



City of Bentonville
Bentonville Utility Board Meeting
Tuesday, September 28, 2021 – 11:00 am
Bentonville City Hall 305 SW “A” St.
City Council Chambers

AGENDA

Call to Order
Pledge of Allegiance
Attendance
Approval of Minutes: August 24, 2021

New Business

1. Nomad Interceptor Line Change Order – Mike Bender, PE (pages 2-4)
2. Water Tank Repair Contract – Mike Bender, PE (pages 5-12)
3. Budget Adjustment – Water Tank Repair – Mike Bender, PE (pages 13-14)
4. Electric Rate Study Vote – Travis Matlock, PE (pages 15-71)
5. Osmose Joint Use Audit – Travis Matlock, PE (pages 72-104)
6. Budget Adjustment – Osmose Joint Use Audit – Travis Matlock, PE (pages 105-106)
7. SWEPCO Invoice Audit Discussion – BKD
8. City of Bentonville Utility Deposit Discussion – Gary Wilson
9. Adjournment



Agenda Item Form

Date of Utility Board Meeting	9/28/2021
Department	Water Utilities
Submitted by	Mike Bender
Phone	(479) 271-6873

Item Type: (Check Applicable Item Type)					
☐ Budget Adjustment	☒ Change Order	☐ Informational	☐ Ordinance	☐ Resolution	☐ Bid Award
Recommendation/Suggested Action (Enter recommendation in space below):					
Change Order - Staff recommends Utility Board approval of Change Order No. 2 and Final Reconciliation of the contractual bid amount with Brothers Construction for construction services associated with the Nomad Creek Sewer Interceptor recognizing a decrease of \$80,527.02 reducing the contract total from \$1,680,267.50 to \$1,599,740.48.					

Estimated Cost	
Is this Item Budgeted?	☒ Yes ☐ No
If no, please explain how item will be funded (briefly explain in space below) :	



Memo



To: Bentonville Utility Board

From: Mike Bender

CC:

Date: September 22, 2021

Re: Change Order No. 2 and Final Reconciliation – Brother's Constructions for services associated with Nomad Creek Interceptor

Staff recommends City Council approval of Change Order No. 2 and Final Reconciliation of the contractual bid amount with Brothers Construction for construction services associated with the Nomad Creek Sewer Interceptor recognizing a decrease of \$80,527.02 reducing the contract total from \$1,680,267.50 to \$1,599,740.48. Change order #1 (CC approved 2-9-21) was an increase for the Rock Contingency of \$113,495.00. The \$80,527.02 in savings came from \$77,392.00 in the lack of rock excavation and \$3,135.00 in straw waddle reductions.

Nomad Creek Sewer Interceptor is currently in use serving multiple subdivisions and the Nomad Road lift station has been taken off line.

Thank you for your consideration of this request.



CEI Engineering Associates, Inc.
P.O. Box 1408
Bentonville, AR 72712
Phone: (479) 273-9472
Nate Bachelor

3-Aug-21
CEI Project No: 30677.0

Pay Application #8
Nomad Creek Interceptor (PIIP18-013)
COB Solicitation #IFB-20-03
Bentonville, AR

Brothers Construction																	Balance remaining after CO#1
Item	Quantity	Unit	Cost	Total	Pay App 1	Pay App 2	Pay App 3	Pay App 4	Pay App 5	Pay App 6	Pay App 7	Pay App 8	Pay App 9	% Complete	Earned to Date		
1 Mobilization	1	LS	\$40,000.00	\$40,000.00	\$ 40,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 40,000.00		
2 Tree removal area	6.75	AC	\$5,500.00	\$37,125.00	\$ 2,750.00	\$ 5,500.00	\$ 5,500.00	\$ -	\$ 23,375.00	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 37,125.00		
3 Remove and Replace barbed wire fence	880	LF	\$8.00	\$7,040.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,520.00	\$ -	\$ 3,520.00	100.0%	\$ 7,040.00		
4 Nomad road cut & repair (conc & asphalt)	815	SF	\$7.00	\$5,705.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,705.00	100.0%	\$ 5,705.00		
5 Morning Star road cut & repair (conc & asphalt)	0	SF	\$7.00	\$0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	updated per CO 1	
6 traffic control for road cuts	3	EA	\$5,000.00	\$15,000.00	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -	100.0%	\$ 15,000.00	updated per CO 1	
7 Temporary livestock fence	2570	LF	\$6.00	\$15,420.00	\$ 12,000.00	\$ 3,420.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 15,420.00		
8 Temporary construction entrance	6	EA	\$2,000.00	\$12,000.00	\$ 2,000.00	\$ 4,000.00	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000.00	100.0%	\$ 12,000.00		
9 Concrete washout	6	EA	\$300.00	\$1,800.00	\$ 300.00	\$ 300.00	\$ -	\$ -	\$ 600.00	\$ -	\$ 600.00	\$ -	\$ -	100.0%	\$ 1,800.00		
10 Straw wattle	12104	LF	\$3.00	\$36,312.00	\$ -	\$ 18,810.00	\$ -	\$ -	\$ 5,997.00	\$ 3,360.00	\$ 1,845.00	\$ 3,165.00			\$ 33,177.00	\$3,135.00	
11 Silt fence	1181	LF	\$4.00	\$4,724.00	\$ 720.00	\$ -	\$ 4,160.00	\$ -	\$ (156.00)	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 4,724.00	updated per CO 1	
12 Rock check dam	10	EA	\$250.00	\$2,500.00	\$ 500.00	\$ -	\$ -	\$ -	\$ 1,500.00	\$ 250.00	\$ 250.00	\$ -	\$ -	100.0%	\$ 2,500.00	updated per CO 1	
13 Flexamat	9889	SF	\$6.50	\$64,278.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,600.00	\$ 35,679.00		100.0%	\$ 64,279.00		
14 Staging area	2	EA	\$1,000.00	\$2,000.00	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 2,000.00		
15 SWPPP reporting & maintenance	9.5	MO	\$500.00	\$4,750.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ -	\$ 1,000.00	\$ 500.00	\$ 750.00	\$ 500.00	\$ 500.00	100.0%	\$ 4,750.00		
16 Final stabilization	15.5	AC	\$1,500.00	\$23,250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500.00	\$ 4,500.00	\$ 14,250.00	100.0%	\$ 23,250.00		
17 Class 7 backfill under road cuts	365	CY	\$100.00	\$36,500.00	\$ -	\$ 4,300.00	\$ 2,370.00	\$ -	\$ 13,930.00	\$ 15,900.00	\$ -	\$ -	\$ -	100.0%	\$ 36,500.00	updated per CO 1	
18 72" Cast in place Manhole (10' standard depth)	20	EA	\$3,500.00	\$70,000.00	\$ 10,500.00	\$ 14,000.00	\$ 3,500.00	\$ 17,500.00	\$ 14,000.00	\$ 10,500.00	\$ -	\$ -	\$ -	100.0%	\$ 70,000.00		
19 72" CIP Manhole Additional depth	22	LF	\$400.00	\$8,800.00	\$ 1,200.00	\$ -	\$ 800.00	\$ 4,896.00	\$ -	\$ 924.00	\$ 980.00	\$ -	\$ -	100.0%	\$ 8,800.00		
20 48" Cast in place Manhole (10' standard depth)	12	EA	\$2,700.00	\$32,400.00	\$ -	\$ -	\$ -	\$ -	\$ 8,100.00	\$ 2,700.00	\$ -	\$ 21,600.00		100.0%	\$ 32,400.00		
21 48" CIP Manhole Additional depth	44	LF	\$200.00	\$8,800.00	\$ -	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 200.00	\$ -	\$ 7,600.00		100.0%	\$ 8,800.00		
22 8" sanitay pipe stub out (X3)	25	LF	\$40.00	\$1,000.00	\$ -	\$ 400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600.00		100.0%	\$ 1,000.00		
23 12" sanitary pipe stub out (X1)	5	LF	\$100.00	\$500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.00		100.0%	\$ 500.00		
24 18" sanitary pipe stub out (X1)	5	LF	\$150.00	\$750.00	\$ -	\$ -	\$ -	\$ -	\$ 750.00	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 750.00		
25 4' Guard post	15	EA	\$500.00	\$7,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750.00	\$ 3,750.00	100.0%	\$ 7,500.00		
26 24"PS115 PVC Pipe	5708	LF	\$98.00	\$559,384.00	\$ 121,226.00	\$ 186,004.00	\$ 53,312.00	\$ 162,288.00	\$ 36,554.00	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 559,384.00		
27 20" steel encasement pipe	50	LF	\$105.00	\$5,250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,250.00	\$ -	\$ -	\$ -	100.0%	\$ 5,250.00	updated per CO 1	
28 36" steel encasement pipe	363	LF	\$300.00	\$108,900.00	\$ -	\$ 55,200.00	\$ 11,400.00	\$ -	\$ 42,300.00	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 108,900.00		
29 12" SDR-26 PVC pipe	3439	LF	\$61.00	\$209,779.00	\$ -	\$ -	\$ -	\$ -	\$ 115,290.00	\$ 37,942.00	\$ 56,547.00	\$ -	\$ -	100.0%	\$ 209,779.00	updated per CO 1	
30 Trench & Excavation Safety Systems	1	LS	\$48,000.00	\$48,000.00	\$ 4,800.00	\$ 9,600.00	\$ 4,800.00	\$ -	\$ 9,600.00	\$ -	\$ 19,200.00	\$ -	\$ -	100.0%	\$ 48,000.00		
31 Rock Excavation	428	CY	\$350.00	\$149,800.00	\$ -	\$ -	\$ -	\$ 72,408.00	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 72,408.00	\$77,392.00	
32 Filter Fabric	22000	SF	\$0.50	\$11,000.00	\$ 9,350.00	\$ 1,650.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 11,000.00		
33 Contingency Allowance*	1	LS	\$150,000.00	\$150,000.00	\$ 33,951.00	\$ 16,500.00	\$ 99,549.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	100.0%	\$ 150,000.00		
				\$1,680,267.50	\$240,797.00	\$330,184.00	\$189,891.00	\$257,092.00	\$274,840.00	\$82,526.00	\$116,792.00	\$77,894.00	\$29,725.00	95.2%	\$ 1,599,741.00	Total \$80,527.02	
Stored Materials			\$		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -		
5% Retainage			\$		\$ 12,039.85	\$ 16,509.20	\$ 9,494.55	\$ 12,854.60	\$ 13,742.00	\$ 4,126.30	\$ 5,839.60	\$ 3,894.70	\$ -		\$ 78,500.78		
Recommended Pay Amount			\$		\$ 228,757.15	\$ 313,674.80	\$ 180,396.45	\$ 244,237.40	\$ 261,098.00	\$ 78,399.70	\$ 110,952.37	\$ 73,998.83	\$108,225.78		\$ 1,599,740.48		

NOTES FOR TRACKING PURPOSES				
* Rock Excavation 97 CY (pay app 1)	97	CY	\$ 350.00	\$33,951.00
* Rock Excavation 47 CY (pay app 2)	47	CY	\$ 350.00	\$16,450.00
* Rock Excavation 284.4 CY (pay app 3)	284	CY	\$ 350.00	\$99,549.00



Memo



To: Bentonville Utility Board

From: Mike Bender

CC:

Date: September 24, 2021

Re: Utility Service Co. Inc. agreement for repairs to the 3MG and 6MG water tanks

Staff is recommending the Mayor and City Clerk to enter into an agreement with Utility Services Co. Inc. in an amount of \$694,480.00 for material and labor to provide all repairs to the 3MG and 6MG I Street Water Tanks.

On February 18, 2021 damage was reported on both tanks due to snow and ice accumulation on the exterior of the tank along with ice buildup on the interior. As a result of the mixing practices and rotation within the tank structural damage occurred when the ice contacted the supports within the tank.

Insurance claim 511460 was filed with Affiliated FM Insurance Company Policy No. 1B151 and the valuation of damages in the amount of \$694,480.00 was accepted. The loss will be subject to a \$25,000 deductible that will be paid from Water Utilities Reserves.

Utility Services Co. Inc.; (dba; Suez) has a current and long standing yearly maintenance contract with the City of Bentonville. Suez is familiar with all city storage facilities in relation to structural and sheeting material make ups. They are experienced in similar repairs and new tank construction.

Bentonville Water Utilities does not anticipate any interruptions in service while the work is completed. Temporary aesthetic alterations may exist due to the timing of both repairs.

Thank you for your consideration of this request.

**CONSTRUCTION SERVICES AGREEMENT
CITY OF BENTONVILLE, ARKANSAS
REPAIR OF ICE DAMAGE – 3MG TANK
REPAIR OF ICE DAMAGE – I ST 6MG TANK**

This CONSTRUCTION SERVICES AGREEMENT FOR REPAIR OF ICE DAMAGE – 3MG TANK AND REPAIR OF ICE DAMAGE I ST 6MG TANK (“Agreement”) is entered into by and between **CITY OF BENTONVILLE, ARKANSAS** with a principal business address of 1000 SW 14th Street, Bentonville, AR 72712 (“Owner”), and **UTILITY SERVICE CO., INC.**, a Georgia corporation with a principal business address of 535 General Courtney Hodges Boulevard, P O Box 1350, Perry, GA 31069 (“Company”).

WHEREAS, the Owner and Company (collectively, “the Parties”) desire for Company to provide services to Owner under the terms set forth herein;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Term. The effective date of this Agreement shall be October , 2021, (“Effective Date”). The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect for one year. (“Term”).

2. Scope of Work and Company’s Obligations. The Company shall supply all material, equipment, and personnel necessary to perform the services as outlined in Exhibit A. (Collectively, “Services”).

3. Owner’s Obligations. The Owner shall, at no cost to the Company, perform or provide: (1) the Company with ingress, egress, and all reasonably necessary access to the real property which the Company needs to access to perform the Services, including an access point; and (2) permits and fees necessary to perform the Services, if any. The previous list is not intended to be exhaustive. If any additional support of the Owner is reasonably necessary to perform the Services, the Owner shall provide such needed support or services in good faith so that the Company can perform the Services.

4. Cost and Payment Terms. The Owner agrees to pay the total amount of \$694,480.00 to the Company for the performance of the Services (“Contract Price”). The Contract Price is broken down by tank as follows:

3MG Tank: \$229,677.00

I St. 6MG Tank: \$464,803.00

Payment by tank shall be due upon completion of the services as defined in Exhibit A. All applicable taxes are the responsibility of the Owner, if any, and are in addition to the Contract Price.

5. Independent Contractor. Company is, and shall at all times remain, an independent contractor. Company and each of Company’s employees and principals shall not be deemed for any purpose to be Owner’s employees, and they shall not be entitled to any claims, rights, benefits and privileges to which an employee of Owner or any of its respective affiliates may be entitled under any retirement, pension, insurance, medical or other plans which may now be in effect or which may hereafter be adopted. Owner is not responsible to any governing body or to Company for paying or withholding payroll taxes and other employee expenses related to

payments made to Company. Notwithstanding anything to the contrary, this Agreement does not, and shall not be deemed to, constitute a partnership or joint venture between the Parties and neither Party nor any of their respective directors, officers, officials, or employees shall, by virtue of the performance of their obligations under this Agreement, be deemed to be an agent or employee of the other. No Party has the authority to bind another Party except to the extent approved in writing by the Party to be bound.

6. Insurance. Company shall maintain statutory minimum Worker's Compensation as required by the laws of any jurisdiction in which Services are performed, and commercial general liability insurance covering Company's liabilities hereunder and for injury to persons or damage to property with limits of not less than \$2,000,000 per occurrence. Upon Owner's request, Company shall furnish Owner with a certificate of insurance evidencing this coverage.

7. Representations. Company represents and warrants that Company has the full power and authority to enter into and perform this Agreement; that the execution, delivery and performance of this Agreement has been duly authorized and constitutes a valid and binding agreement of Company; and that the execution, delivery and performance of this Agreement will not result in the breach of, or constitute a default under, or violate any provision of, any agreement or other instrument to which Company is a party.

8. Indemnification. Company shall indemnify Owner and its officers and officials from and against any claims, actions, and suits arising from and to the extent of the Company's negligence while performing the Services hereunder. Company's indemnification obligations hereunder shall be subject to Owner's prompt notification to Company with respect to the pertinent third-party claim(s).

9. Warranty. Company warrants to Owner ("Warranty") for a period of one (1) year ("Warranty Period") from completion of the Services that the Services are free from defects in workmanship and material under normal and proper use within the Warranty Period ("Covered Defect"). Covered Defects do not include defects caused by fire, war, earthquake, or other earth movement, acts of God, negligence, abuse, alteration, aggressive environmental conditions or from the failure to properly inspect, service, or maintain the asset. If a defect in workmanship or material is identified by Owner during the Warranty Period, then Owner shall promptly notify the Company of the nature of the defect in writing. Following the receipt of such notice, the Company shall inspect the work product produced by the Services to determine if a Covered Defect exists to the reasonable satisfaction of the Company. The Company's inspection shall be performed on a date that is mutually agreeable to the Owner and the Company, and the Owner agrees to provide an access point and satisfy any other reasonable requests of the Company so that it can carry out its inspection. If a Covered Defect exists, the Company's sole liability shall be discharged by the Company providing the labor and material to repair any part or parts of the work product produced by the Services which prove to be defective. COMPANY MAKES NO OTHER EXPRESS OR IMPLIED WARRANTIES AND ALL OTHER WARRANTIES ARE SPECIFICALLY EXCLUDED, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR PARTICULAR OR SPECIAL PURPOSES.

10. Exclusions. This Agreement does NOT include the cost for and/or liability on the part of the Company for: (1) discovery, identification, and/or removal of any hazardous waste or materials; (2) discharge piping; (3) electrical equipment; and (4) other conditions which are beyond the Owner's and Company's control, including, but not limited to: acts of God and acts of terrorism.

11. Assignment of Receivables. The Company reserves the right to assign any

outstanding receivables from this Contract to its financial institutions as collateral for any loans or lines of credit.

12. Termination. This Agreement may be terminated by Owner by giving the non-terminating Party ninety (90) days' prior written notice of termination. In the event of termination by Owner, Owner shall pay Company the proportionate amount of the Contract Price that remains unpaid for Services performed and completed prior to the date of termination of this Agreement.

13. Intellectual Property. The Owner acknowledges that all intellectual property rights in the Services, their method of delivery, and all related know-how are owned by the Company or its licensors. The Owner hereby agrees and acknowledges that this Agreement shall not be construed as a license for the Owner to use, deliver, or exploit the intellectual property used by the Company in delivering the Services. To the extent that any new intellectual property or know-how is developed as a result of carrying out the Services, the new intellectual property rights will all be owned by the Company or its licensors, and the Owner agrees that it will not make a claim to any such new intellectual property rights.

14. Limitation of Liability. **IN NO EVENT SHALL EITHER PARTY OR ITS RESPECTIVE DIRECTORS, OFFICERS, OFFICIALS, AND EMPLOYEES BE LIABLE FOR ANY LOSS OF PROFITS OR REVENUES, OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY KIND, HOWSOEVER CAUSED OR ARISING UNDER THIS AGREEMENT.** The foregoing provision limiting the liability of the Parties' directors, officers, officials, and employees shall be deemed to be trust provisions for the benefit of such directors, officers, officials, and employees and shall be enforceable by such persons as trust beneficiaries. Such provisions shall not be construed as imposing any liability on such directors, officers, officials, and employees where it does not otherwise exist in law.

15. Miscellaneous.

a. Notices. All notices hereunder shall be in writing and shall be sent by certified mail, return receipt requested, or by overnight courier service, to the address set forth below each Party's signature, or to such other addresses as may be stipulated in writing by the Parties pursuant hereto. Unless otherwise provided, notice shall be effective on the date it is officially recorded as delivered by return receipt or equivalent.

b. Entire Agreement; Amendment. This Agreement supersedes all prior agreements, arrangements, and undertakings between the Parties and constitutes the entire agreement between the Parties relating to the subject matter thereof. This Agreement may not be amended except by written instrument executed by both Parties.

c. Assignment. Neither Party may assign this Agreement without the prior written consent of the other Party; such consent will not be unreasonably withheld. Any attempt to assign this Agreement without the prior written consent of the other Party shall be null and void. A change in control of a Party shall not be deemed an assignment of this Agreement.

d. Force Majeure. If either party is prevented from performing any of its duties or obligations hereunder (other than duties or obligations with respect to payment) in a timely manner by reason or act of God or force majeure such as fire; war; earthquake; strike; lock-out; labor dispute; flood; public disaster; pandemic or epidemic event (to include but not limited to COVID-19); interruptions or delays in reasonably available means of transportation; acts of any government or its agencies or officers, or any order, regulation, or ruling thereof; equipment or

technical malfunctions or failures; power failures or interruptions; or any other reason beyond its reasonable control, such condition shall be deemed to be a valid excuse for delay of performance or for nonperformance of any such duty or obligation for the period during which such conditions exist.

e. Survival of Certain Provisions. Notwithstanding the termination or expiration of this Agreement, the provisions of Sections 11 and 12 shall survive the termination or expiration and bind the parties and their legal representatives, successors and permitted assigns.

f. No Waiver. The waiver of any breach or failure of a term or condition of this Agreement by any party shall not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other breach or failure of a term or condition of this Agreement.

g. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement. The Parties may utilize electronic means (including facsimile and e-mail) to execute and transmit the Agreement and all such electronically executed and/or transmitted copies of the Agreement shall be deemed as valid as originals.

WHEREFORE, for the purpose of being bound, the Parties execute this Agreement by their duly authorized representatives as of the date(s) set forth below.

OWNER

COMPANY

City of Bentonville, Arkansas

Utility Service Co., Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Notice Address for Each Party:

City of Bentonville, Arkansas

Utility Service Co., Inc.

Attn: Camille Thompson

Attn: Customer Service Department

1000 SW 14th Street

535 General Courtney Hodges Blvd

Bentonville, AR 72712

P O Box 1350

Perry, Georgia 31069

Exhibit A

3MG Tank - \$229,677.00

Repair Interior and Exterior – \$193,661.00

Repairs Exterior

1. Remove two (2) damaged sections of roof knuckle.
2. Install by welding two (2) radius rolled fabricated knuckle plates matching dimension, shape, and thickness of existing knuckle plates.
3. All unprimed areas shall be tool cleaned per SSPC-SP#2, #3 cleaning methods.
4. All areas tool cleaned shall be spot primed with a compatible primer.
5. One (1) full intermediate coat of a compatible coating shall be applied to repaired areas of exterior surfaces.
6. One (1) full finish coat of a compatible coating shall be applied to repaired areas of exterior surfaces.

Repairs Interior

1. Install Temporary Door Sheet to Provide for access to Tank Interior. Replace door sheet upon completion of repairs.
2. Remove and replace in-kind thirteen (13) damaged or deformed roof rafters.
7. All damaged coating on tank floor resulting from repair work to be tool cleaned per SSPC-SP#2, #3 cleaning methods.
8. All areas tool cleaned shall be spot primed with a compatible primer.
9. One (1) finish coat of a compatible coating shall be applied to all areas of floor affected by repairs.
10. Abrasive blast coated areas of interior tank roof previously damaged or disturbed by repair work in accordance with SSPC-SP #10 "Near White" finish.
11. Apply one (1) intermediate coat of Epoxy at a DFT of 4 to 6 mils to all prepared areas.
12. Apply one (1) finish coat of Epoxy at a DFT of 4 to 6 mils to all prepared areas.

Contingency Work for 3MG Tank – Budgeted at \$36,016.00

Contingency Line Items:

Company is estimating the need to perform 250 sq ft (\$36,016) of roof steel replacement. Roof steel replacement will be performed as needed at a cost of \$144.064/sq ft. with determination of replacement based on inspection and need.

1. Remove existing roof plate steel utilizing all applicable and approved standards and methods.
2. Install new roof plate steel of like dimensions utilizing all applicable and approved standards and methods.

