



November 11, 2024

Don Schuette
Director of Electric Utilities
City of Jackson
101 Court Street
Jackson, MO 63755

Re: Proposal for 2025 Electric Utility Rate Study

Dear Mr. Schuette

1898 & Co.®, a part of Burns & McDonnell, is pleased to submit this proposal to the City of Jackson (the City) to provide the 2025 Electric Utility Rate Study (Rate Study). Our team is prepared to assist the City by providing the support necessary to make this project successful. The sections below outline the proposed scope, schedule, and cost for supporting the needs of the City.

I would like to thank you for the opportunity to continue to provide professional consulting services to the City of Jackson. Please do not hesitate to contact me directly with any questions you may have. We look forward to working with you!

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Young', is written in a cursive style.

Adam Young
Director



Scope of Services

1898 & Co. proposes to provide the consulting services necessary to conduct the 2025 Electric Rate Study for the City. The scope of services and deliverables described herein are similar to those provided to the City in 2020. The tasks included in our scope of services are described below.

Task 1 - Initiate Project:

1898 & Co. will prepare and submit a data request to the City. The requested data is intended to address relevant financial and operating information including most recently approved budgets, capital improvement plans, billing data, revenues, operation and maintenance expenses, system operating information, and annual financial reports.

1898 & Co. will initiate the project by conducting a project kick-off meeting by conference call (Microsoft Teams or Zoom). This meeting will provide the opportunity for 1898 & Co. to discuss the forecast update with key utility staff. It will also allow 1898 & Co. and the City to review the project approach, the various issues to be addressed, and the initial data and information requested.

Task 2 - Update Financial Forecast Model:

The objective of Task 2 is to prepare an updated financial forecast that demonstrates the City's plan to fund its operating and capital requirements, complies with financial management policies, and provides a defensible and implementable plan for the City to move forward for the next 5 years.

Using the same financial forecast and cost of service model used in 2020, 1898 & Co. will develop an updated forecast of electric utility cash flows to determine a baseline updated forecast. The cash flow analysis will indicate the level of annual revenue adjustments required to fund operating and capital requirements and meet financial targets such as reserves levels and debt coverage ratios, as applicable.

Task 3 - Update Cost of Service:

The objective of Task 3 is to update the cost of service analysis that was developed in the previous Electric Utility Rate Study. 1898 & Co. will update the cost functionalization and classification of the utility system's costs. 1898 & Co. will update allocation factors based on recent data and assumptions, as appropriate.

Information for the test year revenue requirement will be utilized in the cost of service analysis. We will update the assignment of the cost components of the revenue requirement to functional service areas, e.g. production, transmission, distribution, customer service, etc., as necessary. We will also review and update amounts included in the test year revenue requirement for each component of revenue or expense classified as or assigned to various functional services. The classified test year revenue requirement will then be summarized by functional service.

1898 & Co. will conduct a project review meeting by conference call with City staff to review and discuss the preliminary cost of service analysis results. Any revisions to the assumptions used in the cost of service analysis will be agreed upon for purposes of finalizing the analysis. In addition, guidance will be obtained from the City as to any adjustments to the cost recovery to be provided by each rate classification prior to beginning Task 4 of the Study.

Task 4 - Rate Review and Update:

1898 & Co. will review the adequacy of the existing classes' rates and determine if adjustments to existing rates are required. 1898 & Co. will update rates as needed and prepare an estimate of revenues at the

proposed rates. 1898 & Co. will also complete typical bill calculations for each customer class's rates. Typical monthly bill calculations for each customer class will demonstrate the impact the proposed rates could have on customers' monthly bills.

Task 5 - Rate and Comparison:

1898 & Co. will prepare typical monthly bills for Ameren and Citizens Electric rate classes that compare to Jackson's existing rate classes. The typical bills will be compared to the typical bills under the existing and proposed rates.

Task 6 - Preparation of Study Report:

1898 & Co. will summarize the Rate Study results in a preliminary summary report for review by City staff. The summary report will include recommendations, a description of the analysis completed and identification of the key inputs, assumptions, methodology, and results of the update. 1898 & Co. will confer with City staff regarding the draft report, and revise as appropriate. A final report will be submitted to the City incorporating comments and edits received. 1898 & Co. will deliver the updated model to the City at the end of the study.

