

Proposal in Response to:
RFP No. 25-44 – Cost of Service and
Rate Development for the Ann Arbor SEU

Prepared for:

**City of Ann Arbor
Procurement Unit
301 E. Huron Street
Ann Arbor, MI 48104**

October 9, 2025

Prepared by:

EXETER

ASSOCIATES, INC.



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1.0 INTRODUCTION

Exeter Associates and Ricardo are pleased to submit this proposal to serve as strategic advisors to the City of Ann Arbor for the development of cost-of-service studies and rate structures for the Ann Arbor Sustainable Energy Utility. We are excited to present this proposal and look forward to discussing the opportunity to work with the City of Ann Arbor as it undertakes this groundbreaking initiative to provide 100% renewable energy through a community-owned utility model.

1.1 Our Understanding of the Project

Exeter Associates and Ricardo understand that the Ann Arbor SEU project will begin by focusing on large energy consumers, municipal buildings, and expand to include residential customers in pursuit of reaching the +/-430MW generation goal. The city will provide data inputs and forecasts, but consultants are expected to supplement gaps using the industry standards and local public data. Rate design is required for offerings including solar, solar + storage, standalone storage, and geothermal, with fees broken out accordingly. The goal of this project is to develop a robust cost of service and rate framework that supports the city's commitment to 100% renewable energy. Success will be measured by creation of transparent, data-driven rate structures that enable the SEU to serve energy consumers across multiple segments will doing so in a sustainable and equitable way.

1.2 Location of Services

Exeter is a Maryland corporation with its principal office located at:

10480 Little Patuxent Parkway, Suite 300
Columbia, Maryland 21044
Telephone: (410) 992-7500
Fax: (410) 992-3445

All work will be conducted either from this location or the home office of Mr. Larkin-Connolly in Worcester, MA.

Exeter will be subcontracting Ricardo to support with the delivery of this assignment. Ricardo is a global company with many offices around the world. One of its many offices is in Michigan:

Ricardo LLC
Detroit Technical Center
40000 Ricardo Drive
Van Buren Township, MI 48111-1641

Ricardo will tap into its experts based around the world for this assignment: one expert based in the U.S., and the rest based in the UK, Spain, and India.

1.3 Authorized Negotiator (Section E)

This proposal has been prepared under the supervision of Mr. Matthew T. Hoyt. Mr. Hoyt is a Principal and Vice President at Exeter. He is the authorized negotiator and point of contact for the Exeter-Ricardo team. For any questions, please contact Mr. Hoyt at mhoyt@exeterassociates.com or (443)-370-2339.

1.4 Overview of this Proposal

This proposal is organized to respond to the City's requirements as outlined in RFP No. 25-44:

- Section 2.0 Professional Qualifications describes our firms, project organizational structure, and the qualifications and experience of our proposed project team members who will deliver the services requested in this RFP.
- Section 3.0 Past Involvement with Similar Projects provides project references demonstrating Exeter's and Ricardo's experience with cost-of-service studies, rate design, tariff development, and regulatory advisory services for utilities and public agencies.
- Section 4.0 Work Plan presents our technical approach and methodology for all three project phases and eight workstreams, including our proposed timeline, key milestones, deliverables, and working assumptions.
- Section 5.0 Fee Proposal (submitted separately in a sealed envelope) provides detailed pricing by task for workstreams 1-8 as requested in the RFP.
- Section 6.0 Authorized Negotiator identifies our primary point of contact and authorized representative for contract negotiations.
- Appendices A through E include all required RFP compliance forms and resumes of our proposed project team members.

2.0 PROFESSIONAL QUALIFICATIONS (SECTION A)

Our teaming arrangement brings together Exeter's deep expertise in utility regulation, rate design, and cost-of-service analysis with Ricardo's technical knowledge of renewable energy systems, battery storage, and international utility tariff development—creating a partnership uniquely suited to support the SEU's innovative business model. This section provides a description of our firms (2.1) and our proposed project team members that would be available for this assignment (2.2)

2.1 Description of Our Firms

About Exeter

Exeter is a leading energy, economics and regulatory consulting firm providing economic and financial consulting services in the areas of public utility regulation, energy and antitrust economics. The firm has been in business for over 44 years, beginning operations on July 1, 1981, and maintains

the highest standards in the application of economic and financial analysis to both quantitative and policy issues in the electric, natural gas and other industries.

Exeter provides support services to its clients in proceedings before the Federal Energy Regulatory Commission (FERC), other federal regulatory agencies, state public service commissions and consumer advocates, the federal courts and state legislative hearings. Our team has provided consulting services and prepared testimony, reports and studies addressing policy issues facing states, regions and the U.S. Exeter currently advises several state utility commissions, state utility commission staffs and state offices of consumer advocate on electric, natural gas, and potable water and wastewater matters that include procurement planning, policy review, revenue requirement, cost allocation and rate design issues. Exeter also aids the U.S. Department of Energy and the U.S. Department of Defense that encompasses matters relevant to energy resource solicitation, procurement, and development in the jurisdictions containing their respective facilities. More generally, Exeter is fully involved in all regulatory aspects of electric, natural gas and water/wastewater utilities. Exeter's work encompasses energy procurement, full revenue requirement analyses, average and marginal cost-of-service studies, fuel cost recovery, restructuring utility markets, energy procurement audits, alternative ratemaking programs and price mitigation strategies.

About Ricardo

Ricardo is an independent public company that was formed in 1915 and works across eight key market sectors. Ricardo has a large global presence with a talented team of around 3,000 employees located in 23 countries, including in Michigan, U.S. Our global team is composed of consultants, environmental specialists, engineers, and scientists delivering innovative and cross-sector sustainable solutions that help our clients to create a safe and sustainable world. We deliver innovative and sustainable cross-sector solutions that help our customers to create a cleaner and safer future.

Ricardo works internationally across seven discipline areas (Rail, Water, Digital Modeling, Policy & Strategy & Economics, Air Quality & Environment, Sustainability, and Energy Infrastructure Transition). This is supported by strong cross-functional teams specializing in data management, IT solutions, and economics.

For this assignment, Ricardo will tap into its deep in-house expertise in solar PV, battery energy storage systems (BESS), Distributed Energy Resources (DER), rate design, and cost of service studies in our Energy Infrastructure Transition practice and experts across the US, UK, Spain, and India. This practice has established an enviable track record for advising governments, international agencies, and blue-chip private clients, working in over 90 countries around the world in nearly 2,000 projects in the past 15 years. The Energy team comprises senior energy sector professionals, and its senior staff have an average of more than 30 years' experience in the energy sector.