In consideration of project timelines and weather, there is a potential need for additional heating resources during coating repairs taking place in wet section of the water storage tank.

1. Heating resources are to be provided at a unit cost of \$16,949/week.

I St. 6MG Tank - \$464,803.00

Repair Interior and Exterior – \$394,888.00

Repairs Exterior

1. Remove eight (8) damaged sections of roof knuckle.
2. Install by welding eight (8) radius rolled fabricated knuckle plates matching dimension, shape, and thickness of existing knuckle plates.
3. Complete exterior shall be fully pressure washed.
4. All unprimed areas shall be tool cleaned per SSPC-SP#2, #3 cleaning methods.
5. All areas tool cleaned shall be spot primed with a compatible primer.
6. One (1) full finish coat of a compatible coating shall be applied to 100% of exterior surfaces.

Repairs Interior

1. Install Temporary Door Sheet to Provide for access to Tank Interior. Replace door sheet upon completion of repairs.
2. Alleviate stresses on super structure with temporary support of roof.
3. Level existing columns and rafters in series.
4. Upon completion of levelling of existing columns, remove existing and install new column base angle restraints.
7. All damaged coating on tank floor resulting from repair work to be tool cleaned per SSPC-SP#2, #3 cleaning methods.
8. All areas tool cleaned shall be spot primed with a compatible primer.
9. One (1) finish coat of a compatible coating shall be applied to all areas of floor affected by repairs.
10. Abrasive blast coated areas of interior tank roof previously damaged or disturbed by repair work in accordance with SSPC-SP #10 "Near White" finish.
11. Apply one (1) intermediate coat of Epoxy at a DFT of 4 to 6 mils to all prepared areas.
12. Apply one (1) finish coat of Epoxy at a DFT of 4 to 6 mils to all prepared areas.

Contingency Work for I St. 6MG Tank – Budgeted at \$69,915.00

Contingency Line Items:

Company is estimating the need to perform 250 sq ft (\$36,016) of roof steel replacement. Roof steel replacement will be performed as needed at a cost of \$144.064/sq ft. with determination of replacement based on inspection and need.

2. Remove existing roof plate steel utilizing all applicable and approved standards and methods.
3. Install new roof plate steel of like dimensions utilizing all applicable and approved standards and methods.

In consideration of project timelines and weather, Company is forecasting the need for additional heating resources during coating repairs taking place in wet section of the water storage tank.

1. Heating resources are estimated to be needed for a two week time period at a cost of \$33,898.
2. Heating resources are to be provided at a unit cost of \$16,949/week.



Agenda Item Form

Date of Utility Board Meeting	9/28/2021
Department	Water Utilities
Submitted by	Mike Bender
Phone	(479) 271-6873

Item Type: (Check Applicable Item Type)					
☒ Budget Adjustment	☐ Change Order	☐ Informational	☐ Ordinance	☒ Resolution	☐ Bid Award
Recommendation/Suggested Action (Enter recommendation in space below):					
Budget Adjustment - Staff recommends Utility Board approval in the amount of \$25,000.00 to cover the deductible cost for an insurance claim associated with Utility Service Co., Incorporated's agreement for material and labor to provide full repairs of the 3MG and 6MG water tanks. This Budget Adjustment will also recognize revenues from FM Global associated with insurance claim 511460 in the amount of \$669,480.00. Funding the deductible will be from the Water Utility reserves.					

Estimated Cost	\$694,480.00
Is this Item Budgeted?	☐ Yes ☒ No
If no, please explain how item will be funded (briefly explain in space below):	
The \$25,000.00 deductible will be funded by Water Utility Reserves and \$669,480.00 will be provided by FM Global Insurance Claim 511460	



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Budget Adjustment Request

Date of Utility Board Meeting	9/28/2021
Department	Bentonville Water Utilities
Submitted by	Mike Bender
Phone	(479) 271-6873

Purpose of Budget Adjustment *(Enter purpose in space below):*

Budget Adjustment - Staff is requesting approval of a budget adjustment in the amount of \$694,480.00 to cover full cost of repairs consistent with Utility Services Co., Incorporated's agreement for material and labor to provide repairs of the 3mg and 6mg water tanks. This Budget Adjustment will recognize revenues from FM Global associated with insurance claim 511460 in the amount of \$669,480.00. A balance of \$25,000 for the deductible will be funded from the Water Utility reserves.

General Ledger Account Information*				
Org (Department)	Object	Account Description	Revenue + (-)	Expense + (-)
503020	47210	Plants and Building		\$694,480
503020	37520	Miscellaneous Income	\$ 669,480.00	
		Totals	\$ 669,480.00	\$ 694,480.00
		Net Impact on Fund Balance	\$(25,000.00)	
*Final Account Number will be determined by Accounting Department after approval and purchase				

117 West Central Avenue, Bentonville, AR 72712

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Agenda Item Form

Date of City Council Meeting	10/12/2021
Department	Electric
Submitted by	Travis Matlock, PE
Phone	479-271-5941

Item Type: (Check Applicable Item Type)					
☐ Budget Adjustment	☐ Change Order	☐ Informational	☒ Ordinance	☐ Resolution	☐ Bid Award
Recommendation/Suggested Action (Enter recommendation in space below):					
Ordinance repealing Ordinance No. 2015-122 as amended, fixing rates for electricity to be furnished by the electric system of the City of Bentonville; pertaining to the other matters relating thereto; and declaring an emergency.					

Estimated Cost	
Is this Item Budgeted?	☐ Yes ☐ No
If no, please explain how item will be funded (briefly explain in space below) :	



MEMORANDUM

DATE: October 12, 2021

TO: City Council, Mayor Orman

FROM: Travis Matlock, Electric Utility Director

RE: Electric Rate Ordinance

BEUD recommends amending the electric rate ordinance as recommended by UFS, Inc.

UFS has analyzed the current Bentonville Electric Rate Ordinance and has recommended some minor changes that have a very minor effect on the residents and businesses within the City of Bentonville. The biggest change is an increase to the "facilities charge" and a change over the next couple of years to remove the "block" style of rates and only have a different summer and winter rate. These changes affect all the current rate classes. These changes take place over the next three years.

Changes are due to go into effect beginning January 1, 2022.

The changes are shown in the attached Ordinance.

ORDINANCE NO. _____

**AN ORDINANCE AMENDING THE
ELECTRIC RATE SCHEDULE**

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL FOR
THE CITY OF BENTONVILLE, ARKANSAS.**

Section 1: That the following electric rate schedules be adopted and the rate schedules contained in Ordinance [2000-20, 2000-160, 2005-183, 2008-38, 2008-88, 2009-73, and 2015-122] be amended accordingly:

Schedule R-2021 – Residential Service

Applicable to residential customers for all domestic users.

	2022	2023	2024
Facilities Charge	\$13.70/month	\$14.70/month	\$15.70/month
Winter Block 1 (0- 800 kWh)	\$0.10285	\$0.0971	\$0.09135
Winter Block 2 (excess)	\$0.08538	\$0.08837	\$0.09135
Summer Block 1 (0-800 kWh)	\$0.10865	\$0.10870	\$0.10875
Summer Block 2 (excess)	\$0.10278	\$0.10627	\$0.10875
Minimum Bill	\$13.70/month	\$14.70/month	\$15.70/month

Schedule SC-2015 – Small Commercial Service

Available to commercial customers and multiple-family dwelling for all general purposes when the demand is **less than 50 kW**.

	2022	2023	2024
Facilities Charge	\$16.80/month	\$19.80/month	\$22.80/month
Winter Block 1 (0-2,000 kWh)	\$0.10997	\$0.10294	\$0.09591
Winter Block 2 (excess)	\$0.0901	\$0.09301	\$0.09591
Summer Block 1 (0-2,000 kWh)	\$0.1170	\$0.1170	\$0.1170
Summer Block 2 (excess)	\$0.1170	\$0.1170	\$0.1170
Minimum Bill	\$16.80/month	\$19.80/month	\$22.80/month

Schedule SC – 2015 – Medium Commercial Service

Available to commercial customers and multiple-family dwelling for all general purposes when the demand is **more than 50 kW but less than 200 kW**.

	2022	2023	2024
Facilities Charge	\$20.00/month	\$30.00/month	\$40.00/month
Demand Charge per month (All kW)	\$8.35	\$9.35	\$10.35
Energy Charge (Winter: Nov. - April)	\$0.06545	\$0.06238	\$0.0593
Energy Charge (Summer: May - Oct.)	\$0.06915	\$0.06608	\$0.063
Minimum Bill (New at 25 kW)	\$208.75/month	\$233.75/month	\$258.75/month

Schedule SC – 2022 – Large Commercial Power Service

Available to commercial customers and multiple-family dwelling for all general purposes when the demand is **more than 200 kW**.

	2022	2023	2024
Demand Charge (All kW)	\$7.75	\$8.25	\$8.75
Consumption Charge (Demand (kW) x 200)	\$0.0665	\$0.06488	\$0.06327
Consumption Charge (all excess use)	\$0.0665	\$0.06488	\$0.06327
Minimum Bill (100 kW)	\$775.00/month	\$825.00/month	\$875.00/month

Schedule PA-2022 – Power Cost Adjustment Rider

The revised monthly “base cost” for purposes of the PCA will be the total demand, energy and transmission cost contained on Exhibit 12A and 12 B – Development of Purchased Power Expense. A copy of this exhibit is a part of the Technical Appendix found in the Comprehensive Electric Rate Study prepared by HDR and dated October 2015.

The total purchased power expense from Exhibit 12A will be divided by the total kWh’s to produce a ¢/kWh value (PCA calculation shown in Exhibit 12B). The ¢/kWh value is the “base cost” for the PCA adjustment and shall be set at \$0.00210.

Schedule NM -2015 – Net Metering

Available to customers who meet the Net Metering requirements in Ordinance 2014-80.

	2022	2023	2024
Residential			
Energy Charge (Winter: Nov - April)	(\$0.05715)	(\$0.05715)	(\$0.05715)
Energy Charge (Summer: May - Oct.)	(\$0.05715)	(\$0.05715)	(\$0.05715)
Small Commercial (< 50kW)			
Energy Charge (Winter: Nov - April)	(\$0.05715)	(\$0.05715)	(\$0.05715)
Energy Charge (Summer: May - Oct.)	(\$0.05715)	(\$0.05715)	(\$0.05715)
Medium Commercial (> 50kW; < 200kW)			
Energy Charge (Winter: Nov. - April)	(\$0.05715)	(\$0.05715)	(\$0.05715)
Energy Charge (Summer: May - Oct.)	(\$0.05715)	(\$0.05715)	(\$0.05715)
Large Commercial (> 200kW)			
Energy Charge (Winter: Nov. - April)	(\$0.05715)	(\$0.05715)	(\$0.05715)
Energy Charge (Summer: May - Oct.)	(\$0.05715)	(\$0.05715)	(\$0.05715)

- a) Net metering service charge is paid in addition to the standard rate facilities charge
- b) Net metering credit is multiplied by the energy generated by the customer up to a maximum of the customer's total usage in the billing period. No credit is provided for demand usage or demand charges.

Section 2: Schedules shall be in effect for all bills due on or after **January 1, 2022**. The above and foregoing Ordinance was passed, approved, and adopted the _____ day of _____, 2021 at a regular meeting of the City Council of the City Of Bentonville, Arkansas.

APPROVED:

MAYOR

ATTEST:

CITY CLERK

Draft Report

BENTONVILLE ELECTRIC UTILITIES Department

Electric Cost of Service Study and Financial Projection

August 2021



**Specializing in Cost of Service,
Rate Design, and Financial Analysis**

Rate Design and Financial Analysis

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August 2021

Travis Matlock
Engineering Director
Bentonville Electric Utilities Department
117 West Central Avenue
Bentonville, AR 72712

Dear Travis:

We are pleased to present the Draft Report for the electric cost of service study and financial projection for the Bentonville Electric Utilities Department (BEUD). This report was prepared to provide the BEUD with a comprehensive examination of its existing rate structure by an outside party.

The specific purposes of this rate study are:

- Determine electric utility's revenue requirements for fiscal year 2021
- Identify cross-subsidies that may exist between rate classes
- Recommend rate adjustments needed to meet targeted revenue requirements
- Identify the appropriate monthly customer charge for each customer class

This report includes results of the electric cost of service study and financial projection and recommendations on future rate designs.

This report is intended for information and use by the utility and management for the purposes stated above and is not intended to be used by anyone except the specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Beauchamp", is written over a horizontal line.

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

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1. Introduction

This report was prepared to provide the Bentonville Electric Utilities Department (BEUD) with an electric cost of service study and financial projection, and a comprehensive examination of its existing rate structure by an outside party. The specific purposes of the study are identified below:

- 1) ***Determine electric utility's revenue requirements for fiscal year 2021.*** BEUD's revenue requirements were projected for the period from 2021 – 2025 and included adjustments for the following:
 - a. Projected power costs
 - b. Projected changes in staffing levels
 - c. Capital improvement plan projected over next five years
- 2) ***Identify if cross-subsidies exist between rate classes.*** Cross-subsidies exist when certain customer classes subsidize the electric costs of other customers. The rate study identifies if cross-subsidies exist and practical ways to reduce the subsidies. The cost of service study was completed using 2021 projected revenues and expenses. The financial projections are for the period from 2021 – 2025.
- 3) ***Identify cost-based power supply and distribution rates.*** The cost of providing electricity to customers consists of several components, including power generation, distribution, customer services, transmission, and transfers to the general fund. Electric unbundling identifies the cost of each component to assist the utility in preparing for electric restructuring and understanding its cost structure.
- 4) ***Identify the appropriate monthly customer charge for each customer class.*** The monthly customer charge consists of fixed costs to service customers that do not vary based on the amount of electricity used.
- 5) ***Recommend rate adjustments needed to meet targeted revenue requirements.*** The primary purpose of this study is to identify appropriate revenue requirements and the rate adjustments needed to meet targeted revenue requirements. The report includes a long-term rate track for BEUD to help ensure the financial stability of the utility in future years.

2. Cost of Service Summary

Utility Rate Process

BEUD retained Utility Financial Solutions, LLC to review utility rates and cost of service and make recommendations on the appropriate course of action. This report includes results of the electric cost of service and unbundling study and recommendations on future rate designs.

Utility Revenue Requirements

To determine revenue requirements, the revenues and expenses for fiscal years 2019 and 2020 were analyzed, with adjustments made to reflect projected operating characteristics and the 2021 budget. ***The projected financial statements are for cost of service purposes only.***

Table 1 is the projected financial statement for the Electric Department from 2021-2025.

The following pages review cash flow, debt coverage ratio, and rate of return which are important indicators of financial health.

Table 1 – Financial Statements (without rate adjustments)

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Operating Revenues:					
Electric Sales					
Residential	\$ 31,405,685	\$ 32,052,519	\$ 32,712,675	\$ 33,386,428	\$ 34,074,058
Residential Net Metering	135,070	137,852	140,691	143,589	146,546
Small Commercial	11,587,872	11,826,536	12,070,117	12,318,714	12,572,431
Small Commercial Net Metering	43,427	44,321	45,234	46,166	47,117
Private Area Lighting	127,207	129,827	132,501	135,230	138,016
Medium Commercial	7,822,627	7,983,743	8,148,177	8,315,997	8,487,274
Medium Commercial Net Metering	35,668	36,403	37,153	37,918	38,699
Large Commercial	22,255,329	22,713,702	23,181,515	23,658,963	24,146,245
Large Commercial Primary	169,643	173,137	176,703	180,342	184,057
Large Commercial Net Metering	80,884	82,550	84,250	85,985	87,756
Other	9,505	9,701	9,900	10,104	10,312
Inspection/Reinspection	36,480	37,231	37,998	38,781	39,580
Sales of Materials	560,879	572,431	584,221	596,254	608,534
Recycled Metal Sales	17,675	18,039	18,410	18,789	19,176
Electric Pole Rental	99,742	101,796	103,893	106,032	108,216
Billed Services	226,912	231,586	236,355	241,223	246,192
Sales of Electric	73,663,412	75,180,590	76,729,015	78,309,332	79,922,198
Covid Revenue Adjustment	(2,939,682)				
Additional PCA Revenues	-	515,306	1,035,766	1,561,430	2,092,350
Growth PCA Revenue	-	10,613	43,105	98,479	177,776
Total Operating Revenues	\$ 71,674,923	\$ 76,677,293	\$ 78,798,664	\$ 80,980,425	\$ 83,224,335

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Operating Expenses:					
Purchases					
Purchased Power (Cost of Sales and Service)	\$ 51,530,636	\$ 53,117,885	\$ 54,754,024	\$ 56,440,560	\$ 58,179,044
Purchase Power Direct	(2,057,777)	-	-	-	-
Total Purchases Expense	\$ 49,472,859	\$ 53,117,885	\$ 54,754,024	\$ 56,440,560	\$ 58,179,044
Other Operating Expenses (Revenues)					
Salaries and fringe benefits	\$ 5,862,934	\$ 6,668,385	\$ 7,298,627	\$ 7,773,407	\$ 7,944,422
Maintenance	635,093	648,970	663,247	677,838	692,751
Materials and Supplies	754,363	770,846	787,805	805,137	822,850
Other services and charges	772,063	788,932	806,289	824,027	842,156
Franchise Fees	3,338,697	3,785,325	3,890,394	3,998,462	4,109,616
Support Function Allocation	993,393	1,015,099	1,037,431	1,060,255	1,083,580
Depreciation Expense	3,548,030	3,729,784	4,113,049	4,496,070	4,859,090
Total Other Operating Expenses	\$ 15,904,573	\$ 17,407,342	\$ 18,596,842	\$ 19,635,195	\$ 20,354,465
Total Operating Expenses	\$ 65,377,432	\$ 70,525,226	\$ 73,350,866	\$ 76,075,755	\$ 78,533,509
Operating Income	\$ 6,297,492	\$ 6,152,067	\$ 5,447,798	\$ 4,904,670	\$ 4,690,826
Other Income & Expense					
Interest and Other Income	\$ 68,855	\$ 65,734	\$ 64,582	\$ 59,379	\$ 56,681
Interest On Long Term Debt	(40,000)	(200,000)	(208,678)	(176,417)	(143,188)
Additional Winter Storm PS	(16,500,000)	-	-	-	-
Non Operating Income/Expense	\$(16,471,145)	\$ (134,266)	\$ (144,097)	\$ (117,038)	\$ (86,507)
Net Income	\$(10,173,653)	\$ 6,017,801	\$ 5,303,701	\$ 4,787,632	\$ 4,604,318

Projected Cash Flow

Table 2 is the projected cash flow for 2021-2025, including projections of capital improvements as provided by the BEUD. Changes in the capital improvement plan can greatly affect the cash balance and recommended minimum cash reserve target. The cash balance for 2021 is projected at \$22.0M and \$18.1M in 2025. The recommended minimum cash reserve level for 2021 is \$17.2M and \$20.0M for 2025.

Table 2 – Projected Cash Flows (without rate adjustments)

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Projected Cash Flows					
Net Income	\$ (10,173,653)	\$ 6,017,801	\$ 5,303,701	\$ 4,787,632	\$ 4,604,318
Depreciation Expense/Amortization	3,548,030	3,729,784	4,113,049	4,496,070	4,859,090
Subtract Debt Principal	-	(1,044,051)	(1,075,372)	(1,107,634)	(1,140,863)
Add Bond Sale Proceeds	8,000,000	-	-	-	-
Cash Available from Operations	\$ 1,374,377	\$ 8,703,534	\$ 8,341,377	\$ 8,176,068	\$ 8,322,546
Estimated Annual Capital Additions	9,462,957	9,087,713	10,075,523	9,075,523	9,075,523
Net Cash From Operations	\$ (8,088,581)	\$ (384,179)	\$ (1,734,146)	\$ (899,455)	\$ (752,977)
Beginning Cash Balance	\$ 30,000,000	\$ 21,911,419	\$ 21,527,240	\$ 19,793,094	\$ 18,893,639
Ending Cash Balance	\$ 21,911,419	\$ 21,527,240	\$ 19,793,094	\$ 18,893,639	\$ 18,140,662
Total Cash Available	\$ 21,911,419	\$ 21,527,240	\$ 19,793,094	\$ 18,893,639	\$ 18,140,662
Recommended Minimum	\$ 17,239,056	\$ 18,861,700	\$ 19,260,930	\$ 19,603,464	\$ 19,914,392

Cash balances are strong and slightly decreasing throughout the projection without changes to rates.

Minimum Cash Reserve

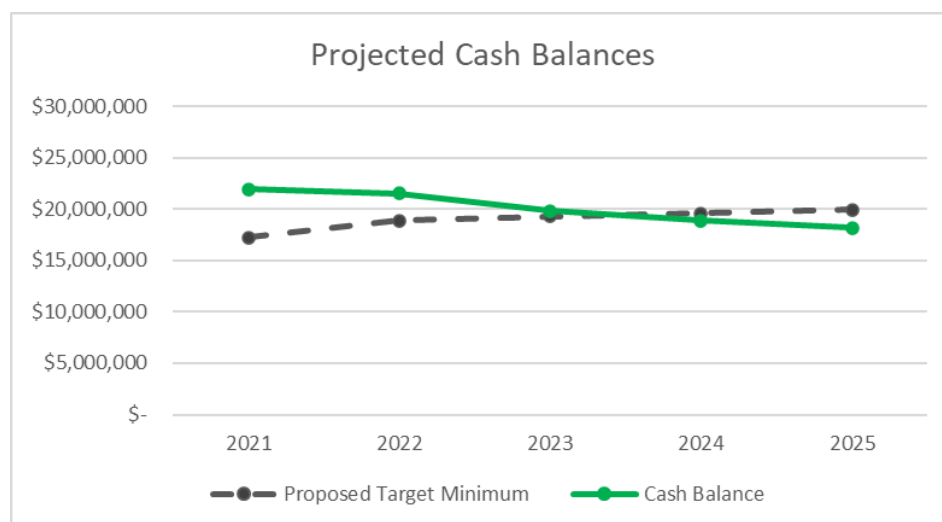
Table 3 details the minimum level of cash reserves required to help ensure timely replacement of assets and to provide financial stability to the utility. The methodology used to establish this target is based on an assessment of working capital needs to fund operating expenses, capital improvements, annual debt service payments, and utility's exposure to risks related to catastrophic events, exposure to market risks, changes in fuel costs, loss of major customers, and utility's ability to timely recover changes in power supply expenses. Based on these assumptions, BEUD should maintain a minimum of \$17.2M in cash reserves for 2021 and \$20.0M in 2025.

Table 3 – Minimum Cash Reserves (without rate adjustments)

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Minimum Cash Reserve Allocation					
Operation & Maintenance Less Depreciation Expense	12.3%	12.3%	12.3%	12.3%	12.3%
Purchase Power Expense	10.1%	10.1%	10.1%	10.1%	10.1%
Historical Rate Base	1.0%	1.0%	1.0%	1.0%	1.0%
Current Portion of Debt Service Payment	83%	83%	83%	83%	83%
Five Year Capital Improvements - Net of bond proceeds	20%	20%	20%	20%	20%
% Plant Depreciated	29%	30%	31%	32%	33%
Calculated Minimum Cash Level					
Operation & Maintenance Less Depreciation Expense	\$ 1,523,409	\$ 1,686,274	\$ 1,785,673	\$ 1,866,468	\$ 1,910,389
Purchase Power Expense	5,015,665	5,385,206	5,551,081	5,722,066	5,898,317
Historical Rate Base	1,311,333	1,402,210	1,502,965	1,593,721	1,684,476
Current Portion of Debt Service Reserve	33,200	1,032,562	1,065,762	1,065,762	1,065,762
Five Year Capital Improvements - Net of bond proceeds	9,355,448	9,355,448	9,355,448	9,355,448	9,355,448
Minimum Cash Reserve Levels	\$ 17,239,056	\$ 18,861,700	\$ 19,260,930	\$ 19,603,464	\$ 19,914,392
Projected Cash Reserves	\$ 21,911,419	\$ 21,527,240	\$ 19,793,094	\$ 18,893,639	\$ 18,140,662

Projected cash balances stay above the recommended minimums during the projection period until 2024.