Task 7 - City Council Presentation:

1898 & Co. will prepare a presentation of the Rate Study results similar to that provided and presented to the City Council in 2020. The project manager will travel to the City of Jackson and present the results of the Rate Study to the City Council.

General Assumptions

- 1898 & Co. assumes that services described herein will be completed in 2025. Should work be required in other years, costs are subject to change accordingly.
- 1898 & Co. will rely upon data, budgets, and projections provided by the City for use in the Rate Study. 1898 & Co. will not independently verify the accuracy of the data provided.
- This Study does not include the development of new rate designs such as time of use rates, electric vehicle (EV) rates, or solar rates. These or other alternative rates can be developed as a separate scope if desired.

Responsibilities of Client

- Provide historical detailed financials, billing data, and other data request items in Microsoft Excel similar to that data provided in 2020.
- Provide budgets including but not limited to power supply budgets and projections, operating expense budgets, and capital plans in Microsoft Excel similar to that data provided in 2020.
- Review and provide input into draft and final results of the Study through the project as requested by 1898 & Co.



Timeline

1898 & Co. will submit a data request to the City the first week of January 2025. It is assumed notice to proceed and study data would be provided to 1898 & Co. on January 22, 2025. Preliminary rate recommendations will be provided to the City staff by April 15, 2025. The report and draft presentation will be provided to the City before May 1, 2025. 1898 & Co. will attend and present the results of the Study at the May or June City Council meeting. 1898 & Co. is willing to work with the City to adjust the schedule to meet its timeline requirements.

Compensation

1898 & Co. will complete the scope of services described above for a lump sum fee of \$37,000. The fee covers our fees on labor charges and expenses incurred in completion of the project. Virtual meetings via conference call and/or web conference include the project kick-off meeting, financial forecast review, proposed rates review, and draft presentation review. Included in the fee are costs for both the draft and final report of our findings to the City. The report will be provided in electronic format only. Travel expenses for one trip to Jackson, MO to present the results of the Electric Rate Study are included within the fee. If while completing the work, the City and 1898 & Co. agree to modifications to the scope, 1898 & Co. reserves the right to adjust the fee up or down as appropriate and agreed upon by both parties. 1898 & Co. will invoice the City monthly on a percent complete basis.

Terms and Conditions

All services will be performed under the the attached Terms and Conditions for Professional Services, which are incorporated and made a part of this proposal.

Validity

The costs and schedule shown herein are valid for 60 days from the date of this, after which each is subject to change.

Acceptance

If this proposal is acceptable, please sign in the signature block below and on the attached “Terms and Conditions for Professional Services”. Once signed, please return a scanned copy of the complete package to me for our file.

[SIGNATURE PAGE FOLLOWS]



ACCEPTED:

CITY OF JACKSON, MISSOURI

Signature

Name

Title

Date

ATTACHMENT A - TERMS & CONDITIONS

1898 & Co. Services Agreement Terms and Conditions

THIS CONTRACT CONTAINS A LIMITATION OF REMEDIES AND BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

Services Proposal: 2025 Electric Utility Rate Study

Client Signature: _____

Date of Services Proposal: November 8, 2024

Client: City of Jackson, Missouri ("Client")

Name (printed): _____

This Agreement is made as of November 11, 2024, by and between Client and 1898 & Co., a part of Burns & McDonnell Engineering Company, Inc. (hereinafter called "1898 & Co.").

SECTION 1 – AUTHORIZATION OF SERVICES

Services shall be undertaken only upon signing of this Agreement and written authorization by Client. Such Services are more specifically identified in the Services Proposal.

SECTION 2 – SERVICES OFFERED BY 1898 & CO.

The Services are specifically identified in the attached letter, proposal, agreement, or statement of work as identified above ("Services Proposal"). 1898 & Co. will rely on information provided by Client in the undertaking of the Services as complete and accurate without independent verification.

SECTION 3 – PERIOD OF SERVICE

The provisions of this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Services and the support and cooperation of Client through completion of the Services. 1898 & Co.'s obligation to render services hereunder will extend for a period that may reasonably be required for the completion of Services.

