cash reserves considering operating expenses, risk of power supply, variations in monthly expenses, historical rate base, exposure to catastrophic events and capital improvement plans and others as discussed with management

- City General Fund Transfer:
  We will discuss the City Transfer calculation with management and incorporate the transfer in the utility revenue requirements.

- Debt Service:
  We will include current principal and interest payments and calculate payments for any projected debt issuances. We will determine projected Debt Service Ratio's and compare with requirements of current Bond Ordinances.

Revenue requirements will be developed by UFS and the following will be incorporated into the UFS Models:

- Projected sales of electricity, load requirements and revenue from sales
- Operating expenses and impacts of inflation and employee cost changes
- Incorporate power supply costs to meet projected sales and load requirements
- Debt service payments that incorporates current outstanding debt and potential future outstanding debt requirements
- Incorporate projected capital improvements over the 5 year projection period into the financial model
- Identify the minimum cash reserve requirements for the City of Coffeyville considering factors such as: risks of power supply, working capital requirements, capital improvement program, bond payments and other as identified in discussion with staff
- Project bond coverage and compare with typical requirements of the City of Coffeyville
- Identify annual funding of repair and replacement account
- Identify the amount and timing of future bond issuances
- Identify the 5 year rate track (annual rate adjustments) to achieve financial requirements related to cash balances, debt coverage and funding of capital replacements

A financial projection will be constructed with summary outputs similar to the tables and output graphs below.

UFS Utility Financial Solutions, LLC

Utility Financial Solutions
Dashboard Interface
Projection Assumptions

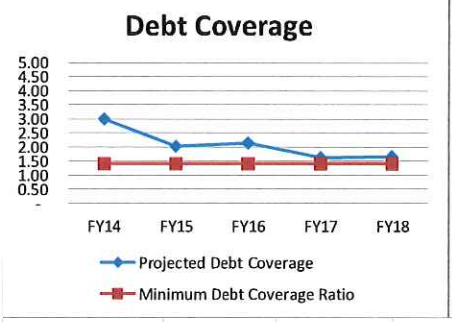
				Inflation			Growth: Inside City		Growth: Outside	
Year	Proposed Rate Adjustment	Materials & Supplies	Labor & Benefits	Electricity	Chemicals	Unfunded Liabilities - Dollar Addition	Residential	Non-Residential	Residential	Non Residential
2013	0.00%	2.50%	0.00%	0.00%	2.00%	75,000	0.50%	0.50%	2.0%	2.0%
2014	2.50%	2.50%	0.00%	0.00%	2.00%	10,000	0.50%	0.50%	2.0%	2.0%
2015	2.50%	2.50%	2.50%	0.00%	2.00%	10,000	0.50%	0.50%	2.0%	2.0%
2016	2.50%	2.50%	2.50%	3.00%	2.00%	10,000	0.50%	0.50%	2.0%	2.0%
2017	2.50%	2.50%	2.50%	3.00%	2.00%	10,000	0.50%	0.50%	2.0%	2.0%
2018	2.50%	2.50%	2.50%	3.00%	2.00%	10,000	0.50%	0.50%	2.0%	2.0%

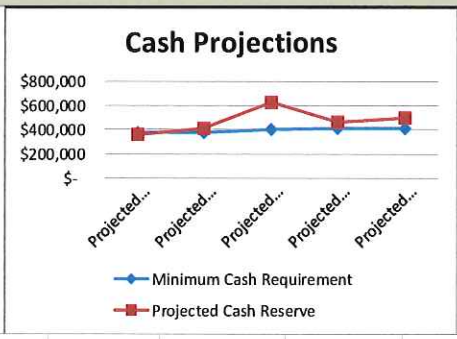
				Capital Improvements			
Year	Bond Issuances Cash Needs	Interest Rate on Debt	Debt Issuance Costs - %	Treatment	Transmission	Distribution	Administration
2013	-	4.00%	2.00%	150,000	60,000	60,000	15,000
2014	550,000	4.00%	2.00%	400,000	60,000	65,000	16,000
2015	-	4.00%	2.00%	-	25,000	20,000	17,000
2016	550,000	4.00%	2.00%	350,000	25,000	75,000	18,000
2017	-	4.00%	2.00%	150,000	25,000	80,000	19,000
2018	-	4.00%	2.00%	-	25,000	85,000	20,000

