



January 16, 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,

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

1898 & Co. proposes that all services will be performed under the amended masters services agreement between Burns & McDonnell Engineering Inc. and the City.

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. 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