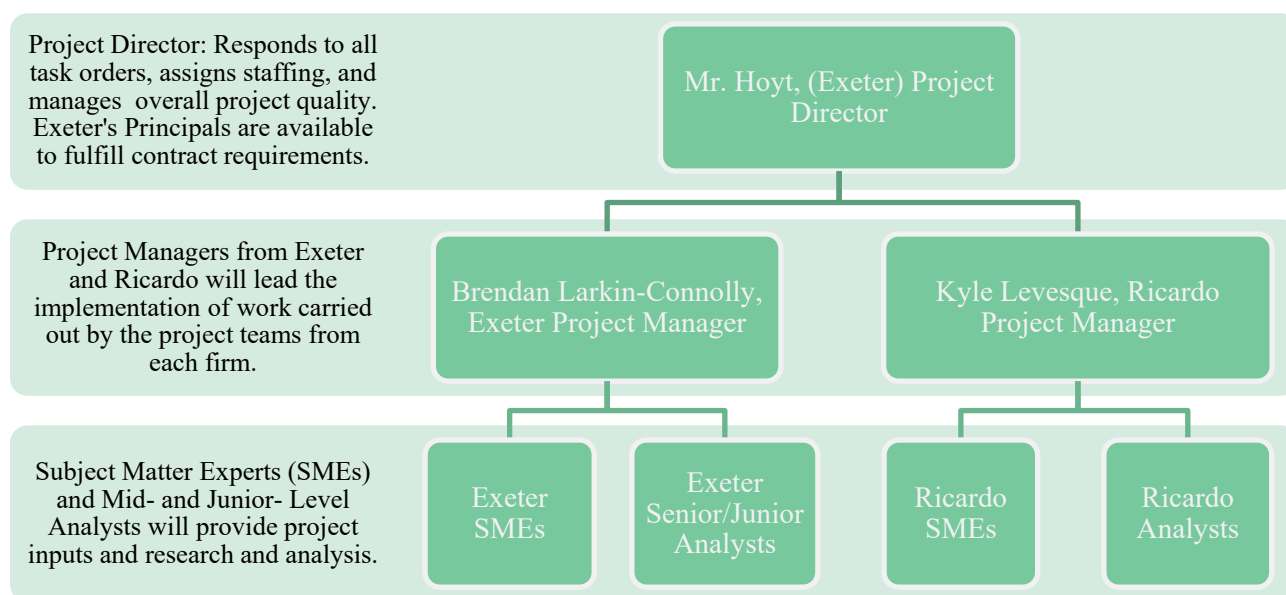
The strength of Ricardo is our ability to combine strategic/policy, financial/economic, and technical advice as an integrated consultancy service and deliver against tight budget and program targets. Underpinning the technical support that we provide are well-developed organizational structures,

systems, and processes to ensure that we provide effective and high-quality services to our customers. With Ricardo’s extensive global experience in managing complex energy projects, conducting cost of service studies, and retail tariff reviews, coupled with our network and engineering expertise, our team is well-suited to meet the assignment’s requirements.

2.2 Project Structure and Lead Personnel

This project will be managed according to Exeter’s standard organizational structure, ensuring both administrative oversight and technical excellence. Each engagement undertaken by Exeter becomes the direct responsibility of one of our principals, with the director of each project responsible directly to the Board of Directors, which comprises all the principals.

FIGURE 1: PROJECT ORGANIZATIONAL CHART



2.3 Project Team Experience

One of the advantages of the Exeter-Ricardo teaming arrangement is that our firms have a full complement of experts who would be available to address a wide range of financial, economic, and technical issues. Below we provide short bios of the team members available for this assignment.

Matthew T. Hoyt | Exeter Associates | Project Director

Mr. Hoyt is a Principal and Vice President at Exeter with over a decade of experience in the energy industry, including specialized expertise in DER integration, utility infrastructure citing and evaluation, and state regulatory proceedings. At Exeter, Mr. Hoyt reviews, analyzes, and testifies on behalf of clients on issues including competitive retail and wholesale electricity markets; distributed generation interconnection; utility infrastructure investment; energy efficiency and demand response; energy supply acquisition; utility billing and rates; residential electrification; and state electricity policy design, implementation, and evaluation.

Mr. Hoyt has extensive experience with distributed energy resource participation in wholesale markets and utility infrastructure economics. In 2023-2024, he provided expert testimony before the Maryland Public Service Commission regarding electric vehicle school bus pilot programs for both Baltimore Gas & Electric and Potomac Edison, addressing statutory compliance, economic impacts, cost allocation, and utility rate-setting approaches for battery resources providing grid services in PJM. He has conducted comprehensive evaluations of resource adequacy constructs in organized wholesale markets for the Consumer Advocates of PJM States and regularly monitors wholesale market proceedings, interconnection queue issues, and transmission cost allocation methodologies. His work includes utility management and performance audits on behalf of state regulatory staff, evaluating utility compliance, economic impacts, and rate-setting approaches for major investor-owned utilities.

As a key contributor to Exeter's Maryland Power Plant Research Program contract, Mr. Hoyt has supported Certificate of Public Convenience and Necessity (CPCN) proceedings involving major transmission infrastructure projects, including the ongoing Brandon Shores Retirement Mitigation Project. He served as lead author of Maryland's comprehensive 100% Renewable Portfolio Standard study, analyzing grid integration challenges, cost allocation impacts, and infrastructure investment requirements for achieving aggressive clean energy targets. Mr. Hoyt has also conducted battery energy storage assessments for multiple states, examining safety, siting, economic considerations, and grid integration requirements.

Mr. Hoyt holds an M.P.A. from The Ohio State University and B.A.'s in Government and English from Georgetown University.

Brendan Larkin-Connolly | Exeter Associates | Project Manager

Brendan Larkin-Connolly is a regulatory economist and Managing Consultant at Exeter Associates, bringing over 15 years of utility regulation experience with particular expertise in rate design, cost of service studies, and tariff development. His work spans both U.S. regulatory proceedings and international utility advisory projects, with a consistent focus on developing fair, equitable rate structures that balance revenue requirements with customer affordability. Notably, he recently completed a study for the Citizens Utility Board of Michigan analyzing the long-term rate impacts of gas utility capital investments.¹

His rate design and tariff development experience includes cost-of-service studies and rate structure design for utilities across multiple sectors. While at DHInfrastructure, he led tariff reform initiatives internationally, including development of Nauru's first cost-reflective electricity tariff framework, cost allocation and rate design work for utilities in Armenia, Sierra Leone, Tanzania, and the Kyrgyz Republic, and training regulatory authorities on Excel-based tariff setting methodologies through NARUC partnership programs. These projects required translating complex cost structures

¹ <https://cubofmichigan.org/reports/investor-owned-utility-gas-distribution-capital-expenditure/>

into workable rate designs that met diverse stakeholder needs—skills directly applicable to establishing the SEU's initial service offerings.

In U.S. regulatory proceedings, Mr. Larkin-Connolly has presented expert testimony in over 25 state-level cases on rate design, cost allocation, revenue requirements, and capital cost recovery mechanisms. His testimony has addressed cost allocation and class cost of service studies (ACOSS), rate design for residential, commercial, and industrial classes, low-income discount programs, and tracker mechanism proposals. His recent work has increasingly focused on the intersection of utility regulation and energy transition, including analysis of how infrastructure investment decisions align with decarbonization objectives.

Dr. Serhan Ogur | Exeter Associates | Electricity Market and Competitive Procurement Expert

Exeter's proposed Project Manager/Team Lead/Primary Point of Contact is Serhan Ogur, Ph.D. Dr. Ogur is a Senior Economist and Principal at Exeter and has managed Exeter's prior work with DLA Energy since 2019 and has provided support in various forms to DLA Energy since 2015. Dr. Ogur has worked on similar types of issues for the Air Force. Dr. Ogur has also contributed to numerous efforts related to power supply and PPAs for the DOE, including DOE's Portsmouth Site, Brookhaven National Laboratory, Argonne National Laboratory, Sandia National Laboratories, Nevada National Security Site, and DOE's California national laboratories. Dr. Ogur has 23 years of experience in addressing electric power supply and related issues, has provided expert witness testimony before numerous state regulatory bodies (competition, market issues, default electric service, and public utility mergers & acquisitions), and has conducted numerous briefings for civilian and military personnel.