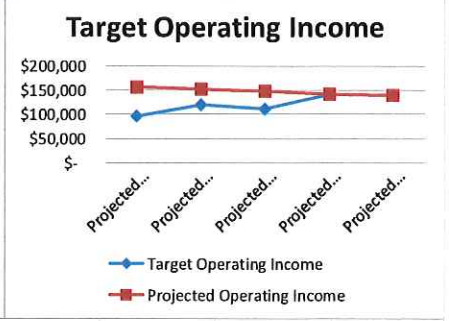
	Rate of Return on Equity
System Total	3.2%
Outside City	6.8%

GPM fire flow Requirement	2,000.00
Debt Coverage Requirement	1.25
Debt Coverage Safety Factor	0.2

Price Elasticity	
Customer Class	Factor
Inside Residential	-0.24
Inside Non-Residential	-0.35
Outside Residential	-0.31
Outside Non-Residential	-0.35
Minimum Cash Reserves	
Lag time for Operating Costs	45
Peak Expense Factor	1.25
Age of Infrastructure Factor	2.0%
Debt Service Payment	80%
Capital Plan Percent	20%







6. Unbundle projected costs to serve the individual customer classes into the four primary services as follows: Electrical Power Supply, Distribution, Metering and Customer Service.

To obtain information for setting distribution rates for customers who elect customer choice, an electric unbundling study is required to isolate the revenue requirements into the various components to deliver electricity to customers. As part of the study we will unbundle the utility costs in the following manner.

1) Power supply cost broken down by billing parameters
2) Transmission-related costs for any transmission or sub transmission facilities owned
3) Distribution related costs for substation, distribution system, transformer, services, and meter operation and maintenance
4) Customer service costs for meter installation, meter reading, billing and collections, customer service and any direct cost for specific customer classes
5) Peak system losses estimated on a seasonal basis

Consistent with industry practices, we will conduct an analysis to isolate cost by customer class and identify the unbundled rate structures for each customer class to determine the following:

- Monthly Customer Charge
- Demand for Distribution and Power Supply
- Energy Charges
- Cost components broken down based on service level of each customer class. (i.e. primary, secondary, sub-transmission and transmission)
- Costs are further isolated and includes breakdowns by customer class separated as follows:
    - Distribution
    - Transmission
    - Substation
    - Transformer
    - Direct Costs
    - Meter O&M
    - Meter Reading
    - Customer Service
    - Billing
    - Power Supply by Resource
    - City Transfer Payment

7. Design rates to recover the estimated cost of serving the individual rate classes.

Cost of service results are one factor in design of electric rates for customers. Other factors must be considered such as impact on customers, social and environmental issues and philosophy of the City Commission. We will work with management and staff in the design of electric rates based on cost of service results, current rates, and impact on customer classes. We will make recommendations on rates for each class; identify potential new rate classifications, and weaknesses in current rate designs. We will proof the revenues based on projected billing parameters to help ensure the rates are sufficient to meet utility revenue requirements and identify the potential rate impact to utility customers at various usage levels. The tables below are sample outputs from our rate design model used in presentations and in final reports. A one year rate design is included in this proposal.

