

STAFF REPORT REGULAR MEETING

AGENDA DATE: February 24, 2026

DEPARTMENT: Electric Utility

TITLE:

Professional Services Agreement with NAES Corporation for NERC Compliance Support Services.

SUMMARY:

The Professional Services Agreement authorizes NAES Corporation to provide federal regulatory compliance support services related to the North American Electric Reliability Corporation (NERC) standards for the City's Electric Utility. The agreement is for a three-year term with two optional one-year renewals.

BACKGROUND AND JUSTIFICATION:

The City issued Request for Proposal (RFP) # 26-201 to solicit qualified firms to provide regulatory compliance support services to ensure the City maintains current procedures, policies, and staff training required to meet federal standards promulgated and enforced by the North American Electric Reliability Corporation (NERC).

NERC has jurisdiction over the nation's high-voltage electric transmission system. The City's Electric Utility owns and operates facilities subject to NERC oversight and must maintain compliance to avoid regulatory violations, financial penalties, and operational risk.

Nine firms submitted proposals in response to the RFP. Following evaluations conducted by the evaluation committee, NAES Corporation was determined to be the highest-ranked, responsive, and responsible proposer based on experience, qualifications, and demonstrated expertise in NERC compliance.

NAES Corporation is a recognized leader in NERC compliance services and has completed more than 200 compliance projects, including over 190 successful NERC audits. Their team includes former regional auditors and industry subject-matter experts. Services provided by NAES include compliance program development, gap analysis, staff training, audit preparation, and ongoing compliance oversight for Generator Owner (GO), Generator Operator (GOP), Transmission Owner (TO), Transmission Operator (TOP), and Distribution Provider (DP) registrations.

NAES Corporation has provided NERC compliance support services to the City's Electric Utility since 2017. During that time, NAES has assisted with multiple successful NERC audits with no findings and recently supported the City's Transmission Operator (TOP) registration for a second transmission line. Their continued support will ensure the City maintains up-to-date compliance with evolving NERC standards throughout the term of the agreement.

MOTION:

Move to approve/disapprove a Professional Services Agreement with NAES Corporation for North American Electric Reliability Corporation (NERC) compliance support services in an amount not to exceed \$75,000 annually for Fiscal Year 2026, with a 3% CPI adjustment effective January 1 for Fiscal Years 2027 through 2029.

ATTACHMENT(S):

Fiscal Impact Analysis
Professional Services Agreement with NAES for NERC Support Services
RFP 26-201 Evaluation Matrix

FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact:

Fiscal Year 2026 and Fiscal Year 2029 costs reflect partial-year expenditures based on the anticipated contract start and end dates.

Fiscal Years	2026	2027	2028	2029	2030
Inflows/Revenues					
Appropriated (Budgeted)	0	0	0	0	0
Program Income	0	0	0	0	0
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
Outflows/Expenditures					
Appropriated (Budgeted)	\$37,500		0		
Operating	0	\$79,188	\$81,489	\$83,858	0
Capital	0	0	0	0	0
Net Fiscal Impact (If not budgeted)	0	0	0	0	0
No. of Addn'l Full-Time Employee Positions	0	0	0	0	0

Contract Award - Existing Appropriation (Budgeted)	
	Expenditure
Department	Electric Utility
Division	System Operations
GL Description	Professional Services
GL Account Number	401-6033-531.31-90
Project Number	N/A
Requested Funds	\$37,500
Remaining Balance	\$281,180.00
Source of Revenue (i.e. Paygo. Current Revenue, Bond Money, Grants, etc.)	Current Revenues