Felipe A. Salcedo | Exeter Associates | Cost of Service & Rate Design Expert

Mr. Salcedo is a Senior Economist and Principal at Exeter. He has 18 years of experience providing a full range of financial, rate management, and economic consulting services to utilities, federal, and local governments. Mr. Salcedo has provided consulting services in the areas of electricity, natural gas, potable water, wastewater, stormwater, and solid waste utilities. At Exeter, Mr. Salcedo has reviewed, analyzed, and actively participated in dozens of utility rate filings, and provides expert testimony in litigated proceedings before state public utility commissions. Additionally, Mr. Salcedo provides technical advisory services for the evaluation of rates across all utility industry sectors with both regulated and unregulated utilities.

Taylor A. Carretta | Exeter Associates | Senior Analyst

Mr. Carretta is a Senior Analyst at Exeter with seven years of experience in the utility industry. At Exeter, Mr. Carretta provides natural gas and electricity market analysis, invoice & rate cost assessments, conducts forward energy market forecasts, and supports clients in complex utility service and rate cost analysis. Recent projects that Mr. Carretta has provided support for include: a multi-year review of demand-side management and procurement opportunities at various U.S. Air Force bases; a comprehensive evaluation of opportunities to optimize the Air Force's utility procurement practices and policies; and an assessment of resource adequacy constructs in organized wholesale markets. In addition to these projects, Mr. Carretta provides insights into forward commodity markets and builds forecasts for various budgeting purposes.

Makayla Bowen-Longino | Exeter Associates | Analyst

Ms. Bowen-Longino is a Research Assistant at Exeter who assists senior staff with regulatory analysis and utility proceedings. As part of Exeter's ongoing work with the AGO in the 25-GREC proceedings, Ms. Bowen-Longino was the lead analyst for the reviews of the filings made by Unitil in D.P.U. 25-GREC-01 and Liberty Gas in D.P.U. 25-GREC-04. She also supported the preparation of testimony in all six 25-GREC proceedings. Her other recent work includes monitoring for and providing analysis of rate cases, utility audits, and other regulatory filings. Ms. Bowen-Longino holds a B.S. in Environmental Science and Policy from the University of Maryland.

Alex Dominguez | Exeter Associates | Analyst

Mr. Dominguez is a Research Assistant at Exeter who provides analytical support for regulatory proceedings with strong skills in finance and data analysis. At Exeter, Mr. Dominguez supports senior staff with financial research and modeling, including work on utility-scale battery energy storage systems for the Indiana Office of Energy Development, financial due diligence for FirstEnergy Corporation subsidiary cases, and bill validation for the U.S. Air Force and U.S. Army. He has also contributed to Maryland's Certification of Public Convenience and Necessity proceedings and assisted in modeling efforts for time-of-use research on behalf of the Maine Public Utilities Commission. As part of Exeter's ongoing work with the AGO in the 25-GREC proceedings, Mr. Dominguez was the lead analyst for the reviews of the filings made by Berkshire Gas in D.P.U. 25-GREC-02 and National Grid in D.P.U. 25-GREC-03. He also supported the preparation of testimony filed by Mr. Larkin-Connolly in all six 25-GREC proceedings.

His analytical skills and attention to detail in financial analysis support the comprehensive review and data analysis required for the review of the CIP filings. Mr. Dominguez holds an M.S. in Finance from Johns Hopkins University and a B.A. in Data Science and Economics (Honors) from Goucher College.

Error! Reference source not found.**Thomas Amram | Ricardo | Regulatory and Rate Design Expert | UK**

Thomas Amram is the Head of Power at Ricardo, with over 14 years of experience in cost-of-service studies, integrated resource planning studies, regulation studies, wheeling framework studies, and economic/financial analysis for power generation and transmission projects for utilities, private companies, and regulators.

Thomas played a key role in the successful delivery of over 60 projects, spanning more than 30 countries across all five continents, and served as Project Manager and/or Team Leader on numerous occasions.

Kyle Levesque | Ricardo | North America Energy Infrastructure Lead | US

Kyle is the North America Energy Infrastructure Lead in Ricardo, a seasoned engineering consultant with deep experience in renewable energy systems, including solar, battery energy storage systems (BESS), and electric vehicle (EV) charging infrastructure. He has led multidisciplinary teams,

developed financial models, and managed large-scale EPC projects. Kyle has served as a subject matter expert for LEED architectural firms and contributed to industry safety and quality standards.

At Ricardo, he leads strategic advisory and owner's engineering services focused on transportation electrification, municipal decarbonization, and industrial energy transition. He supports cities, cooperatives, and large-load users across North America in developing phased electrification strategies, integrating technologies such as CHP, heat pumps, and carbon capture. Kyle also contributes to business development, regulatory engagement, and digital tool creation to support Ricardo's growth in the energy transition space.

Olivia Carpenter-Lomax | Ricardo | Networks and Smart Grids Expert | UK

Olivia is a chartered power engineer with over 15 years' experience specializing in future power systems and solutions, including electricity networks and smart grids, energy system transition, future fuels, and clean energy infrastructure.

Within Ricardo, Olivia is Head of Clean Energy Infrastructure, helping energy users and utilities plan and implement energy transition. She leads the Future Energy Solutions delivery team, a team of approximately 40 engineers, economists, financial specialists, and experts in the fields of energy infrastructure, power, and future fuels. Olivia has contributed to and led many energy innovation projects, including project scoping, funding application, stakeholder collaboration, project implementation, management, and transition of project learning to business-as-usual operation.

Pablo Izaguirre | Ricardo | Financial Expert | Spain

Pablo Izaguirre is an Associate Director in Ricardo, with wide experience in regulatory and financial issues related to the sustainable development of the power and gas sectors. He is an Economist and holds a master's in industrial Organization and Markets.

For the last fourteen years, he has worked as an economic consultant on power markets, analysing the regulatory frameworks for regulated (transmission and distribution) and non-regulated activities (generation and supply). He has undertaken regulatory designs for the support of RES-power, network businesses, and the development of e-mobility.

Besides regulation and procurement, Pablo has been involved in tariff-setting processes for utilities in Sub-Saharan Africa and Latin America, developing the required financial projections and evaluating the expected effect on system sustainability.

Maria Nieto | Ricardo | Support Staff | UK

Maria is a Principal Consultant in Ricardo's Future Energy Solutions team. She has had a key role on energy planning projects in Ascension Island, Kenya, Ireland, and Bermuda, where she carried out technical, economic, and financial analysis and modelling to support the decarbonization of the power sector. Additionally, she has strong knowledge of electricity regulation, having had a key role in several projects in Bermuda and Uganda. The projects have consisted of recommending updates and amendments to different regulatory documents and supporting retail tariff reviews in Bermuda.

Previously, she worked at Aurora Energy Research in the Research and Publications department. During her time at Aurora, her main role was to use market models to forecast and investigate future

energy mix scenarios for Great Britain, with a key focus on renewable energy, while taking into consideration the implemented energy policy. Maria's MSc in Sustainable Energy Systems, in combination with her previous experience, provides her with expertise in sustainable energy technologies – covering technical, financial, and political aspects and challenges associated with their implementation. She also holds a BSc. in Chemical Engineering from The University of Texas at Austin.