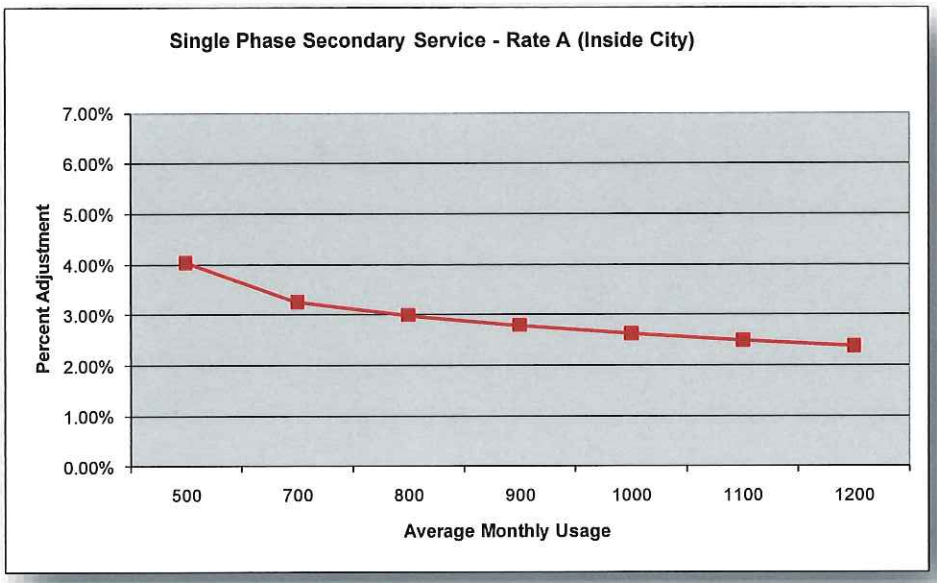
Table of Proposed Rate Adjustments by Customer Class

Rate Class	Cost of Service	FY2014 Current Revenues	FY2014 Proposed Revenues	Difference
Residential	$ 13,844,997	$ 11,486,184	$ 11,842,256	3.1%
General Service	1,489,809	1,374,910	1,429,906	4.0%
Cable TV Signal Booster	25,957	34,715	35,618	2.6%
Irrigation - Small	11,815	14,651	14,871	1.5%
Rental Lighting	130,828	152,327	154,764	1.6%
Municipal Lighting	224,469	200,849	209,084	4.1%
General Service Demand	9,344,288	10,621,048	10,875,953	2.4%
Irrigation - Large	126,695	119,940	124,737	4.0%
Wheeling	8,335	8,739	8,923	2.1%
Test Customer One	13,600,118	13,939,319	14,064,772	0.9%
Test Customer Two	1,684,579	1,688,628	1,703,826	0.9%
Total	**$ 40,491,889**	**$ 39,641,310**	**$ 40,464,710**	**2.1%**

Table of dollar impact on residential customers at various usage levels:

Monthly Dollar Impacts			
Monthly Usage	Dollar Impact	Monthly Usage	Dollar Impact
500	$ 2.10	1000	$ 2.60
700	2.30	1100	2.70
800	2.40	1200	2.80
900	2.50		

Percentage impact graph of proposed rates at various usage levels



8. Benchmark current and proposed rates with those of specific utilities located within a 100-mile radius of Coffeyville as well as the average consumer costs in Kansas and the USA.

UFS will utilize national benchmark data provided by the American Public Power Association and analyze rates of specific electric utilities as directed by the City of Coffeyville. The number of utilities will be discussed in the project kickoff meeting and results will be provided to Management. The UFS survey will model costs of each customer class at alternative usage levels. This method avoids misleading results that often result in average cost surveys. Below is a typical output included in the executive report.