Figure 1 – Projected Cash Balances



Debt Coverage Ratio

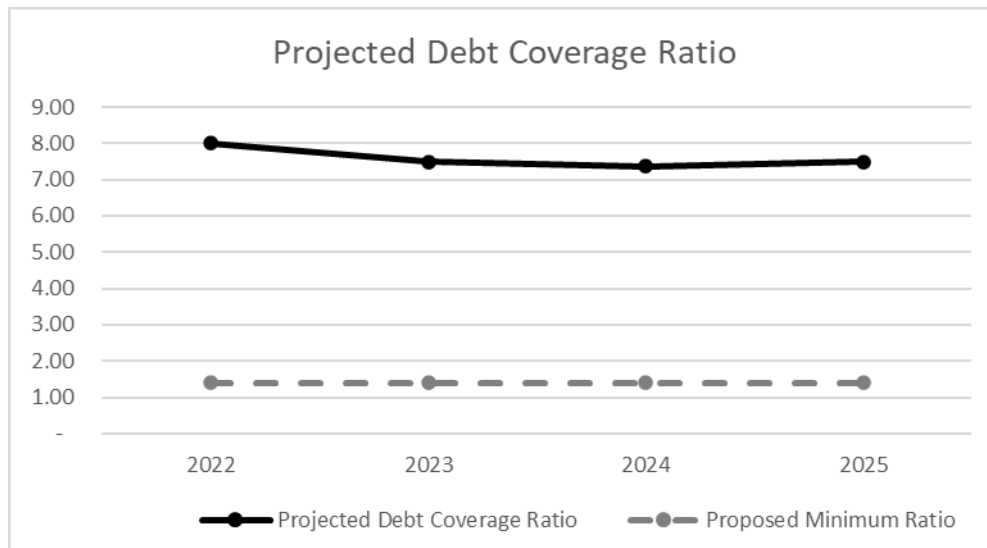
Table 4 is the projected debt coverage ratios with capital additions as provided by BEUD. The coverage required in bond ordinances is typically 1.15 – 1.20; however, the minimum recommended debt coverage ratio is established at 1.35 – 1.40 for projection purposes, a 0.20 premium to ordinance. Maintaining a higher debt coverage ratio is good business practice and helps to achieve the following:

- Helps to ensure adequate funds are available to meet debt service payments in years when sales are low due to temperature fluctuations.
- Obtain higher bond rating, if revenue bonds are sold in the future, to lower interest cost.

Table 4 – Projected Debt Coverage Ratios (without rate adjustments)

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Debt Coverage Ratio					
Net Income	\$ (10,173,653)	\$ 6,017,801	\$ 5,303,701	\$ 4,787,632	\$ 4,604,318
Add Depreciation/Amortization Expense	3,548,030	3,729,784	4,113,049	4,496,070	4,859,090
Add Interest Expense	40,000	200,000	208,678	176,417	143,188
Cash Generated from Operations	\$ (6,585,623)	\$ 9,947,585	\$ 9,625,428	\$ 9,460,119	\$ 9,606,597
Debt Principal and Interest	\$ 40,000	\$ 1,244,051	\$ 1,284,051	\$ 1,284,051	\$ 1,284,051
Projected Debt Coverage Ratio (Covenants)	-	8.00	7.50	7.37	7.48
Minimum Debt Coverage Ratio	1.40	1.40	1.40	1.40	1.40

Figure 2 – Projected Debt Coverage Ratio



Rate of Return

The optimal target for setting rates is the establishment of a target operating income to help ensure the following:

- Funding of interest expense on the outstanding principal on debt. Interest expense is below the operating income line and needs to be recouped through the operating income balance.
- Funding of the inflationary increase on the assets invested in the system. The inflation on the replacement of assets invested in the utility should be recouped through the Operating Income.
- Funding of depreciation expense.
- Adequate rate of return on investment to help ensure current customers are paying their fair share of the use of the infrastructure and not deferring the charge to future generations.
- The rate of return identifies the target operating income and is used to identify the appropriate funding for replacement of existing infrastructure to recover in rates charged to customers.

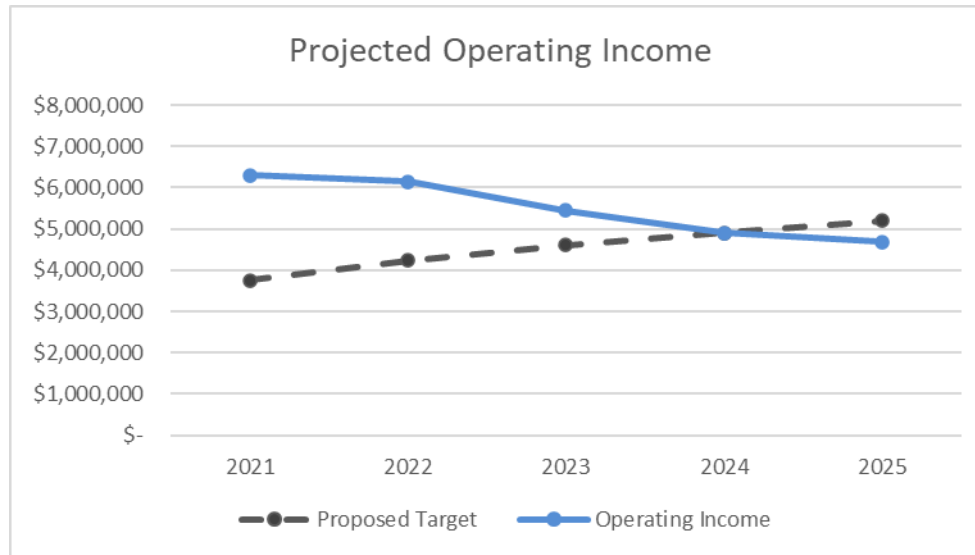
As improvements are made to the system, the optimal operating income target will increase unless annual depreciation expense is greater than yearly capital improvements. The revenue requirements for the study are set on the utility basis. Table 5 identifies the utility basis target established for 2021 is \$3.8M and increases to \$5.2M in 2025.

Table 5 – Rate of Return Calculation

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Target Operating Income Determinants					
Net Book Value/Working Capital	92,483,468	97,841,398	103,803,872	108,383,326	\$112,599,759
Outstanding Principal on Debt	8,000,000	6,955,949	5,880,577	4,772,943	3,632,081
System Equity	\$ 84,483,468	\$ 90,885,448	\$ 97,923,296	\$103,610,383	\$108,967,678
Debt:Equity Ratio	9%	7%	6%	4%	3%
Target Operating Income Allocation					
Interest on Debt	0.50%	2.88%	3.55%	3.70%	3.94%
System Equity	4.40%	4.44%	4.49%	4.56%	4.64%
Target Operating Income					
Interest on Debt	\$ 40,000	\$ 200,000	\$ 208,678	\$ 176,417	\$ 143,188
System Equity	\$ 3,713,490	\$ 4,037,816	\$ 4,395,245	\$ 4,722,964	\$ 5,053,435
Target Operating Income	\$ 3,753,490	\$ 4,237,816	\$ 4,603,924	\$ 4,899,382	\$ 5,196,624
Projected Operating Income	\$ 6,297,492	\$ 6,152,067	\$ 5,447,798	\$ 4,904,670	\$ 4,690,826
Rate of Return in %	4.1%	4.3%	4.4%	4.5%	4.6%

Current operating income is projected to exceed the target operating income for 2021 – 2024 and remains in a reasonable range of the target in 2025.

Figure 3 – Projected Operating Income



Recommended Rate Track

The study identifies maintaining current revenues throughout the projection to maintain debt coverage ratios and minimum cash targets. Table 6 is a summary of the financial results detailing the recommended rate track required to meet target operating income.

Table 6 – Recommended Revenue Adjustments

Fiscal Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted Operating Income	Target Operating Income	Projected Cash Balances	Recommended Minimum Cash
2021	0.0%	-	\$ 6,297,492	\$ 3,753,490	\$ 21,911,419	\$ 17,239,056
2022	0.0%	8.00	6,152,067	4,237,816	21,527,240	18,861,700
2023	0.0%	7.50	5,447,798	4,603,924	19,793,094	19,260,930
2024	0.0%	7.37	4,904,670	4,899,382	18,893,639	19,603,464
2025	0.0%	7.48	4,690,826	5,196,624	18,140,662	19,914,392

Debt to Equity Ratio

Debt to equity identifies the amount of existing infrastructure financed through debt and is used to determine the amount the system is leveraged in debt. For distribution system the debt to equity ratio is normally between 30% and 35% with an upper range of 50% and a lower range of 0%. Table 7 details the debt/equity ratio.

Table 7 – Debt/Equity Ratio

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Target Operating Income Determinants					
Net Book Value/Working Capital	\$ 92,483,468	\$ 97,841,398	\$103,803,872	\$108,383,326	\$112,599,759
Outstanding Principal on Debt	8,000,000	6,955,949	5,880,577	4,772,943	3,632,081
System Equity	\$ 84,483,468	\$ 90,885,448	\$ 97,923,296	\$103,610,383	\$108,967,678
Debt:Equity Ratio	9%	7%	6%	4%	3%

Age of Infrastructure

BEUD is currently 30% depreciated. Average infrastructure is approximately 50% to 55% depreciated, indicating BEUD has consistently funded replacement of infrastructure. Replacement of infrastructure tends to indicate the utility's ability to consistently provide a reliable system to customers, its ability to withstand catastrophic weather events, and unexpected replacement of system infrastructure. BEUD system age indicates it will remain in the lower ranges of infrastructure age Table 8 identifies the depreciated plant.

Table 8 – Age of Infrastructure

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Historical Rate Base	\$131,133,298	\$140,221,011	\$150,296,535	\$159,372,058	\$168,447,581
Net Book Value/Working Capital	92,483,468	97,841,398	103,803,872	108,383,326	112,599,759
% Depreciated	29%	30%	31%	32%	33%

Cost of Service Summary Results

A cost of service study was completed to determine the cost of providing service to each class of customers and to assist in design of electric rates for customers. A cost of service study consists of the following general steps:

- 1) Determine utility revenue requirement for test year 2021.
- 2) Classify utility expenses into common cost pools.
- 3) Allocate costs to customer classes based on the classes' contribution to utility expenses.
- 4) Compare revenues received from each class to the cost of service.

The cost of service summary is included as Table 9 which compares the projected cost to serve each class with the revenue received from each class. The "% change" column is the revenue adjustment necessary to meet projected cost of service requirements. The cost of service summary uses the current rates, including any adjustment factors.

No utility charges 100% cost of service-based rates because retail rates are based on customers usage patterns that are largely driven by variations in weather. Due to these variations, it is recommended that rates move toward cost of service slowly with a general tolerance of a 10% variation between projected revenue and cost of service. The cost of service summary "% change" column indicates all major customer classes fall within this variation.

Table 9 – Cost of Service Summary

Customer Class	Cost of Service	Projected Revenues	% Change
Residential	\$ 30,311,075	\$ 31,405,685	-3.5%
Residential Net Metering	123,587	135,070	-8.5%
Small Commercial	11,341,197	11,587,872	-2.1%
Small Commercial Net Metering	39,161	43,427	-9.8%
Private Area Lighting	136,487	127,207	7.3%
Medium Commercial	7,851,296	7,822,627	0.4%
Medium Commercial Net Metering	34,208	35,668	-4.1%
Large Commercial	20,163,992	22,255,329	-9.4%
Large Commercial Primary	164,330	169,643	-3.1%
Large Commercial Net Metering	72,173	80,884	-10.8%
Total	\$ 70,237,506	\$ 73,663,412	-4.7%

Cost of Service Results

Table 10 shows the average cost of service per kWh and compares the cost to the average revenue per kWh for each customer class. This table is for information purposes only and is not used in the setting of rates. Average cost per kWh varies due to fixed cost recoveries such as meter costs and infrastructure needs of the customer. In general, customer classes that use energy consistently have a lower average kWh cost to serve compared with customer classes that use energy only part of the day or year.

Table 10 – Average Cost per kWh vs. Average Revenue per kWh

Customer Class	Cost of Service \$/kWh	Projected Revenues \$/kWh
Residential	\$ 0.1143	\$ 0.1185
Residential Net Metering	0.1346	0.1471
Small Commercial	0.1152	0.1177
Small Commercial Net Metering	0.1377	0.1527
Private Area Lighting	0.1108	0.1033
Medium Commercial	0.0954	0.0951
Medium Commercial Net Metering	0.0918	0.0957
Large Commercial	0.0790	0.0872
Large Commercial Primary	0.0996	0.1029
Large Commercial Net Metering	0.0881	0.0987

Cost differences result from usage patterns of customers and how efficiently each class of customers use facilities based on load data provided by BEUD.

Distribution Costs

Separation of distribution cost helps identify distribution charges for each customer class and the fixed monthly customer charge. Distribution rates include separation of the following costs:

- Operation and maintenance of distribution & transmission system
- Contributions to general fund
- Customer service
- Customer accounting
- Meter reading
- Billing
- Meter operation & maintenance
- Administrative expenses

The distribution rates consist of two components:

- Monthly customer charge to recover the costs of meter reading, billing, customer service, and a portion of maintenance and operations of the distribution system.
- Distribution rate based on billing parameters (kW or kWh) to recover the cost to operate and maintain the distribution system. Table 11 identifies the cost-based distribution rates for customer classes.

Table 11 – Distribution Costs by Customer Class (COS)

Customer Class	Monthly Customer		Distribution Rate	Billing Basis
	Charge			
Residential	\$ 16.13	\$	0.0232	kWh
Residential Net Metering	16.53		0.0377	kWh
Small Commercial	24.02		0.0203	kWh
Small Commercial Net Metering	24.73		0.0431	kWh
Private Area Lighting	14.51		0.0736	kWh
Medium Commercial	93.79		5.45	kW
Medium Commercial Net Metering	109.60		5.54	kW
Large Commercial	235.44		5.03	kW
Large Commercial Primary	205.47		3.68	kW
Large Commercial Net Metering	235.44		4.91	kW

The cost of service based monthly customer charge for residential customers recovers 42% of the fixed cost of delivery of electricity. UFS averages across the United States show 40% to 60% fixed cost recovery in the residential customer charge.

Power Supply Costs

Table 12 identifies the average cost of providing power supply to customers of BEUD.

Table 12 – Power Supply Costs by Customer Class

Customer Class	Demand	Billing Basis	Energy	Billing Basis
Residential	\$ 0.0369	kWh	\$ 0.0373	kWh
Residential Net Metering	0.0315	kWh	0.0373	kWh
Small Commercial	0.0484	kWh	0.0372	kWh
Small Commercial Net Metering	0.0493	kWh	0.0371	kWh
Private Area Lighting	-	kWh	0.0371	kWh
Medium Commercial	12.89	KW	0.0372	kWh
Medium Commercial Net Metering	11.47	KW	0.0371	kWh
Large Commercial	12.28	KW	0.0372	kWh
Large Commercial Primary	9.63	KW	0.0357	kWh
Large Commercial Net Metering	7.96	KW	0.0371	kWh

Demand recovers costs for power supply and transmission fixed demand related costs. Energy is cost recovery for variable power supply costs.

Combined Cost Summary

Table 13 identifies the cost of service rates for each customer class. Charging these rates would directly match the cost of providing service to customers identified in this study.

Table 13 – Total Costs by Customer Class

Customer Class	Current Average Customer Charge	COS Customer Charge	Demand	Energy
Residential	\$ 12.70	\$ 16.13	\$ -	\$ 0.0975
Residential Net Metering	18.00	16.53	-	0.1066
Small Commercial	13.80	24.02	-	0.1059
Small Commercial Net Metering	19.10	24.73	-	0.1294
Private Area Lighting	-	14.51	-	0.1107
Medium Commercial	13.80	93.79	18.34	0.0372
Medium Commercial Net Metering	19.10	109.60	17.01	0.0371
Large Commercial	-	235.44	17.30	0.0372
Large Commercial Primary	-	205.47	13.31	0.0357
Large Commercial Net Metering	5.30	235.44	12.87	0.0371

Residential Customer Charge

The customer charge consists of expenses related to, 1) providing a minimum amount of electricity to the residential customer, and 2) expenses related to servicing a meter on the customer's premises; together they reflect the cost to deliver a single kWh of electricity to the customer. The methodology used in this study is consistent with methodologies and practices used in the electric industry.

The customer charge includes two types of charges called minimum system charges and direct charges.

Minimum System Charges:

The cost to provide the minimum level of service. BEUD provides wires to connect the transmission system to customer homes and businesses. This wire is required to provide even the minimal amount of service to a customer. For cost of service purposes, the total cost of the distribution infrastructure is broken into two components: 1) the minimum system costs, in effect to provide a customer with a single kWh of electricity which should be recovered through the customer charge, and 2) demand related costs to recover the additional infrastructure costs for when a customer uses more than a single kWh, which should be recovered through the usage component. The distribution system is sized to handle the customers' peak demands and the cost above the minimum system is recovered through the usage component (for residential customers this is included in the kWh charge).

The first step in identifying the cost related to the minimum system is obtaining information on the number and current replacement costs of BEUD distribution system. For example: UFS used information on the number and size of all the poles and the cost to replace the poles. The minimum size pole was identified and the cost to construct BEUD's system at the minimum sizing was determined. This process was completed for all BEUD's distribution system, including overhead and underground conductors and devices, line transformers, etc. Based on this methodology 68% of BEUD's total distribution costs should be recovered by the usage component and 32% recovered in the fixed customer charge component.

Direct Charges

Costs related to maintaining a customer's account. These costs include the cost to operate and maintain the meter, including meter installation, meter repair and replacement costs, the cost to read the meter, billings and collections, customer service personnel to assist with questions and maintain the account, and the cost of the "service drop" to connect the home to the distribution line. These costs are direct costs of serving a residential account.

3. Functionalization of Costs

Delivery of electricity consists of many components that bring electricity from the power supply facilities to the communities and eventually into customer facilities. The facilities consist of four major components: transmission, distribution, customer-related services, and administration. Following are general descriptions of each of these facilities and the sub-breakdowns within each category.

Transmission

The transmission system is comprised of four types of subsystems that operate together:

- 1) Backbone and inter-tie transmission facilities are the network of high voltage facilities through which a utility's major production sources are integrated.
- 2) Generation set-up facilities are the substations through which power is transformed from a utility's generation voltages to its various transmission voltages.
- 3) Sub-transmission plant consists of lower voltage facilities to transfer electric energy from convenient points on a utility's backbone system to its distribution system.
- 4) Radial transmission facilities are those that are not networked with other transmission lines but are used to serve specific loads directly.

Operation of the transmission system also consists of providing certain services that ensure a stable supply of power. These services are typically referred to as ancillary services. The Federal Energy Regulatory Commission (FERC) has defined six ancillary service charges for the use of transmission facilities. For BEUD, these charges will be passed-through charges by the control area operator. Ancillary services consist of the following:

- **Mandatory Ancillary Service Charges:**
 - Reactive Supply and Voltage Control
 - Regulation and Frequency Response Service
 - Energy Imbalance Charges
 - Operating Reserves Spinning
 - Operating Reserves Supplemental
 - Reactive Power Supply
 - Power losses from use of transmission system

Terminology of Cost of Service

FUNCTIONALIZATION – Cost data arranged by functional category (e.g., power supply, transmission, distribution)

CLASSIFICATION – Assignment of functionalized costs to cost components (e.g., demand, energy, and customer related).

ALLOCATION – Allocating classified costs to each class of service based on each class's contribution to that specific cost component.

DEMAND COSTS – Costs that vary with the maximum or peak usage. Measured in kilowatts (kW)

ENERGY COSTS – Costs that vary over an extended period of time. Measured in kilowatt-hours (kWh)

CUSTOMER COSTS – Costs that vary with the number of customers on the system (e.g., metering costs).

DIRECT ASSIGNMENT – Costs identified as belonging to a specific customer or group of customers.

Distribution

The distribution facilities connect the customer with the transmission grid to provide the customer with access to the electrical power that has been generated and transmitted. The distribution plant includes substations, primary and secondary conductors, poles, and line transformers that are jointly used and in the public right-of-way.

Substations typically separate the distribution plant from the transmission system. The substation power transformer “steps down” the voltage to a level that is more practical to install on and under city streets.

Distribution circuits are divided into primary and secondary voltages with the primary voltages usually ranging between 35 kV and 4 kV and the secondary below 4 kV.

Distribution Customer Types

Sub-transmission customers are served directly from the substation feeder and bypass both the secondary and primary distribution lines. The charges for this type of customer should reflect the cost of the substation and not include the cost of primary or secondary line charges.

Primary customers are typically referred to as customers who have purchased, owned, and maintained their own transformers that convert the voltage to the secondary voltage level. The rates for these customers should reflect the cost of substations and the cost of primary distribution lines and not include the cost of secondary line extensions.

Secondary customers have the services provided by the utilities directly into their facilities. The utility provides the customer with the transformer and the connection on the customers’ facilities.

Customer-Related Services

Certain administrative-type services are necessary to ensure customers are provided service connections and disconnections in a timely manner and the facilities are in place to read meters and bill for customer usages. These services typically consist of the following components:

- Customer Services – The cost of providing personnel to assist customers with questions and dispatch personnel to connect and disconnect meters.
- Billing and Collections – The cost of billing and collections personnel, postage, and supplies.
- Meter Reading – The cost of reading customers’ meters.
- Meter Operation and Maintenance – The cost of installing and maintaining customer meters.

Administrative Services

These costs are sometimes referred to as overhead costs and relate to functions that cannot be directly-attributed to any service. These costs are spread to the other services through an allocator such as labor, expenses, or total rate base. These costs may consist of City Commission expenses, property insurance, and wages for higher level management of the utility.

System Losses

As energy moves through each component of the transmission and distribution system, some of the power is lost and cannot be sold to customers. Losses vary based on time of day and season. Typically, as system usage increases or ambient temperature increases, the percentages of losses that occur also increase. These losses are recovered from distribution customers through an analysis of the peak losses that occur in the system. The average system losses and unaccounted for energy for BEUD are approximately 6.9%.

4. Unbundling Process

The cost of power supply, distribution, and customer services are identified as part of the unbundling process and are the first step in determining unbundled charges to customers. The total revenue requirements of \$70.2M are separated into three categories identified in Table 14.

Table 14 – Breakdown of BEUD Cost Structure

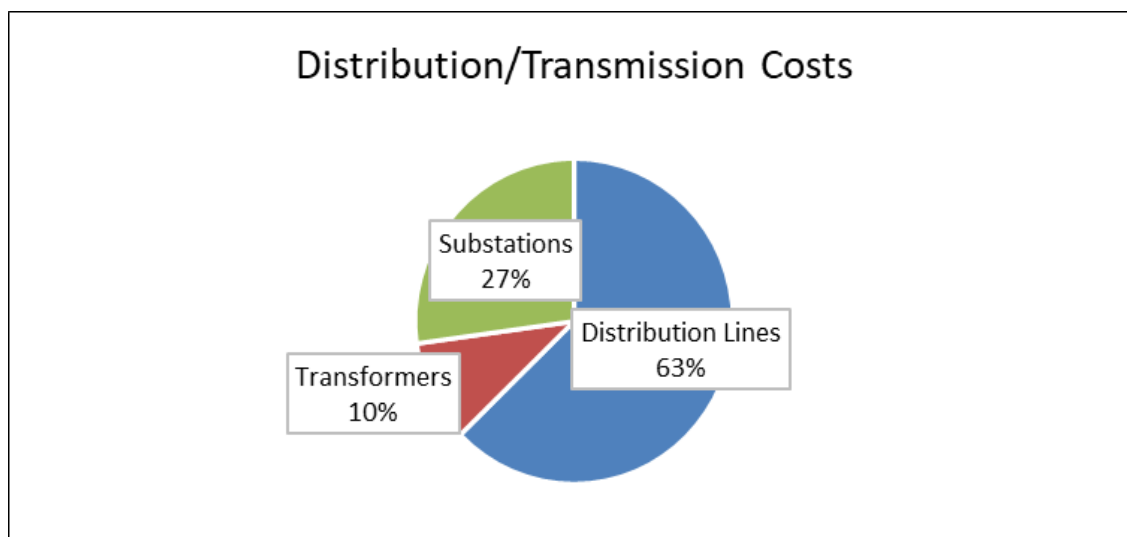
Expense Type	Amount	Percentage
Power Supply	\$ 51,530,636	74%
Distribution/Transmission	\$ 15,707,280	22%
Customer Service	\$ 2,999,591	4%
Total	\$ 70,237,506	100%

BEUD is projected to expend 74% of its total costs toward power supply. Distribution/transmission-related costs are 22%; and customer service 4%. These components are broken down into each of the subcomponents and are identified in the following sections.