Anaïs Mercier-Willmann | Ricardo | Support Staff | UK

Anaïs is a bilingual Analyst Consultant in Ricardo's Future Energy Systems team, with a strong technical foundation in electrical engineering and a growing portfolio of energy projects. Her experience spans energy systems modelling, regulatory analysis, and technical reporting. She has contributed to tariff designing, grid planning, renewable integration, and feasibility assessments across diverse contexts. She also contributes to data analysis, simulation, and the development of structured frameworks to inform policy and investment decisions. Her work spans multiple international locations, including Europe, Africa, and Bermuda, and different clients such as regulatory authorities, DNOs, private clients, and governments.

Lalit Solanki | Ricardo | Support Staff | India

Lalit brings his expertise as an Analyst Consultant to the forefront within Ricardo's Future Energy Solutions team. Since joining Ricardo, Lalit has supported various tasks and activities spanning power systems, renewable energy, and data modelling. He is adept at conducting techno-economic modelling for diverse renewable energy projects, energy storage initiatives, and green hydrogen plants. Through these endeavours, Lalit consistently garners invaluable insights into production dynamics across the lifespan of each project, contributing significantly to their success.

Daniela Rodas Balcazar | Ricardo | Support Staff | Spain

Daniela is an Industrial Engineer with over three years of experience in the energy sector, specializing in power distribution systems, smart grid networks, and infrastructure planning. She earned her bachelor's degree from Florida State University and began her career at Florida Power & Light, where she worked as a Distribution Engineer. In that role, she led the design and execution of hundreds of commercial and residential distribution projects, including high-impact initiatives involving multimillion-dollar investments. Her work required technical design, stakeholder coordination, and real-time project tracking, often under tight budget and field constraints. Daniela also contributed to grid optimization and the integration of low-carbon technologies through smart grid solutions. She holds a Master's degree in Industrial Organization and Business Management and currently supports strategic projects at Ricardo, including the retail tariff review in Bermuda and the FLEXMCS project focused on grid flexibility across Europe.

Vivek Aggarwal | Ricardo | Support Staff | India

Vivek Aggarwal is a dynamic and results-oriented Six-Sigma Green Belt-certified Senior professional with ~ 18 years of experience in the renewable energy and power sector, specializing in pre- and post-investment activities, project execution, and enabling frameworks for sustainable, resilient, and low-carbon technologies. Vivek has led global & cross-cultural teams to deliver policy reforms,

strategic planning, monitoring & evaluation, investment appraisals, and implementation of transformative initiatives across the power and renewable energy sectors.

3.0 PAST INVOLVEMENT WITH SIMILAR PROJECTS (SECTION B)

3.1 Exeter's Experience

Exeter Associates, Inc. brings over 40 years of specialized experience in utility regulation, cost-of-service analysis, and rate design to support the Ann Arbor Sustainable Energy Utility. Since our founding in 1981, Exeter has provided expert economic and financial consulting services to state utility commissions, consumer advocates, and federal agencies across nearly every U.S. state. Our professionals have conducted hundreds of cost-of-service studies, presented expert testimony in regulatory proceedings before state and federal commissions, and advised clients on innovative rate structures, revenue requirements, and utility procurement strategies. This extensive experience positions Exeter to serve as a strategic advisor to the City on the SEU's business model, cost-of-service analysis, and tariff development.

What distinguishes Exeter for this engagement is our dual expertise in traditional utility rate-making and utility procurement and optimization. Our work with the U.S. Department of Defense, U.S. Department of Energy, and other federal agencies has given us unique insight into utility service assessments, contract negotiations, and the financial modeling necessary to launch and sustain new utility service offerings. We have supported clients in evaluating alternative energy options, establishing procurement strategies that balance cost competitiveness with policy objectives, and developing rate structures that ensure financial viability while meeting affordability goals.

Highlights of our relevant experience include:

- **Cost-of-Service Studies and Rate Design for Utilities:** Exeter has extensive experience developing cost-of-service studies and rate structures for electric, natural gas, and water/wastewater utilities. Our work includes revenue requirement determination, cost allocation across customer classes, and rate design that balances cost reflectivity with affordability. We have designed alternative rate structures, including performance-based mechanisms, time-of-use rates, and low-income discount programs.
- **Strategic Advisory and Utility Procurement Support.** Exeter provides ongoing strategic advisory services to federal agencies including the U.S. Air Force, U.S. Army Corps of Engineers, Defense Logistics Agency Energy, and U.S. Department of Energy national laboratories. This work includes utility service assessments, contract evaluation and negotiation, procurement strategy development, and financial modeling to optimize utility costs and services. Exeter's support to the Air Force's Utility Rate Management Team has identified over \$350 million in cumulative cost savings since 2007 through contract negotiations, billing error corrections, and procurement optimization. For the Army's Commercial Utilities Program, Exeter has conducted dozens of utility assessments and

identified millions of dollars in annual savings opportunities for electric, natural gas, and water services.

- **Regulatory and Policy Expertise.** Exeter professionals have provided expert testimony in hundreds of regulatory proceedings before state utility commissions on revenue requirements, cost allocation, rate design, and utility performance. Our staff regularly appear before the Federal Energy Regulatory Commission and state legislative committees on utility policy matters. We advise state utility commissions, commission staff, and consumer advocates on alternative regulatory structures, industry restructuring, and regulatory compliance. This experience ensures that the SEU's tariff and rate structures will comply with applicable cost-of-service principles and legal requirements.
- **Innovative Rate Structures and Affordability Programs.** Exeter has designed and evaluated innovative rate structures including time-of-use rates, performance-based rates, and low-income affordability programs for utilities nationwide. Our work includes assessing grant-supported utility programs and developing rate structures for renewable energy and distributed generation offerings. We have advised clients on default service procurement, competitive supplier integration, and rate design that aligns with state energy and climate policy objectives while maintaining cost-based principles. For the Maine Public Utilities Commission, Exeter recently completed a report on residential time-of-use rate design that addressed cost reflectivity, peak period definition, price differentials, implementation strategies, and customer education—providing 24 detailed recommendations. Exeter continues to support the Maine PUC in an ongoing adjudicatory proceeding on TOU rate implementation.

3.1.1 EXETER PROJECT REFERENCES

PROJECT REFERENCE 1:

Strategic Advisory and Utility Service Optimization Support for U.S. Air Force Utility Rate Management Team	
Client: Utility Rate Management Team (URMT), Air Force Civil Engineer Center (AFCEC) 139 Barnes Dr, Tyndall AFB FL 32403	Contact: Nancy Coleal, P.E. Chief, Utility Rate Management Team (URMT) 850-283-6295 nancy.coleal@us.af.mil
Project Description: Exeter provides ongoing strategic advisory services to the U.S. Air Force's Utility Rate Management Team, supporting utility service optimization, procurement, and cost management for Air Force and Space Force installations domestically and abroad. This work encompasses utility service assessments, contract evaluation and negotiation, rate analysis, billing audits, and strategic planning for renewable energy procurement and utility cost reduction.	
Scope of Services: • Conduct utility service assessments for electric, natural gas, and water services at military installations	

- Review and analyze utility rates, tariffs, and service contracts to identify cost-saving opportunities
- Support contract negotiations with utility providers to secure favorable rates and terms
- Audit utility bills and reconcile accounts to identify and resolve billing errors and overcharges
- Develop procurement strategies for renewable energy and carbon-free electricity
- Provide market monitoring and price forecasting for wholesale and retail energy markets
- Advise on utility infrastructure optimization and distributed generation opportunities
- Prepare reports and recommendations on utility cost management strategies

PROJECT REFERENCE 2: MAINE PUC TOU TARIFFS (EXETER)