SECTION 4 – COMPENSATION

4.1 Client shall pay 1898 & Co. for Services rendered and reimbursable expenses as stated herein and in the Services Proposal. Invoices will be submitted in 1898 & Co.'s standard format and are payable upon receipt. A late payment charge of 1.5 percent per month or any partial month will be added to amounts not received within thirty (30) days of the statement date. Time is of the essence in payments of statements, and timely payment is a material part of the consideration of this Agreement. Costs, including reasonable attorney's fees, incurred by 1898 & Co. in collecting any delinquent amount shall be reimbursed by the Client. If a portion of 1898 & Co.'s statement is disputed by Client, the undisputed portion shall be paid by Client by the due date. The Client shall advise 1898 & Co. in writing of the basis for any disputed portion of any statement.

4.2 Taxes, other than United States federal and state income taxes, and Kansas City, Missouri earnings tax, as may be imposed by the United States, state, and local authorities, shall be in addition to the payment stated under "Amount of Payment."

SECTION 5 – LIMITATION OF REMEDIES

5.1 **INDEMNIFICATION.** Client and 1898 & Co. each agree to indemnify and hold harmless the other, and the other's officers, directors, and employees, from and against third party damages, including reasonable attorney's fees, to the extent such damages and expenses are caused by the indemnitor's own negligent acts, errors, or omissions. In the event damages or expenses are caused by the joint or concurrent negligence of Client and 1898 & Co., they shall be borne by each Party in proportion to its own negligence.

5.2 **WAIVER OF CONSEQUENTIAL DAMAGES.** 1898 & Co. is not liable for any special, indirect, incidental, punitive, or consequential damages to Client. The excluded damages include, but are not limited to, by way of example, (a) Client's loss of: anticipated profits, savings, revenue, use of equipment, sublicensed software, licensed software, services, or data; (b) cost of capital; (c) cover costs, or cost of any substitute performance or replacement of equipment, facilities or services; (d) third party consequential damages; and (e) indirect damages as a result of property loss.

5.3 **LIMITATION OF LIABILITY.** Notwithstanding any other provision herein, 1898 & Co.'s maximum liability to Client for all claims arising out of or related to these Services and this Agreement shall be limited to the specific remedies provided herein, but shall not exceed the amount paid by Client to 1898 & Co. under the Agreement. The limitations of liability provided herein in this Section 5.3 shall apply should it be judicially determined that the specific remedies provided elsewhere in this Agreement fail in their essential purpose. The Parties agree that specific consideration has been given by 1898 & Co. for this limitation and that it is deemed adequate.

5.4 To the greatest extent allowed by law, the damages waived or excluded, or otherwise limited in this Section 5 (Limitation of Remedies), shall be allowed, and shall apply to any and all claims or causes of action as to between the parties, including but not limited to breach of contract, breach of warranty, any tort claim including negligence, strict liability, or any other legal or statutory theory of recovery.

SECTION 6 – INSURANCE; STANDARD OF CARE; WARRANTY

6.1 During the course of performance of the Services, 1898 & Co. will maintain (a) Worker's Compensation insurance with limits as required by statute; (b) Employer's Liability insurance with limits of \$500,000; (c) Commercial General Liability with limits of \$1,000,000 per occurrence and \$2,000,000 general aggregate; and (d) Automobile Liability insurance with combined single limit of \$1,000,000 per accident.

6.2 Client and 1898 & Co. and their respective officers, directors, agents, or employees waive all rights of recovery against each other, and their insurers' right to subrogation, for property damage and property loss covered by their respective property insurance (including deductibles and self-insurance) during and after the completion of 1898 & Co.'s Services.

6.3 1898 & Co. will perform the Services associated with the Services Proposal consistent with the standards and practices of others providing similar services under similar circumstances at time of performance ("Standard of Care"). Client shall promptly notify 1898 & Co. in writing of any failure of 1898 & Co. to comply with the Standard of Care or any perceived deficiency in its Services. Should 1898 & Co. receive such notice less than one year after performance of such deficient Services, 1898 & Co. at its sole option, may (a) reperform the Services to bring the same into conformance with the requirements of the Services Proposal and the applicable Standard of Care, or (b) 1898 & Co. may liquidate damages to Client by paying to Client, as refund or otherwise, that portion of the compensation for that portion of the Services which are found to be deficient, or otherwise were not able to be corrected or brought into conformance with Services Proposal requirements by reperformance or replacement after commercially reasonable attempts by 1898 & Co. to do so.