Rate Comparison (in cents per kWh)		Residential			Small Commercial		Large Commercial		
2011	kW				5	25	100	100	100
	kWh	250	500	1,000	1,000	5,000	21,600	28,800	36,000
Test Customer Rates		13.85	11.90	10.93	16.21	13.97	14.33	12.56	11.50
Survey 1		12.92	11.22	10.37	12.69	11.66	12.05	10.56	9.66
Survey 2		15.92	13.52	12.32	12.67	11.00	11.12	10.22	9.67
Survey 3		13.11	10.86	9.74	12.59	11.29	12.16	10.31	9.21
Survey 4		14.04	12.04	11.04	11.92	10.80	10.00	9.38	9.02
Comparison of Rates to Test Customer									
% (below)/above Survey 1		7%	6%	5%	28%	20%	19%	19%	19%
% (below)/above Survey 2		-13%	-12%	-11%	28%	27%	29%	23%	19%
% (below)/above Survey 3		6%	10%	12%	29%	24%	18%	22%	25%
% (below)/above Survey 4		-1%	-1%	-1%	36%	29%	43%	34%	28%
Percent average of Regulated Utilities		-5%	-7%	-9%	25%	20%	23%	19%	19%

9. Review existing utility ordinance rules and regulations pertaining to electric service, including the Electric Service Agreement by and Between the City of Coffeyville and Coffeyville Resources Nitrogen Fertilizer

UFS will review current rules and regulations with management with reference to the Coffeyville Resources Nitrogen Fertilizer customer. We will run this customer through the cost of service model and identify each cost component specific to them to understand how the contract and utility costs compare.

10. Review Pole Attachment Agreements and fees, benchmark current and proposed fees with those of specific utilities located within a 100-mile radius of Coffeyville as well as the average consumer costs in Kansas and the USA.

UFS has served as an expert witness on pole attachment fees for Detroit Edison and has provided pole attachment calculation services for utilities around the nation. UFS has Excel programs used to develop and update fee schedules used by utilities around the nation. We have programs established to identify costs for providing each of the services listed under Utility Fees. We will review the cost of providing services based on hours, time of requested service, equipment rental charges, hourly rates, overhead, administration and margins to help ensure CMLP is recovering the appropriate costs in the fees charged to customers. In addition, UFS will review and benchmark other fees charged by utilities around Coffeyville. We will review the number of utilities to include in the project kickoff meeting. The current fees identified on the CMLP web site are listed below and will be reviewed:

- Pole Attachment Agreements
- Pole Attachment Fee

- Construction Service Fee
- Temporary Service Connection Charge
- Electric Meter Testing Charge
- Transfer Fee
- Residential Service Overhead
  - Up to 250'
  - Over 250'
  - Primary Extensions
- Residential Service Underground
  - 1-PH up to 70'
  - 1-PH Over 70'
  - With transformer installation
- Commercial Service Underground
- Connect/Reconnect Charge:
  - At meter during normal working hours as posted by CMLP
  - At meter after normal working hours as posted by CMLP
  - All others during normal working hours as posted by CMLP
  - All others after normal working hours as posted by CMLP

Other Industry standard fees we will discuss with CMLP management.

- Returned Check Charge
- New Account Charge
- New Service Charge
- Unauthorized Connection Charge
- Temporary Connect/Disconnect:
  - At meter during normal working hours as posted by CMLP
  - At meter after normal working hours as posted by CMLP
  - All others during normal working hours as posted by CMLP
  - All others after normal working hours as posted by CMLP

Customer Line Extensions

UFS is experienced in the development of line extension policies (Residential and Commercial Service Fees) and have been instructors on webinars and APPA courses for utilities around the nation. UFS has developed line extension policies for over 30 electric utilities. We will calculate the maximum utility contribution toward the connection costs of new customers and make recommendations on the appropriate electric line extension amounts. We will complete this analysis for the following customer classes:

- All customer rate classes
- Residential subdivisions
- Large Power Accounts based on Load Factor

To complete this analysis we will perform the following steps:

1) Determined variable cost to serve each customer class
2) Determine contribution margin from each class
3) Convert contribution margin to a per kWh or kW basis
4) Present value the contribution margin over an appropriate time assuming the risk of investment for each customer class
5) Compared the calculated amount with existing procedures.
6) Recommend changes to extension policy based on analysis.