Distribution Breakdown

Distribution rates consist of several different components. Total distribution-related costs of \$15.5M for 2021 are broken down into the main components including substations, transformers, transmission, and distribution lines. Figure 4 shows the breakdown of distribution components identified in the study.

Figure 4 – Breakdown of Distribution Costs

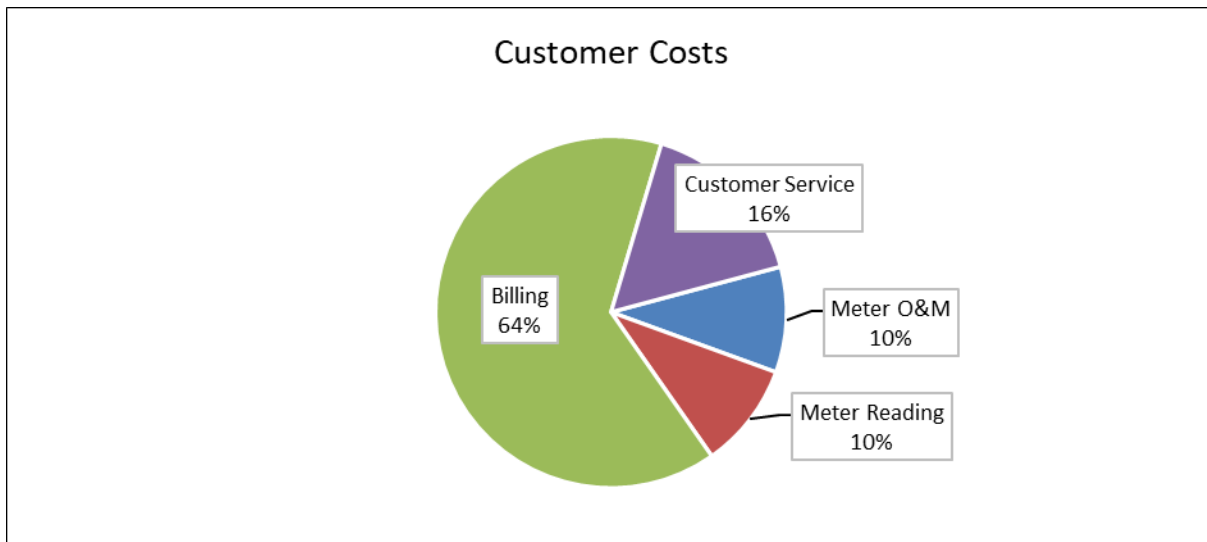


Each of these components is allocated to customer groups based on certain factors established in the study. These factors are based on the efficiency of each customer class and the time of day or the season the electricity is used. Other factors are also considered, such as the length of line extensions to reach certain customer classes.

Customer-Related Cost Breakdown

BEUD total expenses for customer-related costs are \$3.0M for 2021. The cost is broken down into the components identified in Figure 5.

Figure 5 – Breakdown of Customer Costs



Power Supply Cost Breakdown

Power supply costs for 2021 were made up of purchased power.

5. Significant Assumptions

This section outlines the procedures used to develop the cost of service and unbundling study for BEUD and the related significant assumptions.

Forecasted Operating Expenses

Forecasted expenses were based on 2019, 2020, and the 2021 budget adjusted for power supply costs and inflation. The table below is a summary of the expenses used in the analysis.

Table 15 – Projected Operating Expenses for 2021– 2025

Description	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Operating Expenses:					
Purchases					
Purchased Power (Cost of Sales and Service)	\$ 51,530,636	\$ 53,117,885	\$ 54,754,024	\$ 56,440,560	\$ 58,179,044
70% PP for Revenue Adjustment	(2,057,777)	-	-	-	-
Total Purchases Expense	\$ 49,472,859	\$ 53,117,885	\$ 54,754,024	\$ 56,440,560	\$ 58,179,044
Other Operating Expenses (Revenues)					
Salaries and fringe benefits	\$ 5,862,934	\$ 6,668,385	\$ 7,298,627	\$ 7,773,407	\$ 7,944,422
Maintenance	635,093	648,970	663,247	677,838	692,751
Materials and Supplies	754,363	770,846	787,805	805,137	822,850
Other services and charges	772,063	788,932	806,289	824,027	842,156
Franchise Fees	3,338,697	3,411,648	3,486,704	3,563,411	3,641,806
Support Function Allocation	993,393	1,015,099	1,037,431	1,060,255	1,083,580
Depreciation Expense	3,548,030	3,729,784	4,113,049	4,496,070	4,859,090
Total Other Operating Expenses	\$ 15,904,573	\$ 17,033,664	\$ 18,193,152	\$ 19,200,144	\$ 19,886,655
Total Operating Expenses	\$ 65,377,432	\$ 70,151,549	\$ 72,947,176	\$ 75,640,704	\$ 78,065,699

Power supply costs from 2021 – 2025 are based on BEUD's current charges adjusted for system growth factors and forecasted increases in power supply cost.

Load Data

Load data is one of the most critical components of a cost of service study. Information from the billing statistics were used to determine the usage patterns of each customer class after reconciling revenues with financial statements to ensure a good basis for development of the study. Due to oddities in usage patterns in the year 2020, 2019 billing data was used in this analysis.

Annual Projection Assumptions

The kWh sales forecast is based on an analysis of 2019 and 2020 customer growth and average energy usage. An increase of 3.0% customer growth was used to forecast 2021 using 2020 as a base year. The 2020 average monthly energy use was applied to the forecasted customer count for the residential class. This resulted in 2.5% energy growth for 2021.

A five-year average energy growth factor of 2.1% is used for 2022 – 2025.

Table 16 details growth, inflation of expenses, changes in purchase power costs, interest earned on investments. Also included is an \$8M bond issuance for 7 years at 3.0% to fund the 2021 winter storm bill.

Table 16 – Projection Annual Escalation Factors 2021– 2025

Fiscal Year	Inflation	Energy Growth	Purchase Power Change	Investment Income	Capital Improvements Plan	Bond Issues Including Fees	Period	Rate
2021	2.2%	2.5%	0.0%	0.3%	\$ 9,462,957	\$ 8,000,000	7	3.00%
2022	2.2%	2.1%	1.0%	0.3%	9,087,713	-	-	0.00%
2023	2.2%	2.1%	1.0%	0.3%	10,075,523	-	-	0.00%
2024	2.2%	2.1%	1.0%	0.3%	9,075,523	-	-	0.00%
2025	2.2%	2.1%	1.0%	0.3%	9,075,523	-	-	0.00%

System Loss Factors

Losses occurring from the transmission and distribution of electricity can vary from year to year depending upon weather and system loading.

Revenue Forecast

The revenue forecast was based on the growth rate assumptions described above.

6. Considerations and Additional Information

BEUD Financial Considerations

BEUD is exceptionally financially stable as shown by the following:

1. BEUD is not projected to require increases in rates charged to customers and is projected to meet or exceed most financial targets over the projection period.
2. Cash balances are strong and remain above the minimums until Year 4. However, considering the conservative approach to projected growth assumptions, cash remains within an acceptable area of risk during Years 4 and 5. UFS recommends that cash be looked at on a yearly basis to ensure health of the fund.
3. Debt Coverage Ratio is above recommended minimum levels throughout the projection period without changes in rates.
4. Current rate related revenues are projected to result in operating income within a reasonable range of the target operating income for all years indicating that current rates in total are appropriately recovering costs.
5. BEUD infrastructure in total is approximately 30% depreciated compared with the national average between 50% - 55%. This indicates BEUD has newer infrastructure.

Rate-Related Considerations

1. The cost-based residential customer charge represents 42% of the fixed cost of delivery of electricity. This is consistent with UFS averages around the United States.
2. Revenue recovered by each major class of customers closely resembles the cost of providing service to the customer class.
3. Customer charges are under-recovering and energy rates are over-recovering for most customer classes. The table below compares the current customer charges with the cost-based customer charge. It is recommended that movements toward the cost-based customer charge occur with the additional revenue used to lower the energy rates for customers in the class.

Customer Class	Current Average Customer Charge	COS Customer Charge
Residential	\$ 12.70	\$ 16.13
Residential Net Metering	18.00	16.53
Small Commercial	13.80	24.02
Small Commercial Net Metering	19.10	24.73
Private Area Lighting	-	14.51
Medium Commercial	13.80	93.79
Medium Commercial Net Metering	19.10	109.60
Large Commercial	-	235.44
Large Commercial Primary	-	205.47
Large Commercial Net Metering	5.30	235.44

- Power Cost Adjustment (PCA) mechanism is projected at almost \$0.0021/kWh. The PCA, as stated above, is a major factor in assuring the current and future financial stability of the utility. However, the PCA needs to be periodically trued up and placed back into the rates charged to customers. Power supply costs consist of two components a demand related charge and energy related charge. The PCA is charged to customers entirely on energy use resulting in high load factor customers subsidizing low load factor customers if not periodically trued up to zero. BEUD power cost adjustment is within a reasonable range and does not need to be trued up at this time.
- BEUD may consider movements toward cost of service. The cost of service study indicates a variance exists between revenues and costs for certain rate classes. The study results are listed below:

Customer Class	Cost of Service	Projected Revenues	% Change
Residential	\$ 30,311,075	\$ 31,405,685	-3.5%
Residential Net Metering	123,587	135,070	-8.5%
Small Commercial	11,341,197	11,587,872	-2.1%
Small Commercial Net Metering	39,161	43,427	-9.8%
Private Area Lighting	136,487	127,207	7.3%
Medium Commercial	7,851,296	7,822,627	0.4%
Medium Commercial Net Metering	34,208	35,668	-4.1%
Large Commercial	20,163,992	22,255,329	-9.4%
Large Commercial Primary	164,330	169,643	-3.1%
Large Commercial Net Metering	72,173	80,884	-10.8%
Total	\$ 70,237,506	\$ 73,663,412	-4.7%

Utility Financial Solutions
185 Sun Meadow Ct.
Holland, MI 49424
Phone: 616-393-9722
Fax: 616-393-9721

Accountant's Compilation Report

Governing Body
Bentonville Electric Utilities Department

The accompanying forecasted statements of revenues and expenses of the Bentonville Electric Utilities Department (utility) were compiled for the year ending December 31, 2021 in accordance with guidelines established by the American Institute of Certified Public Accountants.

The purpose of this report is to assist management in forecasting revenue requirements and determining the cost to service each customer class. This report should not be used for any other purpose.

A compilation is limited to presenting, in the form of a forecast; information represented by management and does not include evaluation of support for any assumptions used in projecting revenue requirements. We have not audited the forecast and, accordingly, do not express an opinion or any other form of assurance on the statements or assumptions accompanying this report.

Differences between forecasted and actual results will occur since some assumptions may not materialize and events and circumstances may occur that were not anticipated. Some of these variations may be material. Utility Financial Solutions has no responsibility to update this report after the date of this report.

This report is intended for information and use by the governing body and management for the purposes stated above. This report is not intended to be used by anyone except the specified parties.

UTILITY FINANCIAL SOLUTIONS

Mark Beauchamp, CPA, CMA, MBA
Holland, MI
August 2021

Appendix A – Billing and Load Data

This appendix provides details of load and billing data provided by BEUD. This data forms the basis for Appendix B and Appendix C; thus, its accuracy is critical for determining appropriate allocator for allocating costs to individual classes. The revenue reconciliation provides a reference to booked numbers and those calculated using the rates from the load data time period.

Historical Load Data:

Summary	Historic Customers	Energy-Summer-Historic	Energy-Winter-Historic	Energy-2-Historic	Energy-4-Historic
Residential	20,931	54,479,368	80,294,235	47,125,273	68,436,388
Residential Net Metering	69	118,276	163,003	73,568	134,917
Small Commercial	2,719	16,719,780	25,473,317	16,301,107	25,417,135
Small Commercial Net Metering	5	18,810	85,527	26,991	37,146
Private Area Lighting	1	157,009	476,656	168,827	428,822
Medium Commercial	223	15,321,383	24,774,239	15,458,095	26,080,670
Medium Commercial Net Metering	1	50,960	139,600	61,760	118,039
Large Commercial	116	45,464,420	72,903,500	39,636,850	93,694,880
Large Commercial Primary	2	305,450	402,850	365,850	564,950
Large Commercial Net Metering	1	110,700	279,600	145,700	278,300

Summary	Historic Revenue	Demand-Summer-Historic	Demand-Winter-Historic	Demand-2-Historic	Demand-4-Historic
Residential	\$ 29,190,963	-	-	-	-
Residential Net Metering	\$ 71,450	-	-	-	-
Small Commercial	\$ 9,763,754	-	-	-	-
Small Commercial Net Metering	\$ 26,116	-	-	-	-
Private Area Lighting	\$ 125,882	-	-	-	-
Medium Commercial	\$ 7,672,900	44,416	78,374	42,908	81,618
Medium Commercial Net Metering	\$ 35,134	192	346	196	386
Large Commercial	\$ 21,649,264	109,157	173,480	89,094	222,934
Large Commercial Primary	\$ 166,370	1,292	2,047	1,327	2,885
Large Commercial Net Metering	\$ 79,877	429	1,177	435	988

Appendix B – Cost of Service Allocators

This Appendix details the allocators derived from the load data within the study and the determinant on which the allocators are based.

Customer Class	NCP				Summer	
	NCP Max	Substation	NCP Sec	NCP Dist.	CP4	Peak
Residential	94,933	94,933	94,933	178,008	57,653	56,194
Residential Net Metering	528	528	528	349	155	152
Small Commercial	30,950	30,950	30,950	56,207	29,041	29,832
Small Commercial Net Metering	191	191	191	162	77	59
Private Area Lighting	381	381	381	312	-	-
Medium Commercial	21,200	21,200	21,200	21,200	20,224	19,485
Medium Commercial Net Metering	98	98	98	98	81	76
Large Commercial	47,346	47,346	47,346	47,346	45,871	45,950
Large Commercial Primary	468	468	-	468	446	431
Large Commercial Net Metering	234	234	234	234	142	140
Total	196,329	196,329	195,861	304,385	153,690	152,320

Customer Class	Winter	Intermediate	Intermediate	Revenues	Summer On-	Summer - Off
	Peak	Two	Four		Peak	Peak
Residential	61,866	59,112	46,394	\$ 31,405,685	12,649,327	50,597,310
Residential Net Metering	348	158	99	\$ 135,070	44,441	177,762
Small Commercial	21,372	28,250	23,628	\$ 11,587,872	4,302,253	17,209,014
Small Commercial Net Metering	148	94	57	\$ 43,427	5,959	23,835
Private Area Lighting	-	-	-	\$ 127,207	35,009	140,034
Medium Commercial	11,699	20,962	13,111	\$ 7,822,627	3,428,257	13,713,027
Medium Commercial Net Metering	45	87	55	\$ 35,668	11,432	45,730
Large Commercial	28,811	45,791	32,875	\$ 22,255,329	10,279,510	41,118,042
Large Commercial Primary	285	460	381	\$ 169,643	64,879	259,518
Large Commercial Net Metering	147	144	121	\$ 80,884	24,835	99,338
Total	124,722	155,059	116,721	\$ 73,663,412	30,845,902	123,383,610

Customer Class	Summer	Winter Energy-	Winter Energy-	Winter Energy	Intermediate	Intermediate
	Energy	On-Peak	Off-Peak		Two On-Peak	Two Off-Peak
Residential	63,246,637	17,838,453	71,353,810	89,192,263	11,039,566	44,158,263
Residential Net Metering	222,203	62,172	248,688	310,859	44,673	178,693
Small Commercial	21,511,267	6,222,088	24,888,352	31,110,440	4,147,960	16,591,839
Small Commercial Net Metering	29,794	33,465	133,862	167,327	9,290	37,158
Private Area Lighting	175,043	100,219	400,874	501,093	36,622	146,486
Medium Commercial	17,141,284	5,291,712	21,166,850	26,458,562	3,359,321	13,437,283
Medium Commercial Net Metering	57,162	29,532	118,127	147,658	13,479	53,917
Large Commercial	51,397,552	15,689,191	62,756,766	78,445,957	10,519,686	42,078,742
Large Commercial Primary	324,397	82,630	330,521	413,151	76,509	306,037
Large Commercial Net Metering	124,173	59,148	236,592	295,740	31,799	127,196
Total	154,229,512	45,408,610	181,634,440	227,043,050	29,278,904	117,115,614

Customer Class	Intermediate Two Energy	Intermediate Four On-Peak	Intermediate Four Off-Peak	Intermediate Four Energy	Total Energy	Conservation	Number of Customers
Residential	55,197,828	15,477,952	61,911,807	77,389,759	285,026,487	285,026,487	23,125
Residential Net Metering	223,366	46,264	185,055	231,318	987,747	987,747	130
Small Commercial	20,739,799	6,492,786	25,971,142	32,463,928	105,825,434	105,825,434	3,173
Small Commercial Net Metering	46,448	11,853	47,411	59,264	302,833	302,833	8
Private Area Lighting	183,108	91,394	365,577	456,971	1,316,214	1,316,214	1
Medium Commercial	16,796,603	5,593,021	22,372,085	27,965,106	88,361,556	88,361,556	223
Medium Commercial Net Metering	67,396	25,312	101,248	126,560	398,776	398,776	1
Large Commercial	52,598,428	18,317,641	73,270,564	91,588,206	274,030,142	274,030,142	116
Large Commercial Primary	382,546	117,004	468,014	585,018	1,705,113	1,705,113	2
Large Commercial Net Metering	158,995	59,678	238,713	298,391	877,299	877,299	1
Total	146,394,518	46,232,904	184,931,617	231,164,521	758,831,601	758,831,601	26,779

Appendix C – Cost of Service Expense Allocations

This Appendix details the allocation of forecasted test year expenses to the customer classes based on the allocators derived in Appendix B.

Account	Total	Allocation	Residential	Residential Net Metering	Small Commercial	Small Commercial Net Metering	Private Area Lighting	Medium Commercial
Power Purchased								
PP - Energy - Summer	5,560,507	Energy-S	2,280,260	8,011	775,556	1,074	6,311	618,003
PP - Energy - Winter	8,010,341	Energy-W	3,146,806	10,967	1,097,612	5,903	17,679	933,489
PP - Energy - Inter-2	4,827,889	Energy-2	1,820,348	7,366	683,970	1,532	6,039	553,929
PP - Energy - Inter-4	7,906,374	Energy-4	2,646,913	7,912	1,110,343	2,027	15,629	956,473
PP - Demand - Summer	9,308,843	CP4	3,492,016	9,402	1,758,987	4,634	-	1,224,932
PP - Demand - Inter-2	8,539,623	CP4	3,203,459	8,625	1,613,636	4,251	-	1,123,712
PP/RTO Transmission - Summer	1,444,137	TCP-S	532,777	1,443	282,838	557	-	184,738
PP/RTO Transmission - Winter	2,170,353	TCP-W	1,076,562	6,056	371,900	2,580	-	203,581
PP/RTO Transmission - Inter-2	1,327,121	TCP-2	505,931	1,355	241,784	807	-	179,411
PP/RTO Transmission - Inter-4	2,435,448	TCP-4	968,044	2,059	493,012	1,180	-	273,563
Total Power Purchased	\$ 51,530,636	Total	\$ 19,673,116	\$ 63,196	\$ 8,429,638	\$ 24,545	\$ 45,658	\$ 6,251,829
Station Expenses								
Demand	427,351	NCP Substation	206,641	1,148	67,370	416	830	46,146
Customer	47,483	Substation Weighting	35,242	198	7,253	18	2	2,039
Street Lighting and Signal System Expenses	-	Street Lighting	-	-	-	-	-	-
Meter Expenses	150,000	Meter O&M	113,538	956	27,869	105	-	3,567
Building and Transportation	224,531	NCP Max	108,570	603	35,396	218	436	24,245
Maintenance Supervision and Engineering	\$ -	NCP Max	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance of Structures	466,332	NCP Substation	225,490	1,253	73,515	454	906	50,355
Maint. General Plant	16,372	NCP Max	7,916	44	2,581	16	32	1,768
Maint. Trucks and Equipment	2,390	NCP Max	1,155	6	377	2	5	258
Miscellaneous Expense	13,967	NCP Max	6,754	38	2,202	14	27	1,508
Total Distribution Expenses	\$ 1,348,425	Total	\$ 705,307	\$ 4,246	\$ 216,563	\$ 1,243	\$ 2,237	\$ 129,887
Customer Account Expense								
Supervision Customer Accounts	\$ 250,000	CS	\$ 185,550	\$ 1,041	\$ 38,189	\$ 96	\$ 8	\$ 10,736
Meter Reading Expenses	150,000	Meter Reading	118,223	663	16,221	41	-	5,700
Customer Records & Collection Expenses	993,393	Weighted Customers	737,298	4,138	151,747	383	32	42,661
Outside Services	428,146	Expense	249,799	1,427	66,534	322	1,663	35,059
Advertising Expenses	539	Expense	314	2	84	0	2	44
Administration and General								
Administrative and General Salaries	\$ 3,861,269	Expense	\$ 2,252,838	\$ 12,872	\$ 600,043	\$ 2,907	\$ 15,000	\$ 316,186
Office Supplies and Expenses	57,500	Expense	33,548	192	8,935	43	223	4,708
Property Insurance	95,016	Depreciation	51,035	288	14,866	81	620	8,847
Injuries and Damages	21,815	Expense	12,728	73	3,390	16	85	1,786
Employee Pensions and Benefits	1,579,849	Expense	921,755	5,267	245,509	1,189	6,137	129,368
Training	127,299	Expense	74,272	424	19,782	96	495	10,424
Communications Expense	52,082	Expense	30,387	174	8,094	39	202	4,265
Stores								
Dues, Subscriptions, & Publications (Stores)	52,513	Expense	30,639	175	8,161	40	204	4,300
Total Customer / General	\$ 7,669,421	Total	\$ 4,698,385	\$ 26,736	\$ 1,181,556	\$ 5,254	\$ 24,672	\$ 574,085
Total O&M Expense	\$ 60,548,482	Total	\$ 25,076,808	\$ 94,179	\$ 9,827,758	\$ 31,042	\$ 72,567	\$ 6,955,801
Other Revenue/Expense								
Other Revenue 1	\$ (9,505)	Expense	\$ (5,546)	\$ (32)	\$ (1,477)	\$ (7)	\$ (37)	\$ (778)
Inspection/Reinspection	(36,480)	Expense	(21,284)	(122)	(5,669)	(27)	(142)	(2,987)
Sales of Materials	(560,879)	Expense	(327,242)	(1,870)	(87,161)	(422)	(2,179)	(45,928)
Recycled Metal Sales	(17,675)	NBV	(9,646)	(54)	(2,757)	(15)	(113)	(1,610)
Electric Pole Rental	(99,742)	NBV	(54,434)	(305)	(15,559)	(82)	(637)	(9,088)
Billed Services	(226,912)	NBV	(123,837)	(695)	(35,397)	(187)	(1,450)	(20,675)
Payment in Lieu of Taxes	3,338,697	NBV	1,822,094	10,225	520,811	2,755	21,330	304,204
Return on Investment	3,753,490	ROR	2,047,958	11,494	585,544	3,098	23,989	342,116
Total Other Revenue/Expense	\$ 6,140,995	Total	\$ 3,328,063	\$ 18,642	\$ 958,336	\$ 5,112	\$ 40,762	\$ 565,253