6.4 The mutually negotiated obligations and representations contained in Section 6.3 are 1898 & Co.'s sole obligation and Client's exclusive remedy with respect to defects in the quality of Services or failure to meet the Standard of Care, regardless of the cause of action pled including, without limitation, all types of negligence. Client's improper operation, maintenance, or unauthorized use of the Services shall relieve 1898 & Co. of any liability or damages arising out of such improper or unauthorized use.

6.5 No warranty, express or implied, is included in this Agreement, including any warranty for fitness for a particular purpose, merchantability, or noninfringement of intellectual property rights or any implied warranty arising from statute, course of dealing, course of performance, or usage of trade.

6.6 Opinions, estimates, schedules, projections, and forecasts (“Opinions”) prepared by 1898 & Co. relating to loads, interest rates and other financial analysis parameters, construction costs and schedules, operation and maintenance costs, equipment characteristics and performance, and operating results are opinions based on 1898 & Co.’s experience, qualifications, and judgment. Since 1898 & Co. has no control over (a) weather; (b) cost and availability of labor, material, equipment, fuel, or other utilities; (c) labor productivity; (d) construction contractors’ procedures and methods; (e) unavoidable delays; (f) construction contractors’ methods of determining prices; (g) economic conditions; (h) competitive bidding or market conditions; (i) government regulations and laws (including the interpretation thereof); and (j) other factors affecting such Opinions, 1898 & Co. does not guarantee that actual rates, costs, quantities, performance, schedules, and related items will not vary significantly from the Opinions prepared by 1898 & Co.

SECTION 7 – CHANGES; TERM; DELAYS

7.1 Client may request changes within the general scope of 1898 & Co.’s Services, with an appropriate change to the Services Proposal in compensation and schedule, upon execution of a mutually acceptable amendment or change order signed by an authorized representative of the Client and 1898 & Co.

7.2 Should Client fail to fulfill its responsibilities as provided in the Services Proposal or herein to the extent that 1898 & Co. is unduly hindered in 1898 & Co.’s Services or if Client fails to make any payment to 1898 & Co. on account of 1898 & Co.’s Services and expenses within forty-five (45) days after receipt of 1898 & Co.’s invoice therefor, 1898 & Co. may, after giving seven (7) days’ written notice to Client, suspend Services under this Agreement, with impunity and without liability, until Client has satisfied Client’s obligations under this Agreement, and an equitable adjustment to schedule and price has been mutually agreed to through a change order.

7.3 Upon at least thirty (30) days’ written notice, Client may terminate this Agreement for Client’s convenience. If so terminated, Client shall pay 1898 & Co. all amounts due 1898 & Co. for all Services rendered and expenses incurred pursuant to Section 7.5.

7.4 Either Party may terminate this Agreement for the other’s material breach by written notice specifying in detail the nature of the breach, effective in thirty (30) days unless the other party first cures such breach. However, termination for breach will become effective immediately upon such notice, without opportunity to cure, if the breach cannot be remedied by performance after notice of termination. Failure on the part of Client to make payments to 1898 & Co. when due shall be considered substantial nonperformance and cause for termination.

7.5 In the event of premature termination of the Agreement by Client and through no fault of 1898 & Co., including termination pursuant to Section 7.3, 1898 & Co. shall be entitled to (a) recover all reasonable costs and expenses incurred to date of termination, plus all reasonable costs incurred by 1898 & Co. in terminating the Services; (b) recover reasonable costs attributable to unavoidable down time in the reassignment of Project staff; (c) termination penalties/expenses related to third parties retained by 1898 & Co. in regard to its obligations under this contract; and (d) a termination amount of 15 percent of the remaining portion of the total compensation (or estimated compensation) agreed to herein or by separate authorization to cover lost profits, damages, and lost opportunity costs which cannot otherwise be accurately calculated.

SECTION 8 – DISPUTE RESOLUTION

8.1 If a dispute arises relating to the performance of the services to be provided and, should that dispute result in arbitration or enforced through litigation, it is agreed that the substantially prevailing party (as determined in equity by the court) shall be entitled to recover all reasonable costs of litigation, including staff time, court costs, attorney’s fees and other related expenses.

8.2 The parties shall participate in good faith negotiations to resolve any and all disputes. Should negotiations fail, the parties agree to submit to and participate in a third party-facilitated mediation as a condition precedent to resolution by litigation. Unless otherwise agreed to, mediation shall be conducted under the rules of the American Arbitration Association and shall be held in Kansas City, Missouri.