11. Review City of Coffeyville's PCA Spreadsheet and provide recommendations as needed, including the current base rate.

Power Cost Adjustments (PCA) are used by many municipal electric utilities to help ensure power costs are recovered from customers in a timely fashion. Power cost adjustments need to be developed considering the financial stability of the utility and the month to month impacts on customer bills that often leads to customer complaints. UFS has developed a number of alternative methods for power cost recovery that helps to ensure the utility recovers its costs in a timely fashion but limits the month to month fluctuations. We will assess any current power supply cost calculation, discuss alternatives and develop the most appropriate method for the City of Coffeyville. We will review and discuss the following considerations in the initial kickoff meeting:

- Do large fluctuations occur in power supply costs
- PCA's impact high load customers greater than lower load factor customers.
- Does the current bill include a PCA line item
- PCA can help improve bond ratings
- PCA helps prevent overcharging or undercharging customers
- PCA reduces the frequency of annual rate changes

12. Summarize results of the study in a written report including any recommendations for adjustments in existing rate structures, rate schedules, rules or regulations to accomplish the desired change in revenue

UFS cost of service models are summarized to provide a long-term financial plan and electric cost of service/unbundling study into reports that are key in the financial stability of the City of Coffeyville. Reports are completed within 30 days after the study is complete and include the following:

- Executive Summary Report – An overview that identifies the objectives, process and results of the rate study in a clear and concise format, the report includes graphs, charts, tables and recommendations
- Full Report – Includes all the detailed schedules developed to complete the study and includes the executive summary report
- Rate Design Recommendation Report– The rate design report is a separate module. To ensure efficiency and timeliness of the study the executive summary and the full detail report are provided to management for input into the rate design process. The rate design report includes the following:
  - Comparison of the current and proposed rates
  - Expected revenues generated from proposed rates
  - Impact on customer classes at various usage levels or load factors within each rate class

13. A schedule for making any recommended changes to the Rate Codes

Our rate design model is developed specifically for the City of Coffeyville and provides staff the ability to quickly model the various rate components for each customer class and compare the rate design with cost of service results. Using direction from management and the City Council we complete a rate design model built to develop and move current rates as recommended. The model identifies impact on each type of user as explained in item 7 above. The rate design process is also included in our project schedule provided on page 24 of this proposal.

14. A Rate Forecast Model spreadsheet that will allow the City of Coffeyville to account for changes in things like salary and new capital projects, or anything else the City may wish to include, so the City can run the model and see how these would change the outcome on rates

The UFS cost of service model is built in Microsoft Excel and will be provided to the CWLD. The model includes the electric cost of service study, financial projections, rate design module, and development of a long term rate track and financial targets. The model allows staff to quickly vary assumptions related to capital expenditures, salary adjustments, bond issues, inflation rates, power supply costs and annual rate adjustments to customers and compares the results with key financial indicators of minimum cash reserves, bond coverage ratios and targeted operating incomes. UFS will provide an Electronic copy of the COS, Financial Projection and Rate Design models in Microsoft Excel® and the executive summary report in Microsoft Word®. A dashboard is created for each utility similar to the model identified in item 5 above and input screens that allow the utility to update portions of the financial projection as each fiscal year is completed.

See dashboard model example provided in item 5 above:

15. Staff from the successful consulting firm may be requested to personally appear before the City Commission to present and discuss the final report.

A critical aspect of the study is the clear and concise presentation to the City of Coffeyville's City Commissioners. UFS professionals are skilled at explaining and working with advisory and governing bodies to ensure decisions are based on information they can understand and apply to the local environment. We have made presentations to over 300 utilities around the nation to obtain rate approvals and to help City Commissioners and management understand the financial and rate implications to customers and the electric utility. Our experience as instructors for electric cost of service and financial planning allows us to clearly explain the process so they understand the financials and allow the Commissioners to make informed decisions in current and future rate designs and strategies to achieve the goals and objectives of the City of Coffeyville.