Account	Total	Allocation	Medium		Large		Large		Total
			Commercial Net	Large	Commercial	Commercial Net	Commercial Net		
			Metering	Commercial	Primary	Metering			
Power Purchased									
PP - Energy - Summer	5,560,507	Energy-S	2,061	1,853,060	11,696	4,477			5,560,507
PP - Energy - Winter	8,010,341	Energy-W	5,210	2,767,664	14,576	10,434			8,010,341
PP - Energy - Inter-2	4,827,889	Energy-2	2,223	1,734,624	12,616	5,243			4,827,889
PP - Energy - Inter-4	7,906,374	Energy-4	4,329	3,132,534	20,009	10,206			7,906,374
PP - Demand - Summer	9,308,843	CP4	4,927	2,778,358	27,000	8,587			9,308,843
PP - Demand - Inter-2	8,539,623	CP4	4,519	2,548,773	24,769	7,877			8,539,623
PP/RTO Transmission - Summer	1,444,137	TCP-S	720	435,652	4,087	1,326			1,444,137
PP/RTO Transmission - Winter	2,170,353	TCP-W	791	501,355	4,967	2,560			2,170,353
PP/RTO Transmission - Inter-2	1,327,121	TCP-2	742	391,920	3,941	1,230			1,327,121
PP/RTO Transmission - Inter-4	2,435,448	TCP-4	1,155	685,962	7,950	2,523			2,435,448
Total Power Purchased	\$ 51,530,636	Total	\$ 26,677	\$ 16,829,902	\$ 131,612	\$ 54,463			\$ 51,530,636
Station Expenses									
Demand	427,351	NCP Substation	212	103,057	1,020	510			427,351
Customer	47,483	Substation Weighting	11	2,652	46	23			47,483
Street Lighting and Signal System Expenses	-	Street Lighting	-	-	-	-			-
Meter Expenses	150,000	Meter O&M	24	3,841	66	33			150,000
Building and Transportation	224,531	NCP Max	112	54,147	536	268			224,531
Maintenance Supervision and Engineering	\$ -	NCP Max	\$ -	\$ -	\$ -	\$ -			\$ -
Maintenance of Structures	466,332	NCP Substation	232	112,458	1,113	556			466,332
Maint. General Plant	16,372	NCP Max	8	3,948	39	20			16,372
Maint. Trucks and Equipment	2,390	NCP Max	1	576	6	3			2,390
Miscellaneous Expense	13,967	NCP Max	7	3,368	33	17			13,967
Total Distribution Expenses	\$ 1,348,425	Total	\$ 607	\$ 284,048	\$ 2,858	\$ 1,429			\$ 1,348,425
Customer Account Expense									
Supervision Customer Accounts	\$ 250,000	CS	\$ 56	\$ 13,962	\$ 241	\$ 120			\$ 250,000
Meter Reading Expenses	150,000	Meter Reading	26	8,896	153	77			150,000
Customer Records & Collection Expenses	993,393	Weighted Customers	223	55,478	957	478			993,393
Outside Services	428,146	Expense	166	72,051	735	389			428,146
Advertising Expenses	539	Expense	0	91	1	0			539
Administration and General									
Administrative and General Salaries	\$ 3,861,269	Expense	\$ 1,496	\$ 649,799	\$ 6,625	\$ 3,504			\$ 3,861,269
Office Supplies and Expenses	57,500	Expense	22	9,676	99	52			57,500
Property Insurance	95,016	Depreciation	41	18,962	178	98			95,016
Injuries and Damages	21,815	Expense	8	3,671	37	20			21,815
Employee Pensions and Benefits	1,579,849	Expense	612	265,867	2,710	1,434			1,579,849
Training	127,299	Expense	49	21,423	218	116			127,299
Communications Expense	52,082	Expense	20	8,765	89	47			52,082
Stores									
Dues, Subscriptions, & Publications (Stores)	52,513	Expense	20	8,837	90	48			52,513
Total Customer / General	\$ 7,669,421	Total	\$ 2,740	\$ 1,137,478	\$ 12,133	\$ 6,382			\$ 7,669,421
Total O&M Expense	\$ 60,548,482	Total	\$ 30,024	\$ 18,251,427	\$ 146,603	\$ 62,274			\$ 60,548,482
Other Revenue/Expense									
Other Revenue 1	\$ (9,505)	Expense	\$ (4)	\$ (1,600)	\$ (16)	\$ (9)			\$ (9,505)
Inspection/Reinspection	(36,480)	Expense	(14)	(6,139)	(63)	(33)			(36,480)
Sales of Materials	(560,879)	Expense	(217)	(94,388)	(962)	(509)			(560,879)
Recycled Metal Sales	(17,675)	NBV	(8)	(3,422)	(32)	(18)			(17,675)
Electric Pole Rental	(99,742)	NBV	(43)	(19,314)	(179)	(100)			(99,742)
Billed Services	(226,912)	NBV	(97)	(43,938)	(408)	(229)			(226,912)
Payment in Lieu of Taxes	3,338,697	NBV	1,423	646,490	6,000	3,364			3,338,697
Return on Investment	3,753,490	ROR	1,601	727,158	6,750	3,783			3,753,490
Total Other Revenue/Expense	\$ 6,140,995	Total	\$ 2,642	\$ 1,204,847	\$ 11,090	\$ 6,250			\$ 6,140,995

Account	Total	Allocation	Residential	Residential Net Metering	Small		Private Area Lighting	Medium Commercial
					Commercial	Commercial Net Metering		
Expenses Revenue Requirement	\$ 66,689,477	Total	\$ 28,404,871	\$ 112,820	\$ 10,786,094	\$ 36,154	\$ 113,328	\$ 7,521,054
Distribution Plant Depr								
Structures & Improvements Depr	696,096	NCP Max	336,590	1,870	109,737	677	1,352	75,166
Station Equip. Depr								
Demand Depr	630,015	NCP Max	304,637	1,693	99,319	613	1,224	68,030
Customer Depr	70,002	Substation Weighting	51,955	292	10,693	27	2	3,006
Overhead Conductors and Devices Depr								
Demand Depr	40,852	NCP Max	19,753	110	6,440	40	79	4,411
Customer Depr	17,001	Weighted Customers	12,618	71	2,597	7	1	730
Underground Conduit Depr								
Demand Depr	307,418	NCP Max	148,649	826	48,463	299	597	33,196
Customer Depr	127,937	Weighted Customers	94,955	533	19,543	49	4	5,494
Underground Conductors and Devices Depr								
Demand Depr	577,590	NCP Max	279,288	1,552	91,055	562	1,122	62,369
Customer Depr	240,374	Weighted Customers	178,406	1,001	36,719	93	8	10,323
Line Transformers Depr								
Demand Depr	29,925	NCP Sec	14,505	81	4,729	29	58	3,239
Customer Depr	41,977	Cust Sec	31,186	175	6,418	16	1	1,804
Line Transformers (UG) Depr								
Demand Depr	150,596	NCP Sec	72,994	406	23,798	147	293	16,301
Customer Depr	123,337	Cust Sec	91,629	514	18,859	48	4	5,302
Meters Depr	60,134	Meter O&M	45,517	383	11,173	42	-	1,430
Street Lights & Signal System Depr	36,997	NCP Max	17,890	99	5,832	36	72	3,995
Street Lights & Signal System Overhead Depr	15,856	Street Lighting	-	-	-	-	15,856	-
Total Distribution Plant Depr	\$ 3,166,107		\$ 1,700,571	\$ 9,606	\$ 495,374	\$ 2,684	\$ 20,673	\$ 294,795
Total Plant Before General Plant Depr	\$ 3,166,107		\$ 1,700,571	\$ 9,606	\$ 495,374	\$ 2,684	\$ 20,673	\$ 294,795
General Plant Depr								
Structures and Improvements Depr	5,005	NBV	2,731	15	781	4	32	456
Office Furniture & Equipment Depr	38,700	NBV	21,120	119	6,037	32	247	3,526
Computer (hardware, software, labor) Depr	13,706	NBV	7,480	42	2,138	11	88	1,249
Transportation Equip. Depr	324,513	Depreciation	174,301	985	50,774	275	2,119	30,215
Total General Plant Depr	\$ 381,923		\$ 205,633	\$ 1,160	\$ 59,729	\$ 323	\$ 2,486	\$ 35,446
Depreciation Total	\$ 3,548,030		\$ 1,906,204	\$ 10,766	\$ 555,103	\$ 3,007	\$ 23,159	\$ 330,242
Total Revenue Requirement	\$ 70,237,506		\$ 30,311,075	\$ 123,587	\$ 11,341,197	\$ 39,161	\$ 136,487	\$ 7,851,296

Account	Total	Allocation	Medium	Large	Large	Large	Total
			Commercial Net Metering		Commercial Primary		
Expenses Revenue Requirement	\$ 66,689,477	Total	\$ 32,666	\$ 19,456,274	\$ 157,693	\$ 68,523	\$ 66,689,477
Distribution Plant Depr							
Structures & Improvements Depr	696,096	NCP Max	346	167,867	1,661	830	696,096
Station Equip. Depr							
Demand Depr	630,015	NCP Max	313	151,931	1,503	751	630,015
Customer Depr	70,002	Substation Weighting	16	3,909	67	34	70,002
Overhead Conductors and Devices Depr							
Demand Depr	40,852	NCP Max	20	9,852	97	49	40,852
Customer Depr	17,001	Weighted Customers	4	949	16	8	17,001
Underground Conduit Depr							
Demand Depr	307,418	NCP Max	153	74,135	734	367	307,418
Customer Depr	127,937	Weighted Customers	29	7,145	123	62	127,937
Underground Conductors and Devices Depr							
Demand Depr	577,590	NCP Max	287	139,288	1,378	689	577,590
Customer Depr	240,374	Weighted Customers	54	13,424	231	116	240,374
Line Transformers Depr							
Demand Depr	29,925	NCP Sec	15	7,234	-	36	29,925
Customer Depr	41,977	Cust Sec	9	2,347	-	20	41,977
Line Transformers (UG) Depr							
Demand Depr	150,596	NCP Sec	75	36,404	-	180	150,596
Customer Depr	123,337	Cust Sec	28	6,895	-	59	123,337
Meters Depr	60,134	Meter O&M	10	1,540	27	13	60,134
Street Lights & Signal System Depr	36,997	NCP Max	18	8,922	88	44	36,997
Street Lights & Signal System Overhead Depr	15,856	Street Lighting	-	-	-	-	15,856
Total Distribution Plant Depr	\$ 3,166,107		\$ 1,377	\$ 631,841	\$ 5,927	\$ 3,258	\$ 3,166,107
Total Plant Before General Plant Depr	\$ 3,166,107		\$ 1,377	\$ 631,841	\$ 5,927	\$ 3,258	\$ 3,166,107
General Plant Depr							
Structures and Improvements Depr	5,005	NBV	2	969	9	5	5,005
Office Furniture & Equipment Depr	38,700	NBV	16	7,494	70	39	38,700
Computer (hardware, software, labor) Depr	13,706	NBV	6	2,654	25	14	13,706
Transportation Equip. Depr	324,513	Depreciation	141	64,761	607	334	324,513
Total General Plant Depr	\$ 381,923		\$ 166	\$ 75,878	\$ 711	\$ 392	\$ 381,923
Depreciation Total	\$ 3,548,030		\$ 1,542	\$ 707,719	\$ 6,638	\$ 3,649	\$ 3,548,030
Total Revenue Requirement	\$ 70,237,506		\$ 34,208	\$ 20,163,992	\$ 164,330	\$ 72,173	\$ 70,237,506

Appendix D – Cost of Service Plant Allocations

This Appendix details the allocation of forecasted test year plant to the customer classes based on the allocators derived in Appendix B.

Account	Total	Allocation	Residential	Residential Net		Small Commercial	Small Commercial Net		Private Area	Medium Commercial
				Metering			Metering		Lighting	
Distribution Plant										
Land & Land Rights	\$ 1,033,643	NCP Max	\$ 499,808	\$ 2,777	\$ 162,949	\$ 1,006	\$ 2,008	\$ 111,615		
Structures & Improvements	12,232,652	NCP Max	5,914,976	32,870	1,928,426	11,901	23,761	1,320,903		
Station Equip.										
Demand	11,492,816	NCP Max	5,557,236	30,882	1,811,794	11,182	22,324	1,241,014		
Customer	1,276,980	Substation Weighting	947,776	5,319	195,066	492	41	54,839		
Overhead Conductors and Devices										
Demand	1,614,582	NCP Max	780,715	4,339	254,532	1,571	3,136	174,345		
Customer	671,936	Weighted Customers	498,712	2,799	102,642	259	22	28,856		
Underground Conduit										
Demand	11,222,361	NCP Max	5,426,460	30,156	1,769,158	10,918	21,798	1,211,810		
Customer	4,670,380	Weighted Customers	3,466,362	19,454	713,429	1,799	150	200,566		
Underground Conductors and Devices										
Demand	23,102,810	NCP Max	11,171,131	62,079	3,642,060	22,477	44,875	2,494,681		
Customer	9,614,634	Weighted Customers	7,135,994	40,049	1,468,694	3,703	309	412,893		
Line Transformers										
Demand	597,080	NCP Sec	289,403	1,608	94,352	582	1,163	64,628		
Customer	837,551	Cust Sec	622,230	3,492	128,064	323	27	36,003		
Line Transformers (UG)										
Demand	5,497,555	NCP Sec	2,664,646	14,808	868,739	5,361	10,704	595,055		
Customer	4,502,445	Cust Sec	3,344,941	18,773	688,439	1,736	145	193,540		
Meters	834,510	Meter O&M	631,657	5,318	155,047	586	-	19,844		
Street Lights & Signal System	444,247	NCP Max	214,811	1,194	70,034	432	863	47,971		
Street Lights & Signal System Overhead	444,247	Street Lighting	-	-	-	-	444,247	-		
Total Distribution Plant	\$ 90,090,427		\$ 49,166,857	\$ 275,916	\$ 14,053,424	\$ 74,329	\$ 575,570	\$ 8,208,562		
Total Plant Before General Plant	\$ 90,090,427		\$ 49,166,857	\$ 275,916	\$ 14,053,424	\$ 74,329	\$ 575,570	\$ 8,208,562		
General Plant										
Land & Land Rights	\$ 27,623	NBV	\$ 15,075	\$ 85	\$ 4,309	\$ 23	\$ 176	\$ 2,517		
Structures and Improvements	143,793	NBV	78,475	440	22,431	119	919	13,102		
Office Furniture & Equipment	733,497	NBV	400,306	2,246	114,420	605	4,686	66,832		
Computer (hardware, software, labor)	33,685	NBV	18,384	103	5,255	28	215	3,069		
Transportation Equip.	1,454,443	Depreciation	781,207	4,413	227,564	1,233	9,497	135,423		
Total General Plant	\$ 2,393,041		\$ 1,293,447	\$ 7,287	\$ 373,979	\$ 2,008	\$ 15,493	\$ 220,943		
Total Plant In Service	\$ 92,483,468		\$ 50,460,303	\$ 283,203	\$ 14,427,403	\$ 76,336	\$ 591,063	\$ 8,429,505		

Account	Total	Allocation	Medium				Total
			Commercial Net Metering	Large Commercial	Large Commercial Primary	Large Commercial Net Metering	
Distribution Plant							
Land & Land Rights	\$ 1,033,643	NCP Max	\$ 514	\$ 249,268	\$ 2,466	\$ 1,233	\$ 1,033,643
Structures & Improvements	12,232,652	NCP Max	6,080	2,949,958	29,190	14,588	12,232,652
Station Equip.							
Demand	11,492,816	NCP Max	5,712	2,771,543	27,424	13,706	11,492,816
Customer	1,276,980	Substation Weighting	287	71,315	1,230	615	1,276,980
Overhead Conductors and Devices							
Demand	1,614,582	NCP Max	803	389,364	3,853	1,925	1,614,582
Customer	671,936	Weighted Customers	151	37,525	647	323	671,936
Underground Conduit							
Demand	11,222,361	NCP Max	5,578	2,706,322	26,779	13,383	11,222,361
Customer	4,670,380	Weighted Customers	1,049	260,826	4,497	2,248	4,670,380
Underground Conductors and Devices							
Demand	23,102,810	NCP Max	11,483	5,571,344	55,128	27,551	23,102,810
Customer	9,614,634	Weighted Customers	2,160	536,946	9,258	4,629	9,614,634
Line Transformers							
Demand	597,080	NCP Sec	297	144,333	-	714	597,080
Customer	837,551	Cust Sec	188	46,820	-	404	837,551
Line Transformers (UG)							
Demand	5,497,555	NCP Sec	2,739	1,328,931	-	6,572	5,497,555
Customer	4,502,445	Cust Sec	1,013	251,689	-	2,170	4,502,445
Meters	834,510	Meter O&M	133	21,372	368	184	834,510
Street Lights & Signal System	444,247	NCP Max	221	107,132	1,060	530	444,247
Street Lights & Signal System Overhead	444,247	Street Lighting	-	-	-	-	444,247
Total Distribution Plant	\$ 90,090,427		\$ 38,409	\$ 17,444,686	\$ 161,900	\$ 90,774	\$ 90,090,427
Total Plant Before General Plant	\$ 90,090,427		\$ 38,409	\$ 17,444,686	\$ 161,900	\$ 90,774	\$ 90,090,427
General Plant							
Land & Land Rights	\$ 27,623	NBV	\$ 12	\$ 5,349	\$ 50	\$ 28	\$ 27,623
Structures and Improvements	143,793	NBV	61	27,843	258	145	143,793
Office Furniture & Equipment	733,497	NBV	313	142,031	1,318	739	733,497
Computer (hardware, software, labor)	33,685	NBV	14	6,523	61	34	33,685
Transportation Equip.	1,454,443	Depreciation	632	290,254	2,723	1,496	1,454,443
Total General Plant	\$ 2,393,041		\$ 1,033	\$ 472,000	\$ 4,409	\$ 2,442	\$ 2,393,041
Total Plant In Service	\$ 92,483,468		\$ 39,442	\$ 17,916,686	\$ 166,310	\$ 93,217	\$ 92,483,468

Appendix E – Unbundled Cost Breakdown

This Appendix details the unbundled costs derived from allocation of expenses and plant to functionalized unbundling allocator and sub-allocators detailed in Appendix B.

Class	Power Supply	Distribution	Customer Services	Totals
Residential	\$ 19,673,116	\$ 8,393,973	\$ 2,243,986	\$ 30,311,075
Residential Net Metering	63,196	47,178	13,213	123,587
Small Commercial	8,429,638	2,456,728	454,831	11,341,197
Small Commercial Net Metering	24,545	13,401	1,215	39,161
Private Area Lighting	45,658	24,273	66,557	136,487
Medium Commercial	6,251,829	1,477,679	121,787	7,851,296
Medium Commercial Net Metering	26,677	6,893	639	34,208
Large Commercial	16,829,902	3,174,380	159,711	20,163,992
Large Commercial Primary	131,612	29,965	2,754	164,330
Large Commercial Net Metering	54,463	16,333	1,377	72,173
Total	\$ 51,530,636	\$ 15,640,801	\$ 3,066,070	\$ 70,237,506

Appendix F – Rate Design

This Appendix details the proposed rates for the test year for major customer classes.

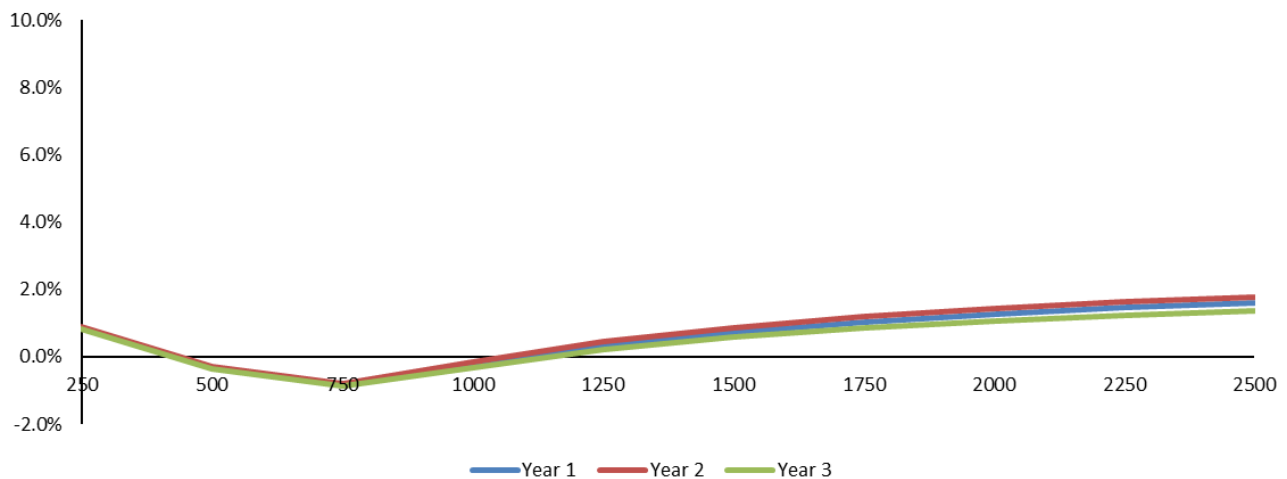
Customer Class	Projected Revenues Under Current Rates	Projected Revenues Under Proposed Rates Year 1	Projected Revenues Under Proposed Rates Year 2	Projected Revenues Under Proposed Rates Year 3
Residential	\$ 31,405,685	\$ 31,498,684	\$ 31,621,134	\$ 31,684,682
Residential Net Metering	135,070	136,333	134,463	132,268
Small Commercial	11,587,872	11,617,375	11,646,878	11,676,489
Small Commercial Net Metering	43,427	44,304	44,173	44,043
Private Area Lighting	127,207	128,454	129,712	130,984
Medium Commercial	7,822,627	7,843,894	7,865,288	7,886,730
Medium Commercial Net Metering	35,668	35,584	35,637	35,689
Large Commercial	22,255,329	22,140,481	22,026,263	21,912,670
Large Commercial Primary	169,643	168,361	169,498	170,800
Large Commercial Net Metering	80,884	79,683	79,870	80,060
Totals	\$ 73,663,412	\$ 73,693,152	\$ 73,752,916	\$ 73,754,415

Customer Class	Projected Percentage Change Year 1	Projected Percentage Change Year 2	Projected Percentage Change Year 3
Residential	0.30%	0.39%	0.20%
Residential Net Metering	0.94%	-1.37%	-1.63%
Small Commercial	0.25%	0.25%	0.25%
Small Commercial Net Metering	2.02%	-0.30%	-0.29%
Private Area Lighting	0.98%	0.98%	0.98%
Medium Commercial	0.27%	0.27%	0.27%
Medium Commercial Net Metering	-0.24%	0.15%	0.15%
Large Commercial	-0.52%	-0.52%	-0.52%
Large Commercial Primary	-0.76%	0.68%	0.77%
Large Commercial Net Metering	-1.48%	0.24%	0.24%
Totals	0.0%	0.0%	0.0%