8.3 If the parties are unable to resolve their dispute after at least one session of mediation, then any claim, dispute or other matter in question arising out of or related to this Agreement (including disputes involving an officer, director or employee of either party), whether in contract or

in tort, shall be subject to arbitration in accordance with the Arbitration Rules of the American Arbitration Association then in effect. The demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. Any legal action necessary to compel, confirm, vacate, enforce, modify or otherwise affect the mediation or arbitration shall be filed in state or federal courts in the State of Missouri and each party expressly consents to jurisdiction therein.

8.4 Causes of action between the parties shall accrue, and applicable statutes of limitation shall commence to run the date 1898 & Co.’s services are substantially complete.

SECTION 9 – GENERAL

9.1 *Use of 1898 & Co. Intellectual Property.* All deliverables prepared or furnished by 1898 & Co. (and 1898 & Co.’s independent professional associates and consultants) pursuant to this Agreement are instruments of service which contain 1898 & Co. intellectual property and 1898 & Co. shall have the ownership and property interest therein whether or not the Project is completed. Client may make and retain copies for information and reference in connection with the use and occupancy of the Project by Client and others; however, such documents or intellectual property are not intended or represented to be suitable for reuse by Client or others on extensions of the Project or on any other project. Client shall not disclose or disseminate any 1898 & Co. intellectual property without prior written authorization by 1898 & Co. Any reuse, modification, or completion by others without written verification or adaptation by 1898 & Co. for the specific purpose intended will be at Client’s sole risk and without liability or legal exposure to 1898 & Co., or to 1898 & Co.’s independent professional associates or consultants, and Client shall indemnify, defend, and hold harmless 1898 & Co. and 1898 & Co.’s independent professional associates and consultants from and against all claims, damages, losses, and expenses, including attorneys’ fees arising out of or resulting therefrom. Any such verification or adaptation will entitle 1898 & Co. to further compensation at rates to be agreed upon by Client and 1898 & Co.

9.2 *Rights and Benefits.* 1898 & Co.’s services will be performed solely for the benefit of the Client and not for the benefit of any other entities.

9.3 *Successor and Assigns.* Client and 1898 & Co. each binds itself and its successors, executors, administrators, and assigns to the other party of this Agreement and to the successors, executors, administrators, and assigns of such other party, in respect to all covenants of this Agreement; except as above, neither Client nor 1898 & Co. shall assign, sublet, or transfer its interest in the Agreement without the written consent of the other.

9.4 *Controlling Law.* This Agreement shall be subject to, interpreted, and enforced according to the laws of the State of Missouri without regard to any conflicts of law provisions.

9.5 *Entire Agreement.* This Agreement represents the entire Agreement between 1898 & Co. and Client relative to the Scope of Services herein. All previous or contemporaneous agreements, representations, promises, and conditions relating to 1898 & Co.’s services described herein are superseded. Since terms contained in purchase orders do not generally apply to professional services, in the event Client issues to 1898 & Co. a purchase order, no preprinted terms thereon shall become a part of this Agreement. Said purchase order document, whether or not signed by 1898 & Co., shall be considered as a document for the Client’s internal management of its operations.

9.6 *Labor Sources.* 1898 & Co. may engage or obtain assistance from its affiliates and subsidiaries including, without limitation, Burns & McDonnell Canada Ltd., Burns & McDonnell Global, Inc., Burns & McDonnell Western Enterprises, Inc., and Burns & McDonnell India Pvt. Ltd. (“Labor Sources”) to fulfill performance obligations of 1898 & Co. under this Agreement. The Parties agree that contracts, purchase orders, or similar agreements between 1898 & Co. and any Labor Sources are not subcontracts and persons from such Labor Sources shall be billed to Client according to the rate sheet / billing rate defined for the applicable contract, purchase order, or similar agreement. Personnel from Labor Sources shall be considered agents of 1898 & Co. and able to act on behalf of 1898 & Co. within the scope of the authority granted such personnel according to job function and billing classification.

9.7 *Conditions.* Any conditions, qualifications, or disclaimers placed on 1898 & Co.’s deliverables by 1898 & Co. state the assumptions and constraints for which the deliverables may be used or relied upon. Such conditions, qualifications, or disclaimers shall remain and may not be removed from the deliverables.