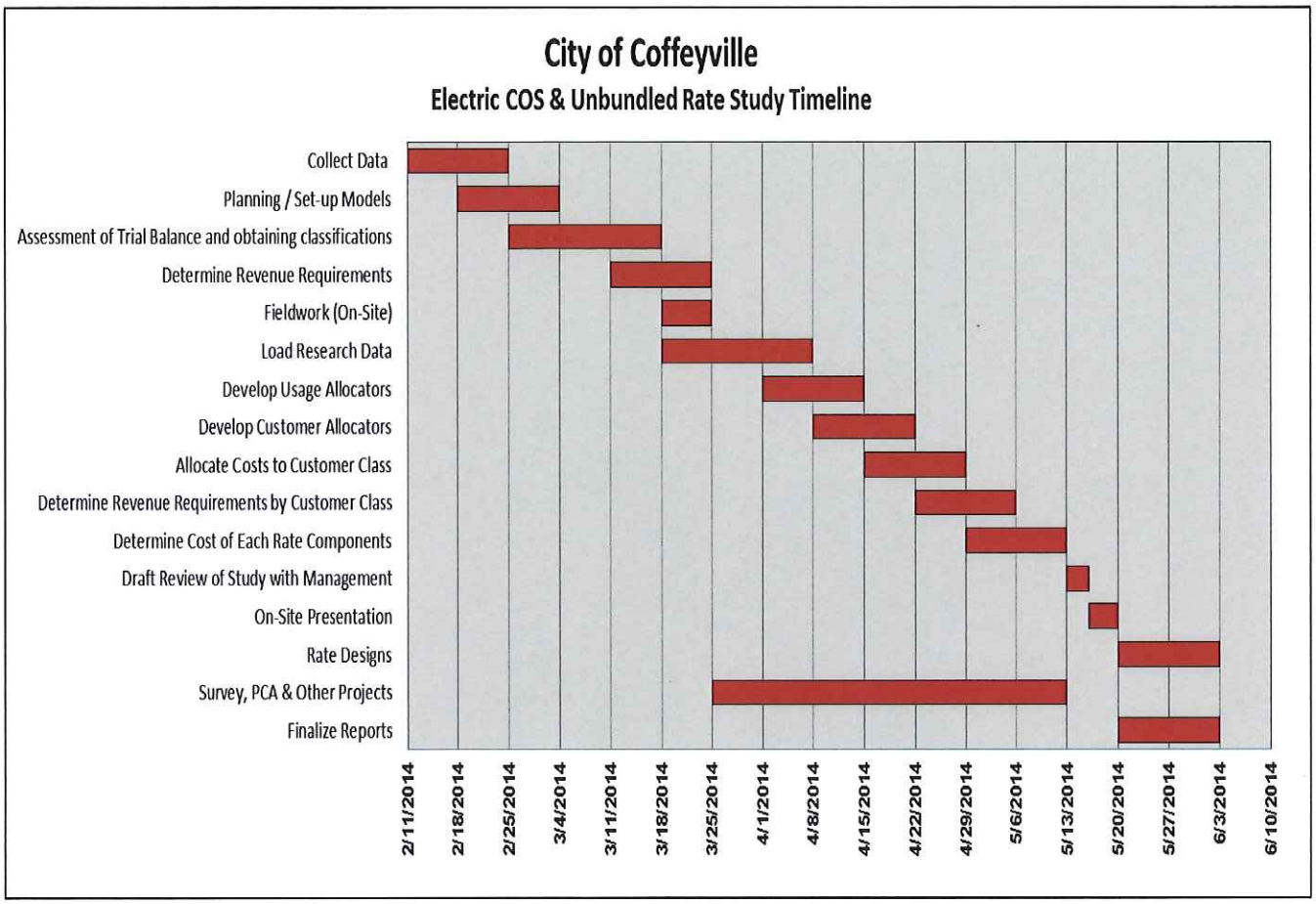
Project Schedule

Our experience with municipal electric cost of service and rate design studies, allows us to conduct a cost effective and efficient study. The following is the tentative work plan and project schedule for completion of the electric cost of service and rate design. This schedule will be finalized during the initial project kick-off meeting