Supporting Maine Public Utilities Commission on TOU Tariff	
Client: Maine Public Utilities Commission 18 SHS Augusta, ME 04333	Contact: Liz Wyman, General Counsel 207-287-3831
Project Description: Exeter was selected by the Maine Public Utilities Commission to provide consulting services for the design and implementation of time-of-use (TOU) rates for residential electric customers, including both delivery service and standard offer supply. This project involved analysis of TOU rate design options, assessment of implementation strategies, and development of recommendations to support the Commission's decision-making in Docket No. 2024-0023. Our final report "Time of Use Rates for Delivery and Standard Offer Service for Maine" in April 2025, addressing rate design options, implementation considerations, and stakeholder impacts. The Provided 24 distinct recommendations on TOU rate design, including cost reflectivity, peak periods, price differentials, alignment with state energy policies, customer education strategies, and methods to address adverse bill impacts We are currently providing ongoing advisory support to the Commission for potential adjudicatory proceedings on TOU rate implementation.	
Scope of Services: • Research and analyze best practices and lessons learned from residential TOU rate implementation in other jurisdictions • Assess benefits and risks for customers, suppliers, and the grid associated with opt-in, opt-out, and mandatory TOU rate structures • Evaluate appropriate on-peak/off-peak differentials and their impacts on customers and utility revenues • Analyze potential changes in competitive supplier and Standard Offer Service bidding behavior resulting from residential TOU implementation • Conduct qualitative and quantitative analysis of market conditions, policy considerations, and best practices applicable to Maine • Develop detailed recommendations on TOU rate design elements including cost reflectivity, peak period definition, price differentials, customer class impacts, and implementation strategies • Provide ongoing advisory support for potential adjudicatory proceedings on TOU rate design and implementation	

3.2 **Ricardo's Experience**

Ricardo has extensive experience in supporting utilities and regulators in carrying out tariff and price control reviews and conducting cost-of-service studies, making it well-placed to support the development of the revenue requirement model for this assignment. Some project highlights include:

- **Cost-of-Service Studies:**
 - We have developed a cost of service and tariff/wheeling model for over 160 distribution utilities in South Africa, provided recommendations to modernize energy pricing regulations, carried out two detailed cost of service studies, and conducted over 30 hours of capacity building for the regulator NERSA.
 - We have carried out a 2021-2025 cost of service study for the Cooperbelt Energy Corporation in Zambia.
 - We have carried out a cost-of-service study in Uganda and supported the development of the Economic Regulatory Framework.
- **Designing operational and governance frameworks:** We designed separate operations and governance frameworks for the Eastern Caribbean Energy Regulatory Authority (ECERA), the National Utilities Regulatory Commission (NURC) in Saint Lucia and the Public Utilities Regulatory Commission (PURC) in Grenada.

Furthermore, Ricardo has hands-on experience with the development and integration of energy generation projects and energy infrastructure, which makes it well placed to support the SEU in achieving its goals. Some project highlights include:

- **Government Due Diligence:** Ricardo is conducting due diligence of energy infrastructure projects in the U.S. on behalf of the Department of Energy (DOE).
- **Renewable Resource Planning:** We developed Bermuda's first Integrated Resource Plan (IRP) in 2019, which provides a clear path for Bermuda's electricity sector. Currently, Ricardo is supporting the regulator in reviewing the utility's submission for the updated IRP, which considers a range of technologies, including but not limited to battery storage, solar PV, offshore wind, and thermal power.
- **Landfill Solar:** Conducting a technical, economic, and environmental feasibility study for the development of a solar array on a restored landfill and a private wire connection to a neighbouring high-energy user. This included preparing a concept design for the solar farm, racking and foundations, inverters, cable routes, and connection into third-party power system; energy yield assessment; planning and sites constraints; connection negotiations with DNO; CAPEX and OPEX estimates; financial modeling and recommended PPA terms.
- **Battery Integration:** Ricardo has provided project management and engineering support to Statera Energy across a variety of BESS projects. Ricardo was the project engineer and supported reviewing and advising on technical design documentation with independent

connection providers (ICP), liaising with the network operators on behalf of Statera Energy and the ICP, reviewing system network studies and identifying any issues, supporting with the commissioning planning, assisting on resolving technical issues that appear on site regarding civil and electrical challenges, and conducting site visits to aid early identification of potential issues and discrepancy with design documents.

- **California-Based Projects:** Ricardo has supported the California Energy Commission (CEC) and California Air Resources Board (CARB) with technical assistance, cost analysis, and program evaluation for clean fuel and vehicle technology programs. We've also worked with PG&E on DC fast charging infrastructure under the EPIC program.
- **Heat decarbonization:** Ricardo supported Cookham with a heat decarbonization design, addressing incomplete as-built data through on-site surveys. We developed and evaluated centralized and localized heat pump options, alongside energy efficiency and PV measures, to identify the best-value mix using 20-year lifecycle cost and carbon metrics. The final output included drawings to enable procurement and DNO engagement.
- **Integration of renewable energy:** We helped increase capacity within the utilities in 5 Pacific Island Countries on planning for and managing the integration of variable renewable energy in their systems. In this assignment, we provided recommendations to prepare or improve transmission and distribution grid codes to minimize grid integration issues, we analysed renewable energy system impacts and assessed energy storage applications.
- **Network trials:** Ricardo has been involved in several Ofgem-funded network innovation projects.

3.2.1 RICARDO PROJECT REFERENCES

PROJECT REFERENCE: BERMUDA RETAIL TARIFF REVIEW (RICARDO)

Supporting the Regulatory Authority of Bermuda on Retail Tariff Reviews	
Client: Regulatory Authority of Bermuda 1 st Floor, Craig Appil House, 8 Wesley St., Hamilton, Bermuda	Contact: Nigel Burgess, Head of Regulation nburgess@ra.bm +1 441-405-6000
Project Description: Ricardo has been supporting the Regulatory Authority of Bermuda (RA), the regulator of electricity on the island, in conducting price control reviews since 2020, and is currently supporting with the 2026/2027 review. Ricardo has supported the RA review and update of the document that defines the methodology to set the revenue allowance for the utility. Ricardo has been supporting the RA in reviewing the current rate structure and is working with the RA on creating more cost-reflective, fair, and transparent rates. Besides rate restructuring, Ricardo has been working with the RA on designing a time-of-use trial to understand potential benefits on the island. To incentivize the uptake of distributed energy sources on the island, Ricardo supported the RA in reviewing and updating the Feed-in Tariff (FiT) methodology. The FiT document provides the methodology to calculate the FiT, which compensates distributed energy sources for excess electricity exported to the grid. Ricardo supported in the review and update of the methodology and created a model for the RA to use to facilitate updating the FiT.	
Scope of Services: Ricardo has been supporting with the review of the utility's retail tariff application to the RA, and the support has included: • A detailed review of the model submitted by the utility to support its application of the revenue allowance. We have also developed and included extensions to model to quantify and analyze sensitivities to the utility's submission. • Assessing the efficiency of the utility's operating expenditure and have recommended adjustments to the operating expenditure if necessary and appropriate. • Assessing the approach to and calculation of the cost of capital and recommending any adjustments to the proposed values, if necessary and appropriate. • Ensuring that technical assumptions underpinning the tariff proposal were sound, reasonable, and consistent with historical data. • Conducting an ex-post CAPEX review and ex-ante capital budget review, and recommending adjustments to regulatory asset base, depreciation, and estimates of other expenses, if necessary and appropriate. • Assessing the utility's performance against set reliability targets and recommending future targets to incentivize the utility to improve the reliability of the system. • Reviewing the demand and sales forecast provided. • Supporting with the communication process and implementation of new rates, including reviewing calculations of end-user rates after a revenue allowance was set.	