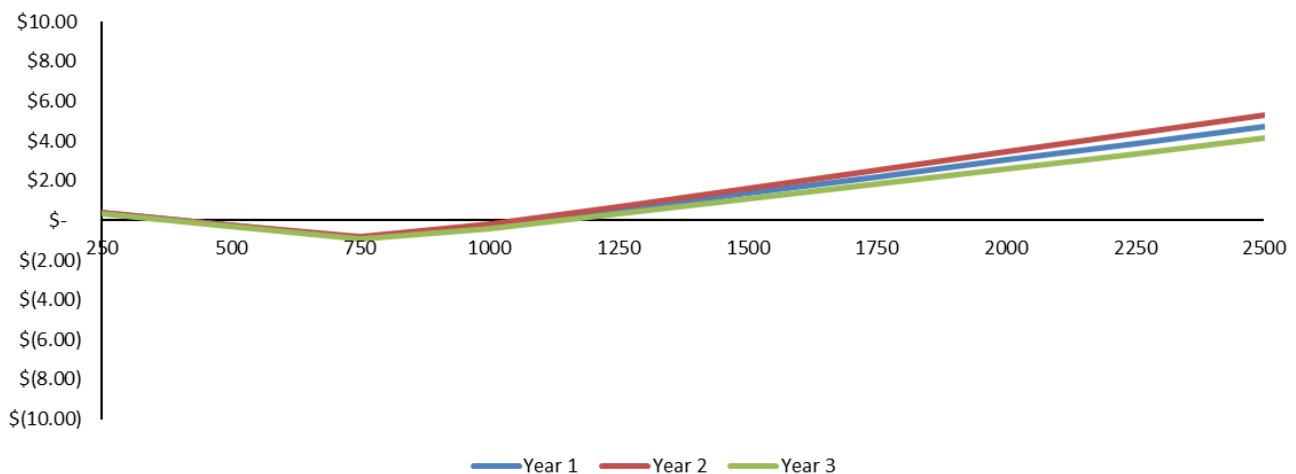
Projected Residential Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 12.70	\$ 13.70	\$ 14.70	\$ 15.70
Energy Charge:				
Winter Block 1 (0 - 800 kWh)	\$ 0.10860	\$ 0.10285	\$ 0.09710	\$ 0.09135
Winter Block 2 (Excess)	\$ 0.08240	\$ 0.08538	\$ 0.08837	\$ 0.09135
Summer Block 1 (0 - 800 kWh)	\$ 0.10860	\$ 0.10865	\$ 0.10870	\$ 0.10875
Summer Block 2 (Excess)	\$ 0.09980	\$ 0.10278	\$ 0.10627	\$ 0.10875
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 31,405,685	\$ 31,498,684	\$ 31,621,134	\$ 31,684,682
Change from Previous		0.3%	0.4%	0.2%
Revenue Goal		\$ 31,484,199	\$ 31,562,909	\$ 31,641,817
Cumulative Change		0.3%	0.7%	0.9%

Change by Monthly kWh Usage (%)



Change by Monthly kWh Usage (\$)

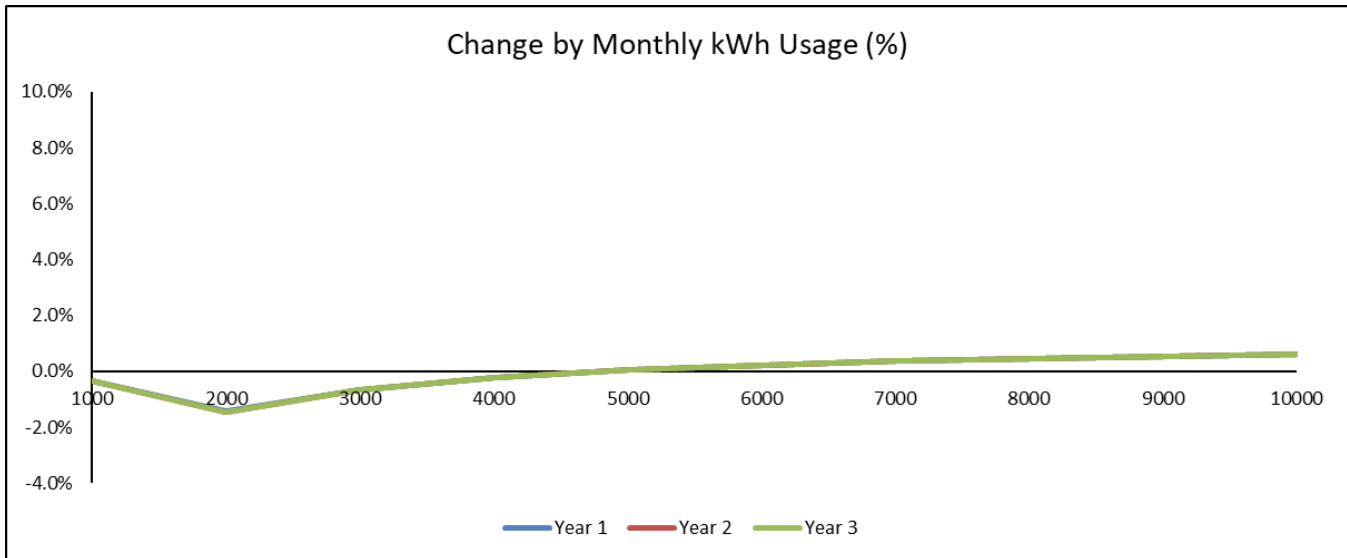


Projected Residential Net Metering Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 18.00	\$ 13.70	\$ 14.70	\$ 15.70
Energy Charge:				
First 800 kWh	\$ 0.10860	\$ 0.10285	\$ 0.09710	\$ 0.09135
Over 800 kWh Winter	0.08240	0.08538	0.08837	0.09135
Over 800 kWh Summer	0.09980	0.10278	0.10627	0.10875
First 800 kWh (Net Meter)	\$ (0.08150)	\$ (0.05715)	\$ (0.05715)	\$ (0.05715)
Over 800 kWh Winter (Net Meter)	(0.06180)	(0.05715)	(0.05715)	(0.05715)
Over 800 kWh Summer (Net Meter)	(0.07490)	(0.05715)	(0.05715)	(0.05715)
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 135,070	\$ 136,333	\$ 134,463	\$ 132,268
Change from Previous		0.9%	-1.4%	-1.6%

Projected Small Commercial Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 13.80	\$ 16.80	\$ 19.80	\$ 22.80
Energy Charge:				
Winter Block 1 (0 - 2,000 kWh)	\$ 0.11700	\$ 0.10997	\$ 0.10294	\$ 0.09591
Winter Block 2 (Excess)	\$ 0.08720	\$ 0.09010	\$ 0.09301	\$ 0.09591
Summer Block 1 (0 - 2,000 kWh)	\$ 0.11700	\$ 0.11700	\$ 0.11700	\$ 0.11700
Summer Block 2 (Excess)	\$ 0.11700	\$ 0.11700	\$ 0.11700	\$ 0.11700
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 11,587,872	\$ 11,617,375	\$ 11,646,878	\$ 11,676,489
Change from Previous		0.3%	0.3%	0.3%

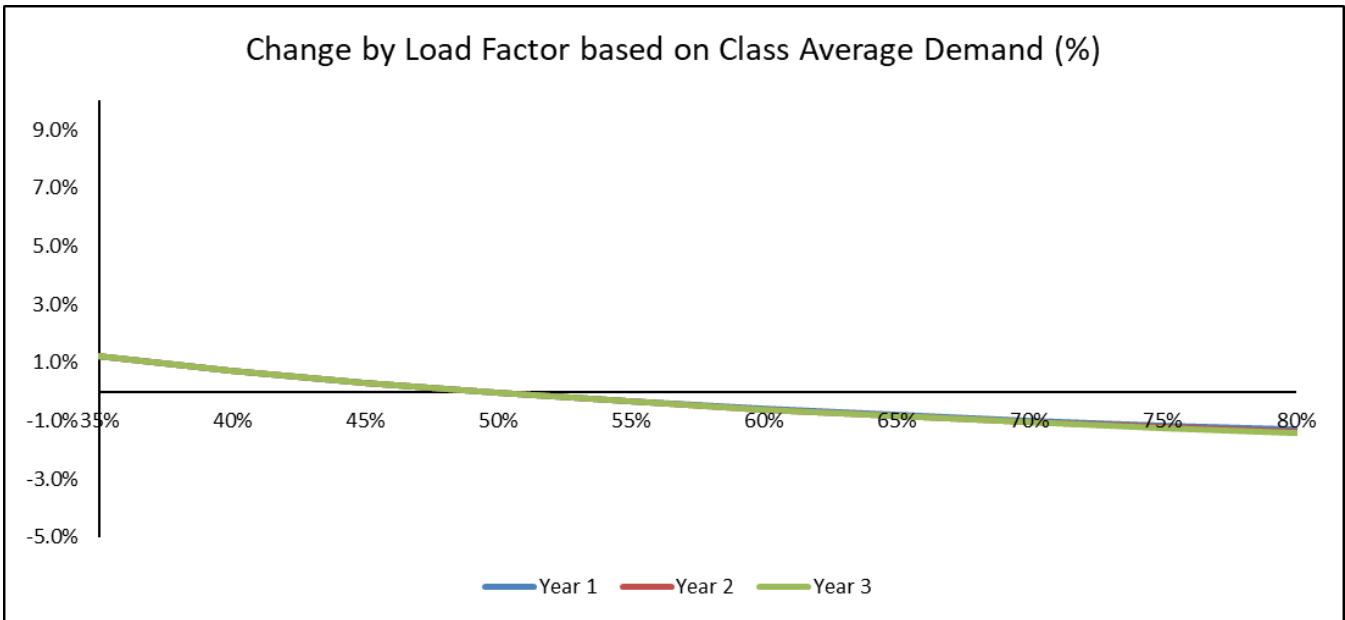


Projected Small Commercial Net Metering Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 19.10	\$ 16.80	\$ 19.80	\$ 22.80
Energy Charge:				
First 2,000 kWh	\$ 0.11700	\$ 0.10997	\$ 0.10294	\$ 0.09591
Over 2,000 kWh Winter	0.08720	0.09010	0.09301	0.09591
Over 2,000 kWh Summer	0.11700	0.11700	0.11700	0.11700
First 2,000 kWh (Net Meter)	\$ (0.08780)	\$ (0.05715)	\$ (0.05715)	\$ (0.05715)
Over 2,000 kWh (Net Meter - Winter)	(0.06540)	(0.05715)	(0.05715)	(0.05715)
Over 2,000 kWh (Net Meter - Summer)	(0.08780)	(0.05715)	(0.05715)	(0.05715)
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 43,427	\$ 44,304	\$ 44,173	\$ 44,043
Change from Previous		2.0%	-0.3%	-0.3%

Projected Medium Commercial Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 13.80	\$ 20.00	\$ 30.00	\$ 40.00
Energy Charge:				
Winter Energy	\$ 0.06840	\$ 0.06545	\$ 0.06238	\$ 0.05930
Summer Energy	\$ 0.07210	\$ 0.06915	\$ 0.06608	\$ 0.06300
Demand Charge:				
All Demand	\$ 7.35	\$ 8.35	\$ 9.35	\$ 10.35
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 7,822,627	\$ 7,843,894	\$ 7,865,288	\$ 7,886,730
Change from Previous		0.3%	0.3%	0.3%

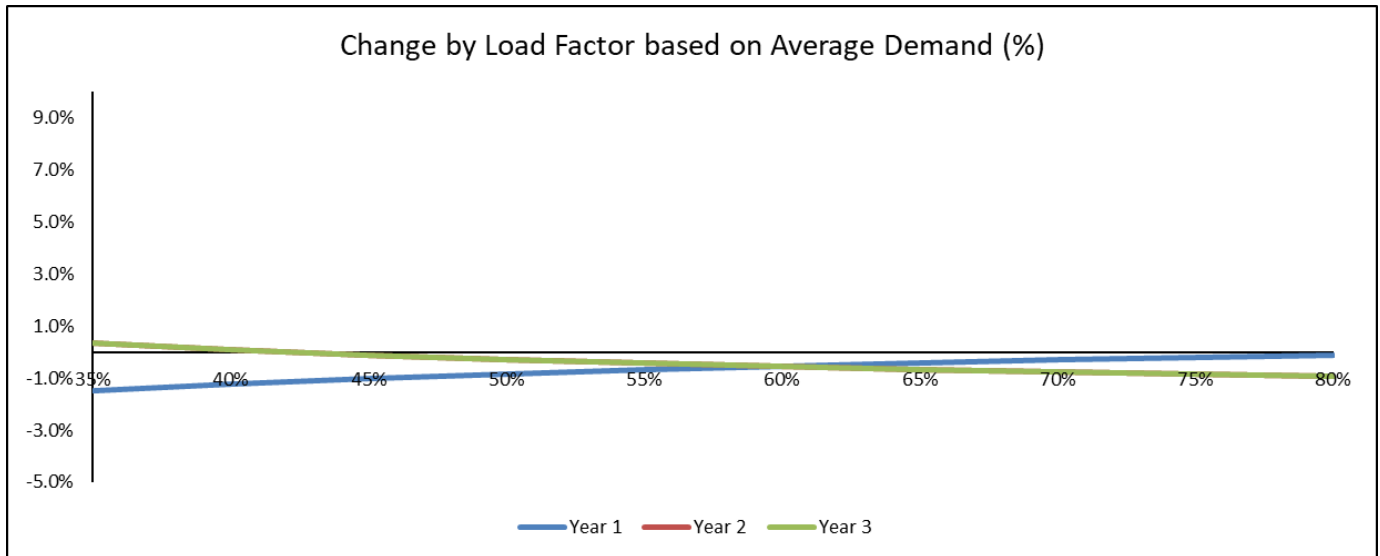


Projected Medium Commercial Net Metering Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 19.10	\$ 20.00	\$ 30.00	\$ 40.00
Energy Charge:				
Winter Energy	\$ 0.06840	\$ 0.06545	\$ 0.06238	\$ 0.05930
Summer Energy	0.07210	0.06915	0.06608	0.06300
Winter Energy (Net Meter)	\$ (0.05130)	\$ (0.05715)	\$ (0.05715)	\$ (0.05715)
Summer Energy (Net Meter)	(0.05410)	(0.05715)	(0.05715)	(0.05715)
Demand Charge:				
All Demand	\$ 7.35	\$ 8.35	\$ 9.35	\$ 10.35
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 35,668	\$ 35,584	\$ 35,637	\$ 35,689
Change from Previous		-0.2%	0.1%	0.1%

Projected Large Commercial Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ -	\$ -	\$ -	\$ -
Energy Charge:				
1st 200 kWh per kW Demand	\$ 0.07120	\$ 0.06650	\$ 0.06488	\$ 0.06327
All Other Energy	\$ 0.06550	\$ 0.06650	\$ 0.06488	\$ 0.06327
Demand Charge				
All Demand	\$ 7.25	\$ 7.75	\$ 8.25	\$ 8.75
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 22,255,329	\$ 22,140,481	\$ 22,026,263	\$ 21,912,670
Change from Previous		-0.5%	-0.5%	-0.5%

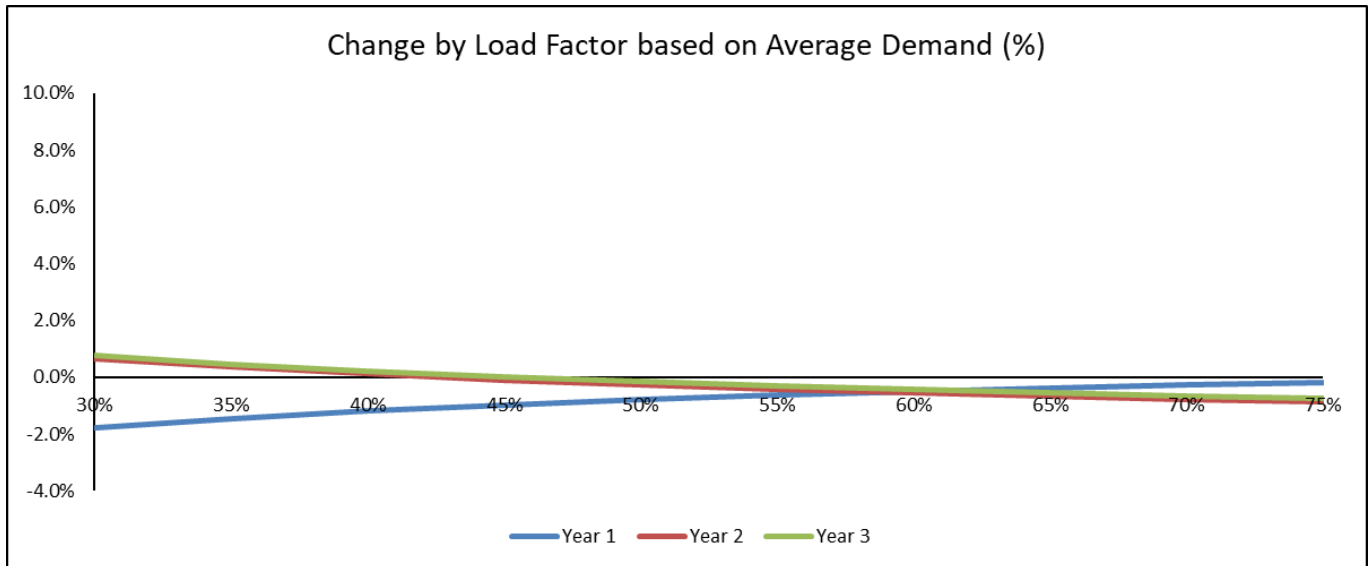


Projected Large Commercial Net Metering Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 5.30	\$ -	\$ -	\$ -
Energy Charge:				
1st 200 kWh per kW Demand	\$ 0.07120	\$ 0.06650	\$ 0.06488	\$ 0.06327
All Other Energy	0.06550	0.06650	0.06488	0.06327
Winter Energy (Net Meter)	(0.05340)	(0.05715)	(0.05715)	(0.05715)
Summer Energy (Net Meter)	(0.04910)	(0.05715)	(0.05715)	(0.05715)
Demand Charge				
All Demand	\$ 7.25	\$ 7.75	\$ 8.25	\$ 8.75
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 80,884	\$ 79,683	\$ 79,870	\$ 80,060
Change from Previous		-1.5%	0.2%	0.2%

Projected Large Commercial Primary Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ -	\$ -	\$ -	\$ -
Energy Charge:				
1st 200 kWh per kW Demand	\$ 0.06910	\$ 0.06450	\$ 0.06290	\$ 0.06140
All Other Energy	\$ 0.06350	\$ 0.06450	\$ 0.06290	\$ 0.06140
Demand Charge				
All Demand	\$ 7.25	\$ 7.75	\$ 8.25	\$ 8.75
Power Cost Adjustment:				
All Energy	\$ 0.00210	\$ 0.00210	\$ 0.00210	\$ 0.00210
Revenue from Rate	\$ 169,643	\$ 168,361	\$ 169,498	\$ 170,800
Change from Previous		-0.8%	0.7%	0.8%





Agenda Item Form

Date of City Council Meeting	10/12/2021
Department	Electric
Submitted by	Travis Matlock, PE
Phone	479-271-5941

Item Type: (Check Applicable Item Type)					
☐ Budget Adjustment	☐ Change Order	☐ Informational	☐ Ordinance	☒ Resolution	☐ Bid Award
Recommendation/Suggested Action (Enter recommendation in space below):					
Resolution to enter into an agreement with Osmose, Inc. to perform an joint use audit on the Bentonville Electric Utility Dept. system for \$57,121.46. This firm was selected following the City's standard RFQ solicitation process for procurement of professional servives in accordance with state law.					

Estimated Cost	\$57,121.46
Is this Item Budgeted?	☒ Yes ☒ No
If no, please explain how item will be funded (briefly explain in space below) :	
Expenses will be split between COB, Cox, and ATT.	



M E M O R A N D U M

DATE: October 12, 2021

TO: **City Council, Mayor Orman**

FROM: Travis Matlock, Electric Utility Director

RE: Osmose Agreement – Joint Use Audit

BEUD recommends entering into a contract with Osmose, Inc. to conduct a joint use audit on the BEUD system for \$57,121.46.

A joint use audit is a count of all the attachers on BEUD poles, and any shared poles (ATT owned, BEUD facilities). BEUD conducted an audit in 2013 (first one) to establish the attacher counts on BEUD poles. With the two attacher agreements (Cox, ATT), an audit is to occur every 5-ish years and with the growth Bentonville has experienced in the last 8 years, it is time to update the counts.

Per the attacher agreements, the cost of the audit is to be split between the different businesses (COB, Cox, ATT). BEUD proposed using the 2013 pole count (7,274) and attacher counts as a way to split the costs that was agreed to with the attachers. The breakdown is shown below:

- COB – 14% - \$7,997.01
- Cox – 70% - \$39,985.02
- ATT – 16% - \$9,139.43

The \$8k for the COB is budgeted, but the overall \$57,121.46 is not budgeted. There will be a budget adjustment to recognize the payment for services from the attachers.

Osmose was selected through the City of Bentonville RFQ process.



Joint Use Audit

City of Bentonville Electric Utilities Department



DATE
July 20, 2021

Osmose Contact
Dave LaPlante
dlaplante@osmose.com
573-590-0137

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Mr. Travis Matlock
Electric Utility Director
City Of Bentonville Electric Util Dept
3200 Municipal Drive
Bentonville, AR 72712-6087

RE: JOINT USE AUDIT PRICING PROPOSAL – 2021

Dear Mr. Travis Matlock:

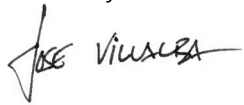
Osmose is submitting the attached proposal for your approval and acceptance. This price proposal is valid for 90 calendar days from the date of this proposal. This proposal replaces and supersedes the proposal dated March 22, 2021 and includes a Not To Exceed (NTE) amount of \$57,121.46.

We have included a Scope of Work, as this is an integral part of this proposal that outlines the technical specifications we are proposing. Any contract or agreement that results from this proposal shall include the Scope of Work, whether or not it is specifically referenced in the contract and should be referenced in any Purchase Order issued for work specified under this contract.

We look forward to working with you on this important project. If this proposal is acceptable, *please sign and return the attached Professional Services Agreement and Acceptance of Proposal* so we can schedule crews to begin this project.

If you need further assistance or have any questions concerning this proposal, please do not hesitate to contact David LaPlante at (573) 590-0137.

Sincerely,

A handwritten signature in black ink, appearing to read "Jose Villalba", with a stylized initial "J" and "V".

Jose Villalba
Vice President-Contracts

JV/kd

Proposal Summary

City of Bentonville ("Bentonville") has embarked on an initiative to collect joint use data for the population of their GIS system and reconciliation of attachments. To support their efforts, they are looking for assistance with the field inventory of joint use attachments.

Through our qualified field resources and with our successful track record of helping our customers achieve their cost-recovery objectives (by establishing a highly transparent and non-confrontational engagement model with attachers), we believe we offer the best option for executing the best project approach, while reducing risk and keeping the project on schedule.

Osmose believes we provide our customers with an approach that significantly reduces risks to the project that typically come from:

- **Schedule Delays that put your Annual Cost Recovery Targets at Risk:** Osmose has the capacity to self-perform all aspects of the proposed scope and will not need to use outside contractors to support the project. Osmose has experienced field crews, Project Management, and Delivery resources to provide the capacity and flexibility to meet the project schedule.
- **Data Quality Issues (That could lead to Pushback from Attachers and Delay in Bill Payment):** Osmose has the right tools to collect and share the asset data. These tools allow the data to be shared between the field technician, project supervisor, Operations Manager, delivery group, and Project Manager to review and quality control the data in every step of the process.
- **Lack of Transparency and Coordination with Attachers:** Through the included Osmose360 Audit Customer Portal, Osmose can share collected data with all stakeholders of the project including 3rd party attachers. Sharing the data through Osmose 360 Audit allows for conflict resolution during the audit and not after. Full collaboration with all the major stakeholders is at the center of the Osmose approach to Joint Use audits.
- **Responding to COVID-19:** Osmose understands that operating under a global pandemic is unprecedented and challenging. We are committed to providing a safe operating environment for our associates and customers. Our teams follow local regulations and applicable CDC guidelines for all our field and office operations. Additionally, we have instituted ongoing cleaning and disinfecting protocol for all workstations, vehicles, handheld devices and working tools. Our teams are outfitted and supplied with disposable face coverings as well as all required project PPE. Our organization promotes social distancing guidelines and follows a strict self-reporting and contact tracing for all potential exposures.

