



Date: August 25, 2022

Addendum #: 1

Project Name: Financial Forecast, Cost of Service Study and Rate Design

Bid Due Date: Friday September 2, 2022, at 10:00AM EST

This addendum provides clarifications related to this RFP:

General

- Do you have a budget range or ceiling in mind for this work (Tasks 1 to 5)? That would help us get an idea of the scale of support required.

The amount budgeted was \$40,000.

Task 1. Financial Forecast

- Is TCL&P's Financial Forecast performed within a spreadsheet platform?

Microsoft Excel

- Does the Financial Forecast yield projections of financial statements, balance sheets and income statements?

Income statement with a forecasted cash and investment balance compared to minimum cash reserve balance

- For the Financial Forecast Review, will TCL&P make available historical data for key forecast drivers?

Yes, that can be made available.

- Will TCL&P make available the expected supply quantities (MWh) and cost expenditures of its renewable resource plans?

Yes, TCL&P has a separate download in excel from Michigan Public Power Agency that details out the purchase power portfolio.

Task 2. Cost of Service

- We have a COS model template that we customize for clients in need of a model. Do you have a model that you prefer that we use?

No, it is expected the model will be provided by the consultant.



- What does “No other major changes or revisions will be made to the cost of service model” mean? Are you simply stating that you contemplate no COS methodology changes from your current model?

TCL&P will not change or revise the model provided by the consultant.

- The bullet 2.3.a.i refers to rate design models. Does TCL&P have an existing rate design model or do we need to customize one of ours for this project?

The consultant will have to provide the rate design model.

Task 3. Rate Design

- Again, please clarify who develops the rate design models. We assume that, whatever model is used, we will collaborate with your team in exploring alternative pricing configurations (customer, energy, demand prices) plus perhaps modest rate structure changes, to yield revenue neutral pricing alternatives.

The consultant develops the rate design models.

- The bullet 3.1.c states that we will use the 2017 rate design models to plan for price configuration movements. Are these the models that the RFP refers to in the text above?

It is expected the current rates that were developed by the rate design in 2017 will be used as a starting point for the rate design.

Task4. Reporting

- Sections 4.2 and 4.3 refer to a final presentation. Is this presentation to be developed by the consultant or by TCL&P with our review? Do we deliver it?

The presentation shall be developed by the consultant. It is expected the consultant will deliver the presentation to the Board with assistance from staff.

Task 5. Final Meeting

- The RFP states that all meetings will be virtual. (P. 3) Is in-person attendance requested for this final meeting? Would you prefer that this be offered as an option to virtual attendance?

The consultant will attend the board presentation on March 14, 2023.



Innovative Rate Design Budget (P. 15)

- You state that each of the innovative rates should be budgeted to include modeling, rate design, and implementation. Do you assume that all these tasks will be performed by the consultant rather than in collaboration with the TCL&P staff or do you envision a specific level of collaboration?

TCL&P envisions a specific level of collaboration. It is important for staff to understand the complete development of these rates and believes the best way to do this is to be part of the process.

- More generally, implementation can include assessment of internal billing and data management support capability, customer interaction to learn preferences, capability to develop marginal costs, etc. The consulting support costs of implementation can vary considerably by rate and a utility's current capabilities. Does it make sense to exclude these from the budgeting process for the moment or should we be in contact with you to learn more about what you need before preparing a budget estimate for each activity?
 - Our suggestion is that we prepare a “ballpark” estimate for qualitative analysis (considering design alternatives in light of utility and customer needs) and basic quantitative analysis (perhaps bill impacts for a varied and representative sample of customers to judge variation in bill impacts by customer size, load factor, seasonality, and standard rate of origin). (We are experts in price response analysis and customer product choice analysis as well but suggest excluding this from the budget for the moment.)

Yes, please exclude these items described above at this time. If this support is warranted additional scope of work will be created.