PROJECT REFERENCE: COMMUNITY DSO (RICARDO)

Northern Powergrid Community Distribution System Operation	
Client: Northern Powergrid 4 The Boulevard, Leeds, LS12 6ED, UK	Contact: Georgia Wilde, Innovation Project Manager, Georgia.Wilde@Northernpowergrid.com +44 0800 375675
Project Description: Ricardo is part of a consortium working on an Ofgem-funded Network Innovation Competition (NIC) project with Northern Powergrid (NPG). The project is trialing the installation of home energy control systems, which can be used to manage and monitor Low Carbon Technologies (LCTs) installed within residential properties and the wider community. The ultimate aims are to: • Demonstrate how the Great Britain power industry can encourage energy communities to become self-sufficient and manage their own low-carbon generation resources and loads. • Demonstrate how the communities can share excess green energy amongst themselves. • Demonstrate how the distribution network can be optimized by using an integrated, community-oriented “cell” approach. The project will produce methodologies to develop options for multiple energy hubs within the community and vulnerable customers through empowering local communities to have greater control over their energy and assets, leading to energy independence.	
Scope of Services: Ricardo has been supporting with the review of the utility’s retail tariff application to the RA, and the support has included: • Manage the project as consortium lead • Develop standardized and replicable tools and business models for easy implementation of a Community Distribution System Operation (DSO). • Support the development, in consultation with a variety of stakeholders, of the technical, ICT, and commercial requirements needed for a Community DSO to interface with the host DNO and operate effectively. • Engage with potential community participants and outline possible benefits • Outline recommendations for regulatory and broader industry changes.	

4.0 WORK PLAN (SECTION C)

4.1 Technical Approach and Methodology

Phase 1: Inception – pilot rates

Phase 1 will include 6 different tasks from inception to kick-off the project to the development of pilot rates.

Task 0: Inception

The main objective of this task is to formally initiate the project, collect information needed from the City and other relevant stakeholders, finalize timelines, and establish the required communication channels for the rest of the project.

Step 1: Kick-off meeting

Exeter has extensive experience initiating utility rate development and cost-of-service projects for government clients. Through our work with the Defense Logistics Agency Energy, the Department of Energy's national laboratories, and other government entities, we have developed effective protocols for project initiation that ensure all stakeholders are aligned from the outset.

A virtual kick-off meeting will be organized with the City, Exeter, and Ricardo. The meeting will aim to go through all of the workstreams and the work plan and agree on timelines. During this meeting, we will also review and finalize the communication protocol proposed in 4.2 below to ensure it meets the City's expectations and aligns with the project timeline.

Step 2: Data Collection

Under this step, we will prepare and issue a data request to the City. We assume that the City will provide the information requested within five working business days to ensure that the project remains on track. The intention is to consolidate the most relevant information already available and identify any existing gaps in order to address them as soon as possible and incorporate any potential impacts or adjustments into the work plan.

We will work with the city to understand data availability, and for any information gaps, we will work with the City and agree on assumptions to use in the models.

Task 1: Refine existing financial model

We will refine and refresh the City's existing financial model, which we have assumed is on Microsoft Excel. To update the model, we will use information provided by the city in response to the information requested under Task 0.

Exeter brings extensive experience in developing long-term financial forecasts for utility and energy projects that appropriately account for macroeconomic and policy variables. Our approach to refreshing the SEU's financial model will incorporate current and anticipated conditions across several key dimensions:

- ***Macroeconomic Factors.*** We will incorporate current forward interest rate curves for debt financing costs, inflation forecasts from Federal Reserve projections and consensus economic forecasts, and energy price projections. For energy price forecasts, we rely on multiple data sources including the Department of Energy's Energy Information Administration (EIA) Annual Energy Outlook, S&P Global's quarterly long-term power forecasts (to which Exeter maintains an active subscription), and forward market curves from Intercontinental Exchange (ICE) data. Given the volatility in energy markets, we will assess how different price scenarios could impact the SEU's financial position over the 3-5 year planning horizon.

- ***Policy and Regulatory Environment.*** We will evaluate and incorporate the impacts of relevant federal, state, and local policies that affect SEU economics. This includes federal incentives such as Investment Tax Credits (ITC) and Production Tax Credits (PTC) for renewable energy, evolving Inflation Reduction Act provisions, Michigan state renewable energy policies and incentive programs, and any local Ann Arbor policies or programs that may affect costs or revenues. Our team actively tracks policy developments through our ongoing federal client work and maintains awareness of regulatory changes that could materially impact utility-scale renewable and geothermal projects.
- ***Market Conditions.*** We will assess current market conditions for solar, battery storage, and geothermal system costs, including recent trends in equipment costs, supply chain factors, and construction/installation cost trends in the Michigan market specifically where possible.

Before updating the model, we will consolidate the data and provide recommendations on inputs and assumptions to use for the City's approval. The inputs will be based on information provided by the City and our expert judgment and understanding of the political and economic context.

Exeter will ensure that the model operates at high levels of granularity, is highly flexible, easily editable, and user-friendly, and that the results are easy to understand through summary tables and graphs. All parameters will be unlocked to be modified at the user's convenience. We will develop the model to be fully transparent, allowing City staff to understand all calculations and relationships, and to use the model independently for scenario analysis and future updates. This approach has been successfully employed in our work for the Defense Logistics Agency Energy and Department of Energy clients, where we regularly develop spreadsheet-based analytical tools that client staff can maintain and modify after project completion.

The refined financial model will provide the foundation for the strategic business model and launch plan discussions in Task 2.

Task 2: Business model and launch plan

We will serve as a strategic thought partner to the City on the SEU's business model and launch plan, providing decision-support and structured frameworks for evaluating critical choices that will shape the utility's success. This task serves as a bridge between the financial model refresh in Task 1 and the detailed cost-of-service modeling in Task 3, translating economic realities into strategic direction.

Drawing from Exeter's experience conducting utility options studies for federal clients, we will work collaboratively with City staff to systematically evaluate the most critical levers affecting both revenue generation and customer rate competitiveness. Our approach will help the City think through complex trade-offs and sequence decisions to optimize the SEU's launch and early operations.

The teaming arrangement between Exeter and Ricardo will be particularly valuable in this task. Exeter will contribute financial and economic expertise—including our experience with utility rate structures, financing mechanisms, and market dynamics—while Ricardo will provide technical expertise on system design, engineering considerations, and operational requirements. This integrated perspective will ensure that strategic recommendations are both financially sound and technically feasible.

Key factors we will evaluate include, but are not limited to:

- **Financing structures and terms.** Assessment of debt vs. equity considerations, bond financing options, leverage ratios, and how financing choices impact rate competitiveness and financial flexibility over the planning horizon.
- **System sizing strategies.** Evaluation of optimal individual system sizes and total capacity deployment pathways, considering economies of scale, customer demand patterns, grid constraints, and capital availability.
- **Asset types and procurement approach.** Analysis of build vs. buy decisions for solar, battery storage, and geothermal systems, including trade-offs between capital costs, operational control, performance guarantees, and speed to deployment.
- **Customer class prioritization and sequencing.** Recommendations on which customer segments to target initially (anchor facilities, residential, commercial/institutional) based on revenue potential, system economics, and strategic positioning.
- **Grant and incentive optimization.** Strategies to maximize use of available grant funding and federal/state incentives while ensuring the long-term financial sustainability of the utility.
- **Revenue model alternatives.** Evaluation of rate structure options (e.g., subscription models, lease arrangements, traditional utility rates) and their implications for customer adoption, revenue stability, and administrative complexity.