Our focus is on utilizing processes that promote efficiency, consistency, accuracy, and defendability of results through audit trails created throughout the process. Our supporting technologies will ensure that the resulting data is fully consumable by your target GIS without issue. An overview of our field collection technology and Osmose360 (Audit) is included in Appendix A.

Bentonville is looking to engage in a survey which will consist of:

- An audit of approximately 14,000 attachments on approximately 7,000 poles, recording other parties' attachment information on poles with attachments.
- Identify new poles found in the field (not in Bentonville's source GIS) and collect GPS location and basic pole attributes.

Scope of Work

The following represents Osmose's proposed process to execute the project in an efficient and effective manner. Osmose will work closely with Bentonville to follow a structured and detailed project methodology to meet the objectives of the project. Execution of the project will include the four phases listed below:

1. Conduct Project Workshop & Kickoff:
 - Creation of the Field Collection and Delivery rules document
 - Define attachment counts
 - Status meetings cadence
 - Project schedule
2. Field Survey of Assets:
 - Pole inventory
 - Joint Use attachments
3. Data Quality Control and Osmose360™ Audit (see Appendix A):
 - Quality control and validate data on a delivery by delivery
 - Share results of JU collection with Bentonville and all stakeholders
 - Perform dispute and resolution process
4. Deliverables & Reporting:
 - Work with the Customer to incorporate final data into chosen GIS
 - Provide reports
 - Invoicing

1. Project Workshop & Kick-off

Prior to field collection, Osmose will conduct a Project Kick-off/Workshop with Bentonville to review the items selected to be included in the project. The goal of the meeting is to completely document the work-flow and technical details of managing the collection, quality control, and data deliveries.

Based on the results of the meeting, Osmose will create a final Work Plan document that will be used as the basis of the set-up, collection, and delivery phases of the project. The Work Plan will detail items such as establish project governance model, weekly reporting and communication chain, the proposed field data collection and deliverable model and the project schedule and customer acceptance criteria.

During the meeting Osmose will finalize field collection and deliverables rules and specifications:

- Review domain values associated with information to be collected for the inventory: Pole information, Pole match, in field not in GIS, not found etc.
- Attachments: Types of attachments, counting convention (i.e. by thru-bolt/spacing), list of attaching companies
- A final description of data deliverable formats and data acceptance procedures
- Review of Bentonville workflow and processes for assuming the final data sets

2. Field Survey

Osmose will use its mobile collection technology platform to perform the field survey and collect the required data. The technology will support taking Bentonville provided source data to the field to support navigation of the system and data collection. Bentonville source data will include pole GIS and the results of the most recent joint attachment audit. The Field Survey will include data collected as required for each pole in the customer service area.

Data Collection

The following table includes the specific items to verify and/or collect as part of the field survey. The scope is based on the items in the table below. Osmose understands that during the workshop process there may be changes to the table. Osmose will review those changes and identify if a formal change order is required at that time.

Poles	In Field	Y/N
	Not in Field	Y/N
	New	Collect Address or reference point and GPS
Attachment	Ownership	Company Name
	Type	See "Attachment Type" list below
	Quantity	Numeric Number
	Abandoned	Y/N

Pole Status

- In Field: Osmose will utilize the existing source data provided by Bentonville and identify if the pole in the GIS and the pole in the field match and indicate with a Y/N value.
- Not in Field: Osmose will utilize the existing source data provided by Bentonville and identify if the pole in the GIS exists in the field and indicate "Not in Field".
- For poles found in the field and not in the GIS Osmose will populate with "New Pole" and collect a GPS point. The new feature will have a unique ID generated for it.

Pole Visits

- Osmose expects to visit all poles if they have an attachment on them or not.

Attachments

Osmose will use a list of Bentonville provided 3rd Party attaching companies in conjunction with field collection observations to identify each attachment owner. The typical indicators of attachment ownership that are recognizable in the field include:

- Company tag on the attachment at the pole
- Company name on the service drop entrance
- Company name on risers, pedestals, or other equipment (i.e. power supply)
- Osmose will trace out wires for attachment ownership of unknown attachments
- Osmose will also consult source data to aid in identification
- In instances where no ownership is identifiable Osmose will contact the customer for final determination

Osmose will use the following convention for counting attachments per owner:

- Each communication attachment attached to the pole by through bolt, will be inventoried and recorded in order from top down on the pole.
- Each third-party Communication Cable/Fiber with a single “through bolt” supporting a single cable is counted as a separate attachment and is considered 1 attachment.
- Each third party single bolted messenger strand will be counted as a separate attachment.
- Each third-party j-hook will be identified and each separate j-hook with service attachment(s) will be counted as separate attachments including any abandoned attachments. The abandoned attachment should be noted in the comments above (Appendix A).

Attachment Types

Osmose will populate its field collection tool with the following attachment types:

- COAX – Collected for all CATV attachments, excluding risers and power supplies
- Control Box – Phone and/or fiber, mounted anywhere on pole
- Copper Phone – Collected for all Telephone attachments, excluding risers and control boxes
- Fiber – Communication line (Fiber/ADSS)
- Other – a note describing attachment will be collected
- Power Supply – Pole Mounted CATV control box/repeater unit
- Service Wire – Communication service drop
- Antenna – Wi-Fi or Strand mounted

3. Data Quality Control

To facilitate Quality Control (QC):

- Osmose will use internal tools to share and review the data as it is collected. This will ensure collection is consistent and precise. Allowing supervisors to review the data while collection is occurring is key to the success.
- The supervisors will have the ability to share corrections and feedback to technicians while collection is in process and not wait until a full data set is complete avoiding the possibility of repeating the same error throughout the data set.

Quality Review via Osmose360 Audit:

- In addition to performing data quality on the data, Osmose will provide the audit results on our map-based online viewer/dashboard.
- Each 3rd Party attaching company (authorized by Bentonville) will receive unique login credentials (to track usage) to access the site. Each of the attaching companies will only be able to see their attachments identified during the audit. This will allow each of the project stakeholders to review and accept the data before final delivery.
- The Osmose360 Audit will provide a simpler method for "dispute and conflict resolution" to ensure all parties are agreeable to the results of the audit before the audit is considered complete and invoices are sent. This method of collaboration with the attaching companies is a key feature of Osmose's approach to Joint Use audits and ensures post audit disputes are nonexistent. For more information please see Appendix A or contact Osmose for a demo.

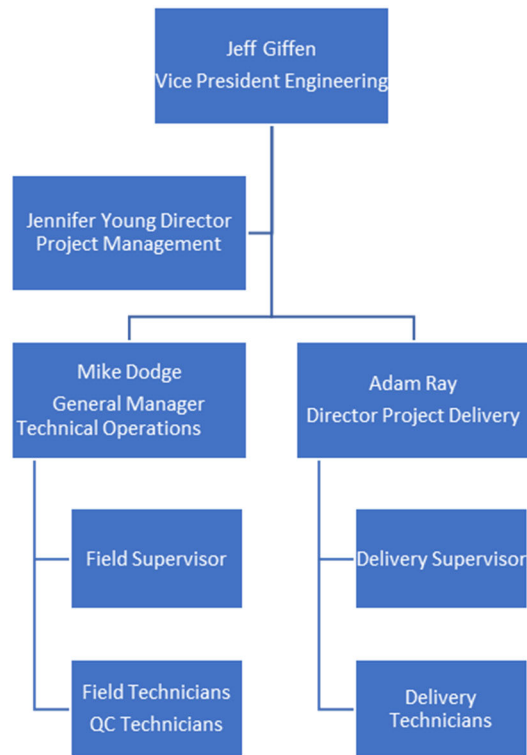
4. Deliverables & Reporting

Once field collection, back-office data extraction and quality control has been completed per delivery area, Osmose will provide the following deliverables to Bentonville:

- An updated data set (per completed delivery area), formatted for easy loading into their ESRI Arc/Info GIS.
- The Osmose project manager will provide summary metrics reports with each delivery (i.e. billables, features collected, discrepancies by type, etc.)
- Hosting of all audit results and access to Osmose Online Joint Use Dashboard (see Appendix A for more details)

5. Project Management Team

Osmose recognizes the importance of this project to Bentonville. As such, our organization is structured to provide the proper management to support it with a fully qualified Project Manager, field team, and delivery team. The following is an overview of Osmose's proposed organizational structure designed to clearly define roles, responsibilities, enforce clear ownership of tasks and provide an efficient mechanism for escalation when needed. Resumes can be provided as needed.



Jeff Giffen, Vice President-Engineering

Jeff will be utilized on this project as having the overall responsibility for field operations and operational support.

Jennifer Young, Project Director

Jennifer and project managers from her team will be utilized by providing overall reporting and operational support for the project, and acting as a liaison between Osmose, pole owners and other project stakeholders maintaining constant communication and ensuring the project and resultant data meets our customer's requirements.

Adam Ray, Director Project Delivery

Adam will be utilized on this project to provide the data model, ensure data quality, delivery, and invoicing oversight for this project.

Delivery Supervisor

If awarded the work, Osmose can provide a résumé outlining our proposed Delivery Supervisor's experience and qualifications. At a minimum, this individual will have Geographic Information Systems (GIS) expertise, data management experience, and training on the equipment and tools to be used for the project.

Delivery Technicians

At a minimum, these individuals will have Geographic Information Systems (GIS) experience, data management experience, and training on the equipment and tools to be used for the project.

Mike Dodge, General Manager-Technical Operations

Mike will be utilized as the overall field operational support and oversight. All field supervisors and technicians will fall under his responsibility.

Field Supervisor

If awarded the work, Osmose can provide a résumé outlining our proposed Field Supervisor's experience and qualifications. At a minimum, this individual will have overhead facilities, make-ready and NESC recognition, Safety and formal training in performing the work required by our customers. The Field Supervisor will be responsible for the team of field technicians. They will be responsible for initial training, performing QA/QC on field technicians' work, coordinating data deliveries to/from the field and acting as the day-to-day field liaison between Field Operations and Osmose Project Management, Engineering and the Customer. It is expected that they will spend a portion of their time at the onsite office location coordinating data deliveries, ensuring proper posting and closeout of records and liaising with the customer.

Field Technicians & QC Technicians

If awarded the work, Osmose can provide résumés outlining our proposed Field Technicians' experience and qualifications. At a minimum, these individuals will have overhead facilities recognition, safety, equipment and tools, and formal training in performing the work required by our customer. QC Technicians will be more senior resources with experience and a proven track record on previous projects.

The Field Technicians will be utilized on this project to perform the required day to day field data collection to support the audit results with high quality and safety.

Price Schedule

Effective 07/19/2021 - 12/31/2021

Line	Item	Price	
1	POLE ATTACH. INV. ID POLE	\$	5.87
2	INVENTORY PER ATTACHMENT	\$	0.82
3	DOCUMENTATION IMMED. NEED POLE	\$	3.00
4	HOURLY STANDBY	\$	134.42

Additional Notes and Assumptions

1. Pricing in this proposal is valid for 90 days from the date of this proposal.
2. Prices listed above is all inclusive:
 - a. Workshops, data deliverables
 - b. Initial communications with attaching companies on audit results
 - c. Configuration, hosting and administration of Osmose360 (Audit) for Bentonville and its attachers
3. The Hourly Standby rate will be applied when needed to perform standby when managing any Hazardous Conditions.
4. Projected Not to Exceed amount is \$57,121.46. This projection is based on estimated usage of the billable items plus a 10% allowance factor. Actual usage of billable items will dictate the final spend for the project. Osmose proposes to work closely with the City of Bentonville to track the spend to date and project the remaining spend to go on the project throughout the project execution.

Appendix A

Overview of Osmose Software Solutions

Osmose360 (Audit)

In addition to the required deliverables, as an optional deliverable, Osmose can also post the results of the field audit to its Osmose360 (Audit). This online tool has proved invaluable for our customers as they work towards updating, reconciling and defending joint use audit results with third-party attachers. The online viewer provides a geospatial viewer deployed on a secure website allowing all customer stakeholders to view pole and attachment audit results by owner on a detailed map.

Osmose360 Audit is a secure, web-based mapping solution that allows our customers and its 3rd party attachers to view a map of the poles visited during the project and their associated attachments. This kind of geographic view, accessible through a standard web browser, allows pole owners to view attachment results in a spatial format that clearly displays the locations of the poles in terms of geographic/regional boundaries.

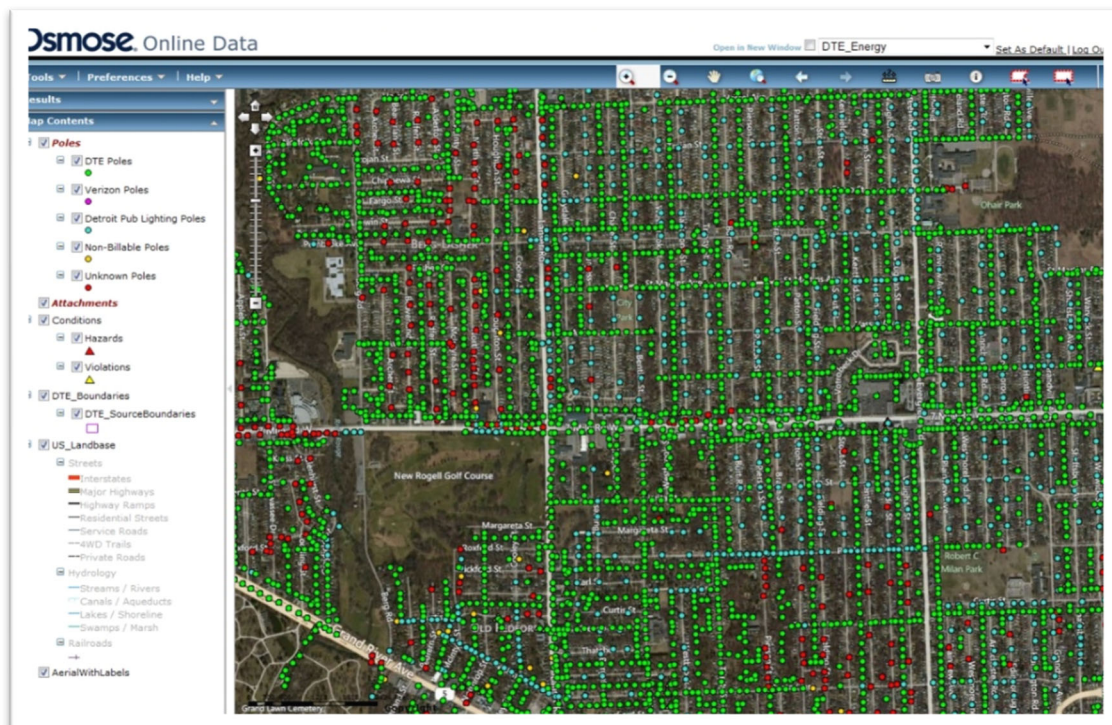


Figure 1: Overview Osmose360 (Audit) User Interface in Standard Web-Browser

The Joint Use Viewer is one of many value-add solutions deployed through Osmose's "Osmose360" customer portal. The Viewer application empowers Pole Owners to view the progress and results of the attachment audit in the field. The dashboard:

- Enables all levels of Pole Owner personnel (as well as attaching companies of their choice) to better communicate with each other
- Users can view results of the audit and work together to reconcile discrepancies in a user-friendly, map-based visual reporting tool without the need for installing software

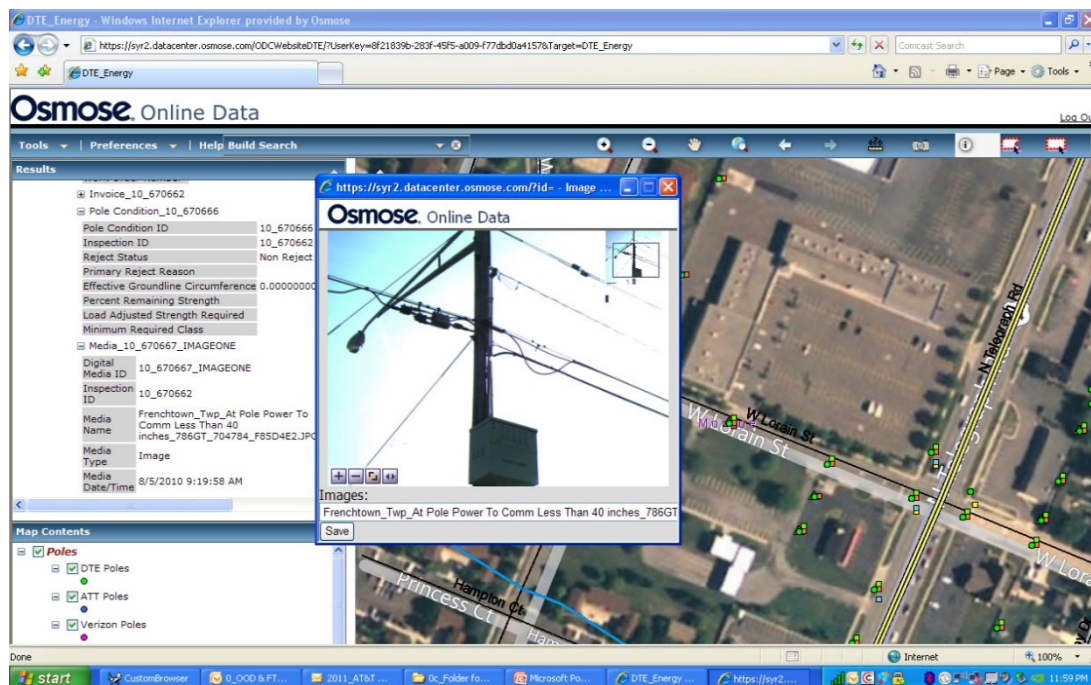


Figure 2: Display Landbase Imagery and Pole Images to Support Closer Reviews of what's on the Pole

Osmose360 Audit allows multiple users (pole owners, attaching companies) to access the information simultaneously and will enable Pole Owner personnel to perform the following types of tasks:

- ✓ View locations of poles visited in the field, positioned over detailed street maps or aerial imagery
- ✓ Complete pan and zoom capabilities of the pole/landbase information
- ✓ Click on a pole to view its attributes
- ✓ Execute queries (either pre-defined or user defined) against the data and highlight the results symbolically on the map
- ✓ Print query results or map viewport
- ✓ Allow multiple users access to data via a secure password-protected Internet connection
- ✓ Incorporate optional digital imagery into a map view

Benefits Associated with Osmose360 Audit

Some of the benefits associated with the Osmose360 Audit include:

- Secure, password protected environment
- Map information can be queried and printed
- Requires no investment in hardware or software and no need to load data (Osmose360 Audit reduces IT costs of managing administrative rights, access privileges and approvals for software installation, and is compatible with all major operating systems)
- The ability to support predefined queries and views allowing Pole Owner personnel or third party attaching companies to derive additional data during the reconciliation process.
- Accessible from any computer with internet access (available to all authorized personnel, from any computer in your office, at home, or in a lineman's truck)
- Osmose 360 Audit (including the Map Viewer, requires no software purchase of any kind and is offered as a value-added Project Management/Reconciliation tool to support our customers' project objectives.

Osmose "Data Collection Tool" (DCT)

To collect data during the field survey, Osmose Field Technicians/Engineers will be equipped with tablet devices which will be integrated with our DCT Mobile data collection software.

DCT provides an efficient means of collecting and updating network data and reduces the time and expense of performing data collection and data maintenance tasks. In addition, DCT is configurable for any type of project or data model. All types of GIS information can be viewed or captured in DCT, including pole information, joint use information, GPS locations, digital photos, etc. Source data from GIS, CIS, or any other information system can be incorporated into a project using DCT.

Data collected in DCT is mapped into the customer's personal Geodatabase, shapefiles, or other database, preserving the original data model and formatting.

Rather than placing individual components and managing those components and their relationships as CAD and GIS systems do, DCT uses the Point of Network Interest ("PONI") system to store and manage network data. This approach allows the field technician to collect or verify large volumes of network data quickly and accurately, and eliminates the laborious tasks of managing layers and selecting individual objects that are required in a CAD or GIS.



A PONI, in the simplest sense, is an object that is used to organize information about a particular point in the network. A typical PONI may include information about a pole at a specific site, including the pole's GPS position together with information about the pole's attachments, associated devices, and so forth.

In addition to simplifying the display of network information on a handheld device, use of the PONI system streamlines data capture by automating many processes that would otherwise be manual. Objects associated with the PONI, such as poles, foreign attachments, and other network features, can be easily added and deleted. Values for these objects are logged in an organized interface that is easy to learn and use.

Appendix B

Similar Experience

Detroit Edison – Joint Use Attachment Survey

Osmose performed a joint use audit for DTE on approximately 1,000,000 poles over 14 months. In addition to performing field data collection to support reconciling and billing of attachments, Osmose submitted invoices and coordinated with DTE's attachers to obtain prompt payment. One of the mechanisms used to facilitate this effort was the deployment of Osmose's Online Data Center, web-based mapping and reporting platform.



The tool was used to communicate with DTE and their attaching companies, illustrate the location of the company's attachments (on the map, and via associated images of the pole), and streamline the reconciliation process. Data was collected using Osmose's FastGate Mobile Joint Use data collection software. Osmose was the Prime Contractor on this project (there were no subcontractors).

Ameren Services Company- Joint Use & NESC Violation Audit

Osmose performed a joint use attachment inventory to verify attachment owner, count and any NESC violations if present. When violations were identified, Osmose created the NJUNS ticket directly in NJUNS using Ameren access information. Ameren Illinois serves 1.2 million electric customers within a 43,700 square-mile territory. This project had a total volume of roughly 347,000 poles.



National Grid New England – 3rd Party Application Management

Osmose currently manages engineering, design, and work management for all aerial joint use applications for National Grid USA Service Company, Inc. ("National Grid") on approximately 1.2 million poles throughout its Massachusetts, Rhode Island, and New Hampshire service territories. For these applications, Osmose provides engineering, pole load screening, comprehensive pole loading, make ready design, GIS updates and work management services as components of a turnkey service for National Grid. In these service territories, Verizon co-owns almost all of the poles and Osmose is required to negotiate the scope of make ready designs of each attachment application submitted by third parties with Verizon before a make ready estimate and attachment license is finalized. Osmose designs and negotiates make ready construction on thousands of poles each year.



AvanGrid

Osmose is currently providing make ready survey, design and work management services for incoming applications for attachment in portions of AvanGrid's New York service territory in support of the large, aggressive NYS Broadband for All initiative. This work is currently under contract and covers thousands of make ready designs and work orders annually.

**Austin Energy**

Osmose provided application preparation services to Austin Energy applicants. From 2013-2018 Osmose processed over 60,000 poles across an aggressive schedule in support of a large fiber build. Our project scope included a field survey, pole loading analysis, make ready design, construction prints, bill of materials preparation and make-ready design discussions with the applicant.



Professional Services Agreement

This **PROFESSIONAL SERVICES AGREEMENT** (the "Agreement"), dated as of July 19, 2021 (the "Effective Date"), is entered into by and between **OSMOSE UTILITIES SERVICES, INC.**, a Delaware corporation with a place of business at 635 Highway 74 South, Peachtree City, Georgia 30269 ("Contractor"), and **CITY OF BENTONVILLE ELECTRIC UTILITIES DEPARTMENT**, a company with a place of business at 3200 Municipal Drive, Bentonville, Arkansas 72712 ("Owner"), jointly referred to as the "Parties", and individually a "Party".