Client	**City of Coffeyville, KS**
Project	**Cost of Service Study**
Notes	Project to be sourced on February 11, 2014
Project Manager	Mark Beauchamp - Project Manager
Rates Manager	Dawn Lund - Rates Manager
Staff Assigned	Joan Bakenhus, Mike Johnson & Dan Kasbohm - Data Analyst

			Assigned to:	Verified by:	Start On:	Completion Date Proposed
Step One	**Collect Data**					
		Meeting One - Project Kick-off Meeting	M. Beauchamp	Phone Conference	2/11/2014	2/25/2014
Step Two	**Planning / Set-up Models**					
	a	Audited Financial Data	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	b	Trial Balance Data	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	c	Historical Investment in Plant	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	d	Accumulated Depreciation	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	e	Depreciation Expense	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	f	Capital Improvement Plan	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	g	Billing Data	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
		kWh's	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
		kW	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
		Other	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	h	Complete a Revenue Proof	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	i	Determine Customer Classes	J. Bakenhus	D. Lund	2/18/2014	3/4/2014
	Assessment of Trial Balance and obtaining classifications					
	j	Expenses	J. Bakenhus	D. Lund	2/25/2014	3/18/2014
	k	Rate Base	J. Bakenhus	D. Lund	2/25/2014	3/18/2014
	l	Accumulated Depreciation	J. Bakenhus	D. Lund	2/25/2014	3/18/2014
	m	Depreciation Expense	J. Bakenhus	D. Lund	2/25/2014	3/18/2014
Step Three	**Determine Revenue Requirements**					
	a	Project Sales - Energy and Demand	D. Lund	M. Beauchamp	3/11/2014	3/25/2014
	b	Project Expenses	D. Lund	M. Beauchamp	3/11/2014	3/25/2014
	c	Project Power Supply Expense	D. Lund	M. Beauchamp	3/11/2014	3/25/2014
	d	Project Net Book Value of Plant	D. Lund	M. Beauchamp	3/11/2014	3/25/2014
	e	Determine Target Rate of Return	D. Lund	M. Beauchamp	3/11/2014	3/25/2014
	f	Long-Term Rate Track	D. Lund	M. Beauchamp	3/11/2014	3/25/2014
Step Four	**Fieldwork (On-Site)**					
		On-Site (Review project status with Mgt)	M. Beauchamp	D. Lund	3/18/2014	3/25/2014
Step Five	**Minimum System Analysis**					
			D. Kasbohm	M. Beauchamp	3/18/2014	4/8/2014
Step Six	**Load Research Data**					
	a	Identify Class Peaks	D. Kasbohm	M. Beauchamp	3/18/2014	4/8/2014
	b	Identify Coincident Peaks	D. Kasbohm	M. Beauchamp	3/18/2014	4/8/2014
	c	Identify Losses by Customer Class	D. Kasbohm	M. Beauchamp	3/18/2014	4/8/2014
Step Seven	**Develop Usage Allocators**					
	a	CP	D. Kasbohm	M. Beauchamp	4/1/2014	4/15/2014
	b	NCP	D. Kasbohm	M. Beauchamp	4/1/2014	4/15/2014
Step Eight	**Develop Customer Allocators**					
	a	Meter Allocators	D. Lund	M. Beauchamp	4/8/2014	4/22/2014
	b	Customer Service Allocators	D. Lund	M. Beauchamp	4/8/2014	4/22/2014
	c	Meter Reading Allocators	D. Lund	M. Beauchamp	4/8/2014	4/22/2014
	d	Billing Allocators	D. Lund	M. Beauchamp	4/8/2014	4/22/2014
Step Nine	**Allocate Costs to Customer Class**					
			D. Lund	M. Beauchamp	4/15/2014	4/29/2014
Step Ten	**Determine Revenue Requirements by Customer Class**					
	a	Rate Adjustment Needed for Each Class	D. Lund	M. Beauchamp	4/22/2014	5/6/2014
Step Eleven	**Determine Cost of Each Rate Components**					
	a	Monthly Customer Charge	M. Beauchamp	n/a	4/29/2014	5/13/2014
	b	Energy Charge	M. Beauchamp	n/a	4/29/2014	5/13/2014
	c	Demand Charge	M. Beauchamp	n/a	4/29/2014	5/13/2014
	d	Distribution Charge	M. Beauchamp	n/a	4/29/2014	5/13/2014
Step Twelve	**Draft Review of Study with Management**					
			M. Beauchamp	n/a	5/13/2014	5/16/2014
Step Thirteen	**On-Site Presentation**					
		City Council COS Presentation	M. Beauchamp	n/a	5/16/2014	5/20/2014
Step Fourteen	**Other Requested Projects**					
		Rate Designs	M. Johnson	M. Beauchamp	5/20/2014	6/3/2014
		Conduct Rate Survey	M. Johnson	M. Beauchamp	3/25/2014	4/15/2014
		Review Fertilizer plant agreement	M. Beauchamp		3/25/2014	5/13/2014
		Review Pole Attachement Agreements and fees	M. Johnson	M. Beauchamp	4/8/2014	5/13/2014
		Review PCA	D. Kasbohm	M. Beauchamp	3/25/2014	5/13/2014
Step Fifteen	**Finalize Reports**					
			D. Kasbohm	D. Lund	5/20/2014	6/3/2014