We envision this strategic advisory work proceeding through iterative discussions with City staff and leadership, supported by short analytical memos, presentations, and scenario comparisons as needed. Our team will be responsive to emerging questions and decisions as the SEU's planning evolves. We understand that the City may be developing a formal business plan document, and we are prepared to contribute written content, analysis, and recommendations to support that effort.

The strategic recommendations developed under this task will directly inform the scenarios populated in the cost-of-service model (Task 3) and help ensure that the rate structures ultimately designed (Task 6) align with the SEU's business model objectives.

Task 3: Develop Cost of Service Model

This task aims to establish a transparent and structured cost-of-service (CoSS) model that will determine the overall revenue requirement, allocate costs fairly across the SEU's potential rate classes, and provide forecasts for up to five years to understand immediate and future impacts.

Ricardo will lead the development of the CoSS model, building upon their in-house Microsoft Excel-based framework, with guidance from Exeter.

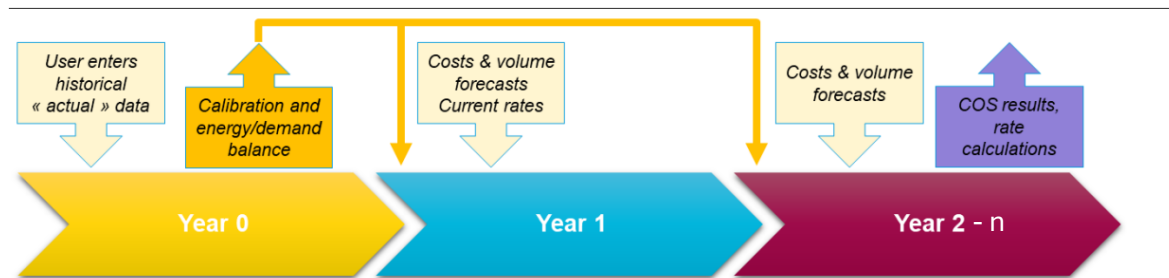
Model Design Principles

We will ensure that the model operates at high levels of granularity, is highly flexible, easily editable, user-friendly, and that the results are easy to understand through summary tables and graphs. All parameters will be unlocked to be modified at the user's convenience, enabling the City to conduct independent scenario analysis and updates as conditions evolve. The model will be fully transparent, with clear documentation of all calculations, assumptions, and methodologies.

Model Architecture and Multi-Year Framework

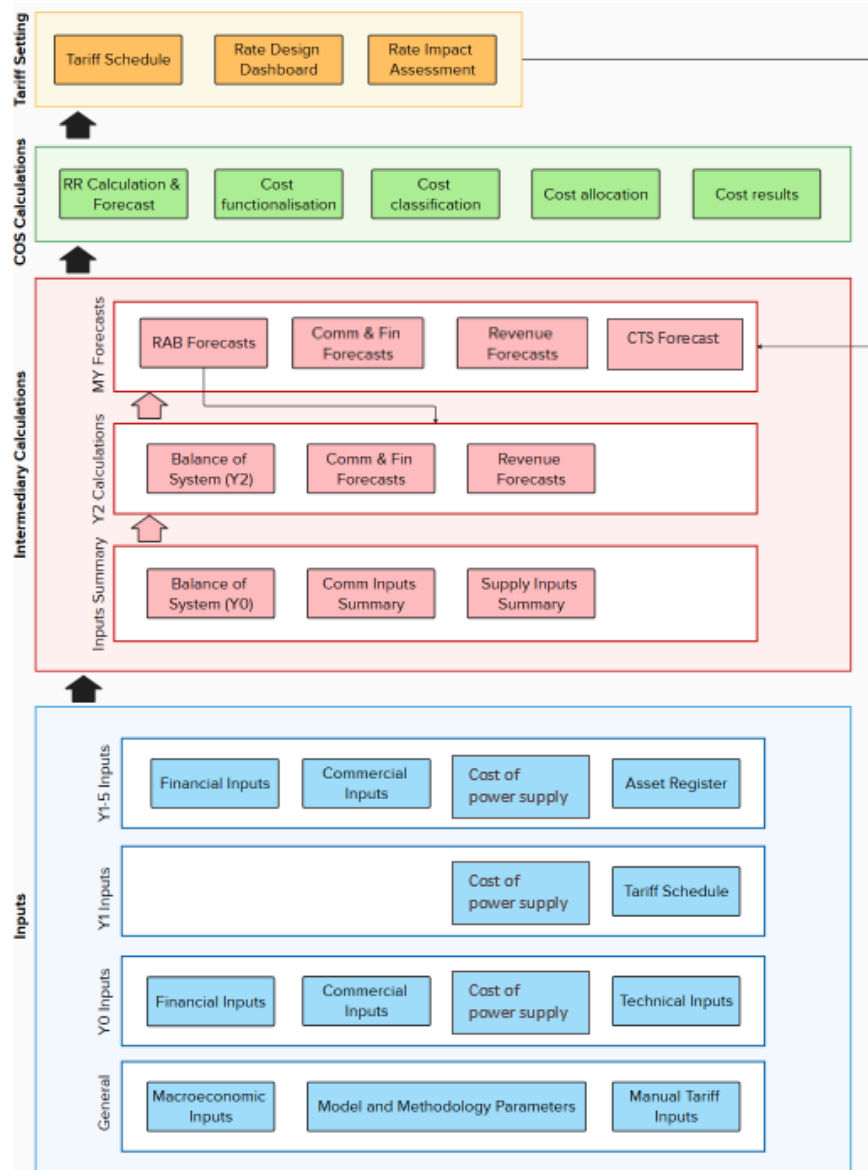
The CoSS model will span a period from Year 0 through Years 3-5 (as determined in consultation with the City). Year 0 represents historical baseline data used for energy system balancing purposes, leveraging commercial data collected from existing service providers. Year 1 is the year over which the CoSS is carried out. Years 2 through 5 are for projection purposes, allowing the City to understand how costs and rates may evolve as the SEU grows and market conditions change.

FIGURE 2: VISUAL ILLUSTRATION OF THE MULTI-YEAR NATURE OF THE COS TOOL



The model will be supplied with a set of input data, which are reflected in the yellow segment of the model flowchart. The model uses commercial inputs such as potential customer numbers and sales by category, operational inputs including O&M expenditure and budget forecasts, the asset register and technical inputs (e.g., loss factors), power supply, and other inputs.

FIGURE 3: FLOWCHART OF THE PROPOSED COSS MODEL ARCHITECTURE (PENDING CITY REVIEW)



Cost-of-Service Model Development Process

The CoSS will be developed following established utility rate-making principles through the following. The key stages of this modelling process are illustrated in the figure and described below:

Figure : CoSS model development process



A detailed explanation of each step in the CoSS model development process is provided below.

Step 1: Data collection and analysis, and decide on up to three scenarios

As part of Step 1, we will submit a data request under task 0 in the inception phase. The intention is to consolidate the most relevant information already available and adapt it as needed for the modelling. In this way, the study will be based on data and inputs that have been formally validated and approved by the city. The aim would be to collect as much information as possible on the balance of the system.