In consideration of the mutual promises and conditions contained in this Agreement, the Parties mutually agree as follows:

- 1.0 **Contract Documents:** The term "Contract Documents" shall mean this Agreement, Contractor's proposal, any associated amendments, any Statement of Work defined in writing by the Parties, and any other separate document mutually agreed to and executed by the Parties that are now or hereafter agreed to and signed by the Parties and that may contain, without limitation, a specific description of the scope of the project, pricing assumptions, Source Materials (as defined below), and/or the Data Deliverables (as defined below). The Parties agree that the Contract Documents shall be incorporated as part of this Agreement. Furthermore, in the event that a Statement of Work is developed and executed between the Parties, the Statement of Work shall supersede and replace all *prior* correspondence including, but not limited to, Contractor's proposal and any associated amendments. In the event of inconsistent or contradictory provisions among any of the Contract Documents, inclusive of Owner's purchase order, the provisions of this Agreement shall take precedence.
- 2.0 **Supplemental Terms and Conditions:** In the event that Owner desires services from Contractor that fall outside the scope of this Agreement, Contractor will submit supplemental terms and conditions for such services. The terms and conditions of this Agreement shall be overridden by any supplemental terms and conditions that are submitted by Contractor and approved in writing by both Parties.
- 3.0 **Work:** Contractor shall furnish all supervision, labor, tools, equipment, and materials necessary or required to perform the work on Owner's infrastructure including, but not limited to, wood poles, steel or metal poles, steel towers, and/or underground/surface mounted electrical equipment (collectively the "Structures" and/or individually referenced by specific structure type as applicable) as described in Contractor's price schedule and in accordance with the specifications set forth in the Contract Documents (collectively the "Work").
- 4.0 **Source Materials:** For the purposes of this Agreement, "Source Materials" shall mean the data which Owner may have available including locations of the Work sites and other data pertinent to the Work. Whenever applicable and requested, Owner, without charge, shall

furnish or make available for examination or use by Contractor any Source Materials which Contractor may need during its performance of the Work. Specific Source Materials needed by Contractor will be further defined in the Contract Documents.

5.0 Contractor Fees: Owner agrees to pay Contractor, and Contractor agrees to accept as full compensation for the Work performed and materials used, the fees set forth in or otherwise calculated in accordance with the rates set forth in Contractor's price schedule which are incorporated into the Contract Documents. Notwithstanding the foregoing, if during the term of this Agreement, unforeseen economic conditions (including but not limited to, fuel and raw material price increases, energy, government or regulatory charges, etc.) change Contractor's cost of providing products and/or services to Owner, Contractor may increase its rates and charges or impose applicable surcharges to cover such increased costs. Furthermore, Owner shall be responsible for all applicable sales taxes, unless it provides to Contractor a valid exemption certificate or other documentation satisfactory to Contractor reflecting a sales tax exemption. If the Work is subject to a gross receipts or other similar tax, said amount shall be added to the pricing.

6.0 Contractor's Invoicing and Payment Terms:

6.1 Invoicing: The invoicing and payment terms shall be those set forth in the Contract Documents. In the event said terms are not set forth in the Contract Documents the below terms shall apply. Contractor shall prepare and furnish Owner with a detailed invoice of the number of billable items (as defined in the Contract Documents) for the covered period and the amount due.

6.2 Payment Terms: Owner shall pay Contractor the amount due upon receipt of the invoice. A service charge of the lesser of one and one-half percent (1½%) per month or the highest amount legally permitted will be added to all accounts balances not paid within thirty (30) days. Notwithstanding any language to the contrary, this service charge shall be governed by the laws of the State of Georgia.

7.0 Commencement of Work and Project Schedule:

7.1 Commencement of Work: Contractor shall not commence the Work until it has received written notice from Owner to proceed.

7.2 Project Schedule: Contractor shall perform the Work in accordance with the Contract Documents, specifying the dates and time periods by which specified portions of the Work shall be completed, which shall either be as previously agreed and included in the Contract Documents, or as mutually agreed prior to commencement of the Work. Should either Party reasonably desire changes to the Contract Documents at any time due to a *Force Majeure*, as defined in Section 21.0, the Parties shall promptly discuss such changes and use their best efforts to prepare modified Contract Documents mutually acceptable to them. The current applicable Contract Documents as approved by Contractor and Owner shall be signed and dated by authorized

representatives of each Party and shall constitute the Contract Documents for purposes of this Agreement.

Except as may be required pursuant to Section 22.0, no change to the Contract Documents shall be effective unless mutually agreed to by the Parties and set forth in a written agreement signed by both of them.

8.0 Project Scope and/or Schedule Changes: Any project scope and/or schedule change must be mutually agreed to by both Owner and Contractor. Procedures for establishing a change to either the project scope or schedule or both will be accomplished in accordance with the Contract Documents and must be agreed to, in writing, by both Parties. Based on the change(s) made to the Contract Documents, prices may be subject to change.

9.0 Deliverables and Owner's Acceptance of Data:

9.1 Data Deliverables: For the purposes of this Agreement, "Data Deliverables" shall be defined as all Structure data, studies, reports, sketches, drawings, and other required documentation collected, prepared, and/or created during Contractor's performance of the Work as required and defined in the Contract Documents. All Data Deliverables shall conform to the specifications and acceptance criteria set forth in the Contract Documents at the time of delivery. In particular, data to be delivered by Contractor as part of the Data Deliverables described in the Contract Documents shall be delivered to Owner in accordance with delivery frequencies outlined in the Contract Documents. Contractor's Data Deliverables will be further specified and defined in the Contract Documents.

9.2 Owner's Acceptance of Data: Unless otherwise specified in the Contract Documents, Owner shall have ten (10) business days following receipt of each Data Deliverable to accept or reject such Data Deliverable based on the specifications and acceptance criteria set forth in the Contract Documents. Owner shall give Contractor written notice of rejection of any Data Deliverable specifying the reasons the acceptance criteria have not been satisfied. Any Data Deliverable not rejected by Owner in writing within ten (10) business days from delivery will be deemed accepted.

10.0 Project Pricing Assumptions: Assumptions used in developing the project scope and associated pricing may be set forth in the Contract Documents. The pricing set forth in the Contract Documents is firm unless otherwise specified within the Contract Documents.

- 11.0 **Additional Owner Obligations:** Owner shall: (i) be responsible for supplying all Source Materials required for the completion of the Work in a timely and continuous fashion so as to permit Contractor to perform the work in accordance with the Contract Documents; (ii) examine all Contract Documents, Data Deliverables, and other documents pertinent to the Work which are presented to Owner by Contractor and render in any necessary decisions in writing within a reasonable time so as not to delay Contractor's performance of the Work; (iii) designate a Project Manager to act as its representative with respect to this Agreement who shall be given complete authority to transmit instructions, receive information, execute change orders and/or supplemental agreements, and interpret and define Owner specifications with respect to the Work (Owner shall give Contractor written notification of any change in the designation of the Project Manager); and (iv) assist Contractor in obtaining approval of necessary permits from all governmental authorities or agencies having jurisdiction over the type of Work to be performed by Contractor; provided however, Contractor shall be primarily responsible for obtaining such approval and permits.

Should Owner fail to comply with any of the undertakings contained in the foregoing paragraph, Contractor will be entitled to an extension of time of completion for a period equal to the delay, if any, caused by the failure of Owner to comply with such undertakings, provided Contractor shall have notified Owner in writing of its desire to extend the time of completion in accordance with the foregoing; should such delay cause an increase in costs to Contractor, Contractor shall be reimbursed by Owner for such costs.

- 12.0 **Termination:** Either Party may terminate this Agreement upon thirty (30) days written notice served upon the other Party by registered mail. Upon expiration of such thirty (30) day period, all Work under this Agreement shall cease. Upon termination, Contractor shall issue a final invoice and Owner shall pay Contractor for all Work performed through the end of the thirty (30) day notice period.
- 13.0 **Independent Contractor:** Contractor shall at all times be an independent contractor for all purposes under this Agreement, including without limitation in connection with the performance of labor and services under this Agreement.
- 14.0 **Compliance with Laws:** Contractor shall promptly pay all wages due to its employees, shall obtain all licenses and permits required by law and shall otherwise comply with all ordinances, laws, orders, rules, directives and regulations made by any governmental authority or regulatory body pertaining to the Work.
- 15.0 **Contractor's Insurance:** Throughout the term of this Agreement, Contractor shall maintain in full force and effect, in amounts reasonably satisfactory to Owner and otherwise in compliance with applicable law, the following insurance coverages: workers' compensation, commercial general liability (including public liability, personal injury, property damage and contractual liability) and automobile liability.

Prior to the commencement of the Work, Contractor shall furnish Owner with a certificate evidencing said coverages. Notwithstanding any language to the contrary, any insurance coverage provided by Contractor shall not cover Owner for any negligent acts or omissions of Owner, its employees or agents.

16.0 Indemnification:

16.1 Contractor Indemnification: Contractor shall indemnify, defend and hold harmless Owner, its officers, employees, representatives and agents, from and against all liability, loss, damage or expense resulting from any claim, suit or action for personal injury (including death) or damage to property caused by or arising out of any negligent act or negligent failure to act by Contractor, its employees, or agents, in connection with the performance of the Work. In the event of the joint and concurrent negligence of Contractor and Owner, each Party shall be responsible for the percentage of negligence attributed to it by agreement between the parties or in a court of competent jurisdiction. Notwithstanding any other language to the contrary, in no event shall Contractor be responsible for or be required to defend, indemnify or hold harmless Owner from and against any claim for personal injury (including death) or damage to property or loss of use thereof which occurs more than one (1) year after completion of the Work. Owner agrees to give Contractor written notice of any claims received within ten (10) days after Owner first discovers or receives notice of a claim. If Owner fails to provide such notice, Contractor shall not be required to defend, indemnify, or hold harmless Owner.

16.2 Owner Indemnification: Owner shall indemnify, defend, and hold harmless Contractor from and against any and all claims, actions, judgments, settlements, losses, damages, costs and expenses, including reasonable attorneys' fees, arising from or related to any allegation that (i) any of Owner's documents, information, data, or instructions to use systems or methodologies furnished, delivered or made available to Contractor in connection with the performance of the Work contain any material errors, omissions or inaccuracies that are unknown to Contractor and/or (ii) is in violation of, or contributes to the violation of, any patent, copyright, trade secret or other proprietary right of a third party. Contractor agrees to give Owner prompt written notice of any claims received.

17.0 Warranty:

17.1 Contractor's Warranty: Contractor warrants to Owner that (i) all Work provided under this Agreement shall be performed in a skillful and workmanlike manner and (ii) all Data Deliverables, at the time they are delivered to Owner, shall comply with all specifications and acceptance criteria set forth in the Contract Documents.

Contractor further represents and warrants to Owner, for a period of six (6) months following Owner's acceptance of the each Data Deliverable, that the Data Deliverable(s) will conform to the specifications set forth in the Contract Documents and shall be free of material errors and omissions, provided that neither Owner nor any other party has materially altered any such Data Deliverable in any way and no such Data Deliverable has been altered or affected in any way by being loaded onto or maintained on Owner's computer system. If any Data Deliverable is found not to conform to the specifications, Contractor shall correct such error or omission without cost to Owner.

17.2 Warranty Disclaimer; Limitation of Liability: EXCEPT AS EXPRESSLY PROVIDED IN SUBSECTION 17.1, CONTRACTOR MAKES NO WARRANTIES WHATSOEVER WITH REGARD TO THE WORK OR DATA DELIVERABLES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ANY AND ALL WARRANTIES ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE. IN NO EVENT SHALL CONTRACTOR, ITS AFFILIATES, OR ANY SUBCONTRACTOR OR SUPPLIER OF CONTRACTOR, BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR ANY DAMAGE WHATSOEVER RESULTING OR ARISING FROM THE LOSS OF USE, DATA, PROPERTY, EQUIPMENT, GOOD WILL OR PROFITS, INCREASED COSTS OR CLAIMS OF CUSTOMERS OF OWNER. FURTHERMORE, THE TOTAL CUMULATIVE LIABILITY OF CONTRACTOR AND ITS SUBCONTRACTORS AND SUPPLIERS ARISING FROM THE PERFORMANCE OR A FAILURE TO PERFORM WORK PURSUANT TO THIS AGREEMENT, WHETHER IN TORT, CONTRACT, STRICT LIABILITY, OR OTHERWISE, INCLUDING ALL EXPENSES INCURRED OR PAYABLE BY CONTRACTOR IN SATISFACTION OF ITS INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT, SHALL NOT EXCEED THE TOTAL FEES PAID TO CONTRACTOR PURSUANT TO THIS AGREEMENT.

18.0 Confidentiality: The terms of this Agreement shall remain confidential and shall not be disclosed by either Party to any person without the consent of the other Party or as may be required by law or order of a court of competent jurisdiction. The Parties acknowledge that, in the course of this Agreement, they may have access to and/or be in possession of Confidential Information of the other Party. "Confidential Information" shall mean information regarded by that Party as confidential, including without limitation information relating to its past, present or future research, development, sales and marketing, financial or business affairs and any proprietary products, materials or methodologies. Each Party shall hold in strict confidence, in the same manner as it holds its own Confidential Information of like kind, all Confidential Information of the other Party which may be disclosed to it or to which it may have access. Access to Confidential Information shall be restricted to those of each Party's personnel who have a need to know such information and its use shall be limited to the performance of this Agreement.

The foregoing shall not prohibit or limit either Party's use of information of the other Party (including without limitation ideas, concepts, know-how, techniques and methodologies) which: (i) was previously known to it; (ii) was or is independently developed by it; (iii) was or is acquired by it from a third party having no obligation of confidentiality regarding the information; or (iv) is, or becomes, publicly available through no breach by it of this Agreement, or (v) is disclosed pursuant to law or the order, requirement or request of a court or government authority. This Section 18.0 shall survive termination of this Agreement for any reason.

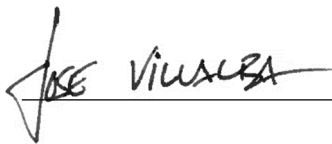
- 19.0 Ownership:** The Parties agree and acknowledge that Contractor may use proprietary materials of Contractor or third Parties in the preparation of the Work ("Proprietary Items") and that Owner shall not obtain any ownership rights in the Proprietary Items. All Work conceived or developed by Contractor in connection with Contractor's provision of services under this Agreement shall belong to the Contractor. Owner shall execute all documents that may be reasonably requested by Contractor in order to vest in Contractor all right, title and interest in the Work. Notwithstanding the foregoing, any Confidential Information of Owner that is used by Contractor in connection with the Work shall remain Confidential Information of the Owner. Subject to the terms of this Agreement, Contractor shall grant Owner a perpetual, royalty free license to use the Work provided that Owner agrees to treat all such materials as Confidential Information in the same manner that Owner treats its own confidential material, but in no event less than a reasonable degree of care. This Section 19.0 shall survive the termination of this Agreement for any reason.
- 20.0 Notices:** All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given: (i) when delivered by hand or confirmed facsimile transmission; (ii) one day after delivery by receipted overnight delivery; or (iii) four days after being mailed by certified or registered mail, return receipt requested, with postage prepaid to the appropriate address set forth in this Agreement or to such other person or address as either Party shall furnish to the other Party in writing in accordance with this Section 20.0.
- 21.0 Force Majeure:** Except as specifically provided in this Agreement, neither Party shall be liable for any delays or other nonperformance resulting from circumstances or causes beyond its reasonable control and anticipation, including fire or other casualty, act of God, strike or labor dispute, war or other violence, acts of third Parties not within such Party's reasonable control and anticipation, or any law, order or requirement of any governmental agency or authority (collectively "Force Majeure"); provided however, that the Party whose nonperformance is excused under this Section 21.0 shall take commercially reasonable steps to circumvent such events of Force Majeure and shall resume performance immediately upon the cessation of the condition of Force Majeure which prevented such performance. In the event of a Force Majeure, Contractor's price schedule shall be automatically modified to adjust for any delays occasioned by the Force Majeure.

- 22.0 **Severability**: If any term or provision of this Agreement is held illegal or unenforceable by a court of competent jurisdiction, all other terms of this Agreement shall remain in full force and effect, and the illegal or unenforceable provision shall be deemed struck. In the event that the stricken provision materially affects the rights, obligations or duties of either Party, Owner and Contractor shall substitute a provision by mutual agreement that preserves the original intent of the Parties as closely as possible under applicable law.
- 23.0 **Jurisdiction/Choice of law**: The Parties hereby irrevocably submits to the jurisdiction of the United States District Court for the Northern District of Georgia or the Superior Court of Fayette County, Georgia, in any action or proceeding arising out of or relating to this Agreement. This provision shall survive the termination of this Agreement for any reason. The Parties further agree that this Agreement and all matters arising out of, directly or indirectly, or related to this Agreement will be governed by and interpreted in accordance with the laws of the State of Georgia.
- 24.0 **Miscellaneous**: This Agreement constitutes the entire agreement between the Parties relative to the subject matter contained in this Agreement. None of the terms of this Agreement shall be changed, waived, superseded or supplemented, except in a written document signed by the Parties hereto. Each Party acknowledges that it has participated in the negotiation and preparation of this Agreement and has had the opportunity to have its counsel review this Agreement. Therefore, neither Party shall be deemed to have drafted this Agreement and the customary rule of construction resolving ambiguities in the language against the drafting Party shall not apply.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date set forth at the beginning of this Agreement.

OSMOSE UTILITIES SERVICES, INC.

(Contractor)



Jose Villalba

Print Name

Vice President-Contracts

Title

CITY OF BENTONVILLE ELECTRIC
UTILITY DEPARTMENT

(Owner)

Signature

Print Name

Title

About Osmose

We are field technicians, professional engineers, wood scientists, data scientists, corrosion experts, and project managers leveraging more than 80 years of expertise to identify and solve structural issues that impact your asset health, system resiliency, and help you meet your commitment to provide safe, reliable, affordable service.

We make utility structures safer, longer-lasting, and more resilient. We help structure owners mitigate risk and manage challenges through innovation and execution. We believe there's an optimal approach to minimize risk and maintain the strength and resiliency of your system, and we can help you find it.

History

From a storefront on East Huron Street in Buffalo, New York with a single wood preservative patent. Now headquartered in Peachtree City, Georgia, Osmose has emerged as a well-known and respected company; a leading service provider safeguarding North American utility infrastructure. Since our humble beginning in 1934, Osmose has continued to meet evolving customer needs through hard work and innovation.

- In 1965, the first iteration of the truss was developed to restore strength to poles weakened by decay. It was little more than an oil pipe cut in half length-wise, some of which are still in service today!
- In 2000, Osmose expanded expertise on the below-grade structural condition of utility assets and launched a line of "corrosion services" - assessing, coating, and restoring steel structures.
- In 2008, Osmose set a new standard of performance for preservative systems with the release of MP400- EXT® which improved preservative protection for in-service poles while also fulfilling Osmose's environmental commitment to reduce toxicity in its products.
- In 2018, Osmose released Osmolytics™, an advanced predictive modeling software that uses decades of inspection data and environmental information for both wood and steel utility structures.

Read more about our history, our people, and our services at osmose.com.

Our Commitment



Safety

At Osmose, we prefer to talk about our safety culture rather than our safety program. A safety program implies a set of rules that people are required to follow, often reluctantly. A safety culture implies that safety is a way of life at Osmose, and it absolutely is. It's how we think and how we approach our jobs every day, not because that's what is required, but because that's who we are.



Quality

Osmose believes a quality product or service is one that is what you, the customer, expects, delivered when you expect it. Our customers value and expect quality; they do not expect to have to ask for it or pay extra for it. Quality, therefore, is the basis for customer satisfaction and critical to the success of Osmose.



Environment

Osmose is dedicated to the conservation of utility resources and strives to create a culture of environmental awareness both as a product developer and a service provider. We support the research and development of products and services that extend the safe and reliable service lives of structural T&D assets for many years beyond expectations.



Industry Involvement

At Osmose, our goal is to encourage innovation and advance knowledge to better serve our customers. To facilitate these goals, Osmose employees regularly participate in and serve on several committees and task groups, including ASTM, AWP, EEI, NACE, and IEEE.

All Products & Services

Wood Structure Services

Wood Pole Inspection

- Strength Assessment (Decay/Damage Assessment)
- Load Assessment
- Ground Resistance Testing
- Grounding Improvements
- Groundwire Repair
- Groundwire Molding Installation
- Guy Inspection and Repair
- Guy Anchor Inspection

Remedial Treatment/Life Extension

Infrared Inspections

FireGuard® Application

Tag/Marker/Sign Installation

Surveys and Audits - O/H Facilities, Clearances, Safety

Pole Restoration and System Hardening

- Restoration of Decayed Poles

Pole Class Upgrading

Steel Structure Services

Steel Pole and Tower Assessment

- Structural Condition Evaluation
- Corrosion Potential (Environmental) Evaluation

Substation Assessment and Restoration

Corrosion Mitigation

- Application of Protective Coatings
- Installation of Cathodic Protection

Engineered Restoration Design and Installation

- Concrete Foundation

Steel Tower and Pole

Underground System Services

Padmount/Cabinet Inspection and Maintenance

- Cabinet Repair and Painting
- Cabinet Leveling
- Inspect and Vegetation Control
- Tag and Decal Replacement

Manhole/Service Box/Vault Inspection and Maintenance

- Minor Maintenance and Repairs
- Conductor Tagging and Marking

Isolation Transformer Installation

Engineering Services

Structural Load Analysis and Design

Pole Replacement Design

Distribution Design

System Studies and Hardening

Field Inventories

Joint Use Services

Attachment Audits

Attachment Agreement Review

Audit Cost-Recovery and Attachment Rental (Billing)

Transfers, Double-Wood, Violation Notification and Remediation

Attachment Request Processing and Notifications

Pole Loading Analysis and Clearance Evaluations

Make-Ready Design and Work Order Creation

Turnkey Program Management

Other Services and Products

Osmolytics (Asset Management Predictive Modeling)

Project Management

Storm Response Services

Distribution System Inventories

Streetlight Surveys

Osmose Pole and Line Products

- Pole Restoration Products
- Pole Top Protection
- Fire Retardant Products
- Remedial Treatments and Inspection Supplies

Acceptance of Proposal

To accept the attached proposal as written and authorize the work to be performed, please fill out, sign and return this page via email to Osmosecontracts@Osmose.com. This price proposal is valid for 90 calendar days from the date of the proposal.

SIGNATURES

We hereby accept the attached proposal as written and authorize Osmose Utilities Services, Inc. to perform the work. Osmose will perform the work in accordance with the terms and conditions under our Professional Services Agreement once executed.

AUTHORIZED SIGNATURE	
PRINTED NAME	
DATE	
COMPANY NAME	City of Bentonville Electric Util Dept

OSMOSE CONTACT

If you have any questions or would like to discuss this proposal in more detail, please contact:

NAME	David LaPlante
TITLE	Director Business Development
PHONE	(573) 590-0137
JOB #	1034166
PROJECT DESCRIPTION	JOINT USE AUDIT



Agenda Item Form

Date of City Council Meeting	10/12/2021
Department	Electric
Submitted by	Travis Matlock, PE
Phone	479-271-5941

Item Type: (Check Applicable Item Type)					
☒ Budget Adjustment	☐ Change Order	☐ Informational	☐ Ordinance	☐ Resolution	☐ Bid Award
Recommendation/Suggested Action (Enter recommendation in space below):					
Budget adjustment recognizing payment for services for a joint use audit in the amount of \$49,124.45.					

Estimated Cost	\$49,124.45
Is this Item Budgeted?	☐ Yes ☒ No
If no, please explain how item will be funded (briefly explain in space below) :	
Expenses will be reimbursed for services rendered.	





Budget Adjustment Request

Date of City Council Meeting	10/12/2021
Department	Electric
Submitted by	Travis Matlock, PE
Phone	479-271-5941

Purpose of Budget Adjustment <i>(Enter purpose in space below):</i> Recongnizing payment for services rendered.

General Ledger Account Information*				
Org (Department)	Object	Account Description	Revenue + (-)	Expense + (-)
503010	34410	Billed Services	\$ 49,124.45	
503010	43210	Professional Services		\$ 49,124.45
		Totals	\$ 49,124.45	\$ 49,124.45
		Net Impact on Fund Balance	\$ -	

*Final Account Number will be determined by Accounting Department after approval and purchase

