

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

50811

Agenda Number

19.

Meeting Date:

October 15, 2015

Department:

Purchasing

Subject

Authorize negotiation and execution of a contract with HERRERA & BOYLE, PLLC, or another qualified offeror to Request for Qualification Statement LAG0501, for impartial hearing examiner services for Austin Energy's 2016 cost of service and rate review in an amount not to exceed \$350,000.

Amount and Source of Funding

Funding in the amount of \$350,000 is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing
Language:

Best evaluated response.

Prior Council
Action:For More
Information:

Leslie Giannattasio, Senior Buyer, 512-322-6583

Boards and
Commission
Action:

September 21, 2015 - Unanimously approved by the Electric Utility Commission on a vote of 11-0.

Related Items:

MBE / WBE:

This contract will be awarded in compliance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

Additional Backup Information

As part of the multi-step process that will be used to review Austin Energy's cost of service and rate design, Austin Energy requests authority to engage an Impartial Hearing Examiner to assist the City Council in establishing fair and balanced rates. At the direction of Council, the Impartial Hearing Examiner will oversee the technical, public process that studies Austin Energy's recommended changes to its cost of service study and rate design. Operating within the public policy framework established by the Council and city and state law, and considering relevant facts offered by the utility and members of the community, the Impartial Hearing Examiner will make an independent recommendation to Council regarding Austin Energy's proposed rate design.

The Impartial Hearing Examiner will work in two distinct phases. In Phase I, the Impartial Hearing Examiner will:

- Review city policies, resolutions, and ordinances related to Austin Energy and its operations;
- Review state and legal precedents regarding electric utilities, in general, and municipally owned utilities operating in the Electric Reliability Council of Texas region;
- Help establish procedural rules and a timeline for the public process; and
- Brief the Electric Utility Commission and the Austin Energy Utility Oversight Committee on key ratemaking principles, the rate review process, and opportunities for public participation.

During Phase II, the Impartial Hearing Examiner will:

- Conduct pre-hearing conferences with interested parties to review the procedural rules and timeline;
- Receive written arguments and evidence, and convene hearings to take oral arguments and evidence from interested parties that address issues identified in the scope of the hearings;
- Prepare reports and recommendations to Council based on evidence and testimony provided during the proceedings; and
- Present its final recommendations to the Austin Energy Utility Oversight Committee.

Throughout the entire review process, Council will maintain the exclusive authority to set rates. The Impartial Hearing Examiner's recommendations will provide Council with objective, independent, and expert advice and will help consolidate myriad opinions into a cogent report geared to facilitating Council's decision making process.

An evaluation team with expertise in this area evaluated the responses and rated this response as the best to provide these services. Evaluation criteria used to evaluate the proposals include demonstrated applicable experience, personnel qualifications, writing sample and approach to the work.

Austin Energy anticipates engaging the Impartial Hearing Examiner services by November 1, 2015. Phase I work is expected to run from November 1 through December 31, 2015. Phase II is expected to run from January 1 to July 31, 2016.

MBE/WBE solicited: 5/0

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. 156 notices were sent including five MBEs and there are no known WBEs for this commodity code. Three responses were received with no response from the MBEs.

APPROVAL JUSTIFICATION

- a. Best evaluated response.
- b. The Purchasing Office recommends contract award consistent with the evaluation committee.
- c. Advertised on the Internet.