City of Coffeyville, KS Milestone / Proposed Timeline Report



The completion of the project on the proposed schedule is dependent on the cooperation of various departments within CMLP to prepare the information request in a timely manner.

ACORD®

UFS SAMPLE

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) job date here

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Professional Concepts Insurance Agency, Inc.
1127 South Old US Highway 23
Brighton MI 48114-9861

CONTACT NAME: certs@pciaonline.com
PHONE (A/C, No, Ext): (800) 969-4041 FAX (A/C, No): (800) 969-4081
E-MAIL ADDRESS: certs@pciaonlone.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Hartford Casualty Insurance Co	29424
INSURER B: Hartford Insurance Co.	00914
INSURER C: CAMICO Mutual Insurance Co.	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED
MARK BEAUCHAMP DBA
UTILITY FINANCIAL SOLUTIONS
185 SUN MEADOW COURT
HOLLAND MI 49424

COVERAGES CERTIFICATE NUMBER: 13-14 All REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC	X		35SBAPC4558	4/30/2013	4/30/2014	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
A	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			35SBAPC4558	4/30/2013	4/30/2014	COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
							Hired and Non-Owned	$ 1,000,000
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		35WECPA5794	5/7/2013	5/7/2014	X WC STATU-TORY LIMITS OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000
C	Professional Liability			MIL01056-11	2/1/2013	2/1/2014	Per Claim	2,000,000
							Aggregate	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Project description here.

CERTIFICATE HOLDER

Utility name here.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Mike Cosgrove/JL Michael Cosgrove

ACORD 25 (2010/05)
INS025 (201005).01

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Form **W-9**
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)
Mark Beauchamp

Business name/disregarded entity name, if different from above
Utility Financial Solutions, LLC

Check appropriate box for federal tax classification:
☑ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Other (see instructions) ▶

☐ Exempt payee

Address (number, street, and apt. or suite no.)
185 Sun Meadow Ct

Requester's name and address (optional)
Danny Rodriguez, Purchasing Agent
Lakeland Electric
1140 East Parker Street
Lakeland, Florida 33801-2066

City, state, and ZIP code
Holland, MI 49424

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
☐☐☐ - ☐☐ - ☐☐☐☐

Employer identification number
2 0 - 5 1 6 0 8 4 5

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person ▶ Mark Beau Date ▶ 12/04/2013

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

Cat. No. 10231X Form **W-9** (Rev. 12-2011)