

ADDENDUM No. 1

RFP No. 25-44

Cost of Service and Rate Development for the Ann Arbor SEU

Due: October 9, 2025 by 2:00 P.M. (local time)

The information contained herein shall take precedence over the original documents and all previous addenda (if any) and is appended thereto. **This Addendum includes two (2) pages.**

The Proposer is to acknowledge receipt of this Addendum No. 1, including all attachments in its Proposal by so indicating in the proposal that the addendum has been received. Proposals submitted without acknowledgement of receipt of this addendum may be considered non-conforming.

The following forms provided within the RFP Document should be included in submitted proposal:

- **Attachment A – Legal Status of Offeror**
- **Attachment B – City of Ann Arbor Non-Discrimination Declaration of Compliance**
- **Attachment C - City of Ann Arbor Living Wage Declaration of Compliance**
- **Attachment D - Vendor Conflict of Interest Disclosure Form of the RFP Document**

Proposals that fail to provide these completed forms listed above upon proposal opening may be rejected as non-responsive and may not be considered for award.

I. QUESTIONS AND ANSWERS

The following Questions have been received by the City. Responses are being provided in accordance with the terms of the RFP. Respondents are directed to take note in its review of the documents of the following questions and City responses as they affect work or details in other areas not specifically referenced here.

Question 1: Financial Model Format - Can the City clarify what non-proprietary software applications are acceptable for the financial and cost-of-service models? Is Excel sufficient, or are there preferred platforms?

Answer 1: Excel is sufficient if the consultant believes it is appropriately suited to handling the needs of a cost of service model and ratemaking. If the consultant is aware of and wishes to propose other tools, the City is very open to hearing about those.

Question 2: Scenario Development - Will the City provide specific assumptions or data inputs for the 2–3 scenarios to be modeled, or should the consultant propose these based on industry standards?

Answer 2: The high-level scenarios will be developed in consultation with the City, and the City will be able to provide some but not all necessary data points. The consultant should plan to fill in some gaps in assumptions and data based on industry standards.

Question 3: **Customer Data Access** - Will the City provide anonymized or detailed customer data (e.g., energy usage, system specs) for the rate modeling, especially for existing solar asset owners?

Answer 3: The City may be able to provide system specs for existing solar assets that may be purchased by the SEU (under nondisclosure agreement and with permission from the current owners). For solar and other assets to be built, the consultant will need to estimate customer demand and/or system production based on industry and, where possible, local publicly available data.

Question 4: **Tariff Design Scope** - Should the consultant include rate design for all listed offerings (solar, solar + storage, standalone storage, geothermal), or will the City narrow the scope during Phase I?

Answer 4: Please include rate design for each of the listed offerings (solar, solar + storage, standalone storage, and geothermal). It's possible the City will narrow the scope during Phase I. In the separate fee proposal, please break out the fees for designing rates for each of these four offerings as best as possible.

Question 5: **Forecasts** - Does the City have existing forecasts for energy usage, customer adoption rates, or population growth that can be used to inform the SEU's financial and rate modeling? Or should the consultant plan to develop these forecasts independently?

Answer 5: The City can provide forecasts for energy usage, customer adoption, and population growth.

Question 6: **Procurement Strategy** -

a. Will the City consider the procurement of Renewable Energy Credits (RECs) to meet any residual compliance needs for the SEU's 100% renewable energy commitment? If so, should the consultant include REC procurement strategies and associated costs in the financial and rate modeling?

b. Will the selected consultant be involved in the procurement of energy resources (e.g., solar, geothermal, storage) or in drafting or advising on RFPs for infrastructure development related to SEU service offerings?

Answer 6: a. The City does not intend to procure RECs, nor to sell them. The SEU's 100% renewable energy commitment simply means that all energy the SEU provides is from 100% renewable energy. We do not anticipate meeting 100% of customers' energy needs, as our offerings are supplemental to their IOU service.

b. The consultant will not be expected to create RFPs or otherwise be involved in the procurement of energy resources or infrastructure for the SEU.

Question 7: **Retainer Costs** - Should the fee proposal include estimated costs for Phase III retainer support (2026–2029), based on the anticipated 10 hours per month? Or will this be negotiated separately at a later date?

Answer 7: Yes, please include retainer costs for Phase III based on the anticipated 10 hours per month.

Offerors are responsible for any conclusions that they may draw from the information contained in the Addendum.