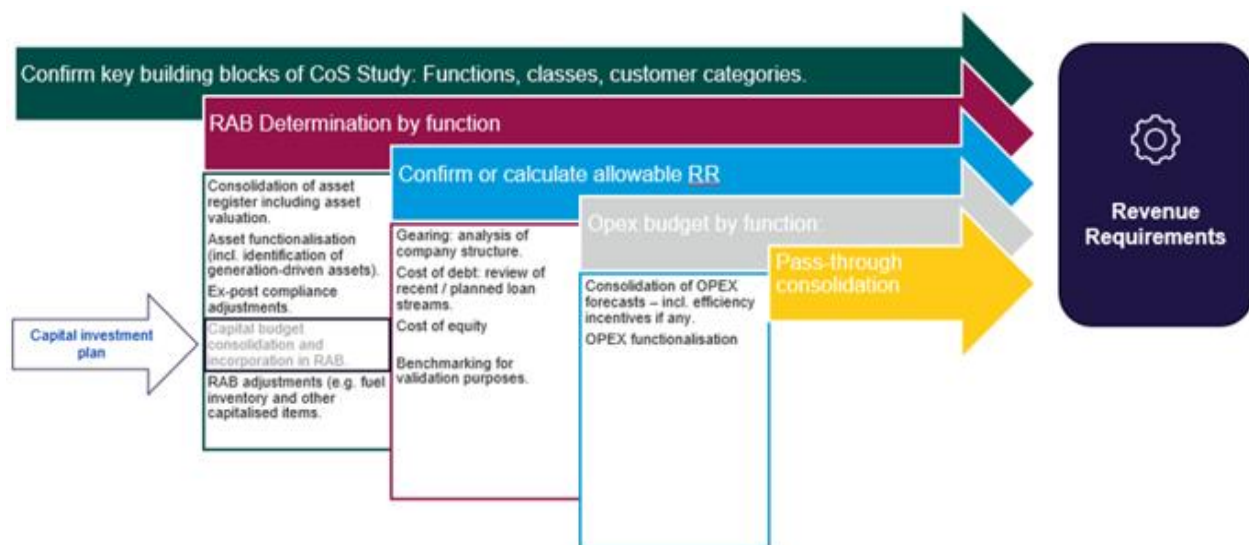
We will work with the city to understand data availability, and for any information gaps, we will work with the city and agree on assumptions to use in the models.

Step 2: Revenue Requirement (RR)

In this step, we will use the inputs collected from step 1 to calculate a revenue requirement (RR).

The range of activities required to achieve this is described in the figure below.

FIGURE 4: COMPONENTS REQUIRED TO DERIVE REVENUE REQUIREMENTS



Once the components of the RR have been calculated, the costs are further broken down by function, also called “cost functionalization”. Some of the functions which could be considered are as follows: Power supply, use of system, distribution retail. Step 3: CoSS classification and allocation

With the RR established, the next step is to allocate costs across the different customer categories. This allocation process is carried out in two distinct stages: classification and allocation.

The main purpose of this step is to review various options for the cost allocation and to provide a set of meaningful and practical recommendations.

- **Classification:** These functionalized costs are then classified based on their cost drivers: demand-related, energy-related, and customer-related. At this stage, the model will also incorporate a further breakdown to capture seasonal variations and time-of-use characteristics.

- **Allocation:** Finally, costs are distributed among the customer categories:
 - **The allocation of energy-driven costs** (i.e., costs most directly proportional to the increase in sales, such as variable OPEX, etc.) typically factors energy purchases imputable to each specific customer class, along with technical and non-technical losses assumed to be incurred.
 - **The allocation of demand-driven costs** (i.e., costs most directly proportional to the increase in system demand, such as network investments using the Average and Excess (A&E) method¹ or the coincident peak demand method.
 - **The allocation of customer-driven costs** (i.e., remaining costs, most directly correlated to the number of customers within each class) typically takes into consideration customer numbers - and, in some jurisdictions, assigned weighting factors related to the extent of customer service provided to the various customer categories. E.g., large commercial customer classes (which typically have far fewer interactions with customer service teams than residential classes) can be allocated a lower weighting factor than low-usage residential classes.

Additionally, we will use the outputs and recommendations from task 2 to consult and agree with the City on up to three scenarios to use for the modelling exercise to reflect potential service offerings, deployment pathways, financing rates, and other variables. We will then populate the model with the scenarios.

Task 4: Benchmark Tariff Structures

In this task, we will conduct a benchmarking exercise of the tariff structures and rates for competitors and peer offerings to inform the tariff development phase in Phase 2. The output of this task will help inform the tariff development by assessing common and best practices in how utilities structure and document their service offerings.

Exeter has experience reviewing utility tariff documents and rate structures through our work for state regulatory commissions, consumer advocates, and federal agencies. Our staff regularly analyzes utility tariff filings as part of regulatory proceedings before public service commissions across multiple states, and we have evaluated competitive electricity supply structures for the Defense Logistics Agency Energy, the U.S. Air Force, and the Department of Energy's national laboratories. This experience has provided us with familiarity with a wide range of tariff structures, rate design approaches, and service offerings across different utility models and regulatory environments.

¹ This method uses a weighted average of the average-demand allocators (weight = system load factor) and the Excess-Demand Allocators (weight = one minus the system load factor)

We will obtain and review tariff documents from publicly available sources including state public utility commission websites, utility websites, and regulatory filing databases. Our benchmarking will assess not only the rates themselves but also how services are defined, structured, and documented in formal tariff language—which will be important as the City develops its own tariff book in Phase 2.

The specific categories we will examine include, but are not limited to:

- Traditional investor-owned utility tariffs: Standard residential and commercial service rates, time-of-use rates, low-income rates, and renewable energy riders from utilities such as DTE Energy and other Michigan utilities, as well as relevant offerings from utilities in other states with similar regulatory environments.
- Community Choice Aggregation (CCA) programs: Rate structures and service terms from established CCA that offer renewable energy options to customers.
- Municipal utility rate books: Tariff structures from municipal utilities offering renewable energy services, including how they structure opt-in programs, customer classes, and billing arrangements.
- Third-party solar and geothermal service agreements: Contractual structures for solar leasing, power purchase agreements, and geothermal service offerings from both utility-sponsored programs and third-party providers.
- Green tariff programs: Utility-offered renewable energy tariff riders and programs, such as green pricing programs, community solar subscriptions, and carbon-free energy riders that allow customers to access renewable energy while remaining utility customers.

We will not only assess local tariff structures and rates but also consider examples from other jurisdictions to obtain a broader perspective on best practices. However, given the SEU's unique regulatory environment as a municipal entity in Michigan, we will prioritize Michigan and Midwest examples where applicable.

We will provide a benchmark report summarizing our findings, including identification of common tariff provisions, innovative approaches that may be relevant to the SEU's offerings, and recommendations for how the SEU might structure its own tariff to balance customer clarity, administrative feasibility, and legal compliance.

Task 5: Develop Preliminary Pilot Service Rates

The final step of Phase 1 will be to develop preliminary pilot service rates for:

- Grant-supported SEU solar and geothermal offerings
- Commercial/institutional customers served by existing solar assets they currently own

These pilot rates will serve an important function in the launch of new utility services. They allow the SEU to test its service model with early adopters, validate assumptions about costs and customer response, gather operational experience, and refine rate structures before broader market deployment. The preliminary rates developed in this task will provide the foundation for the SEU's initial service offerings while recognizing that rates will require iterative refinement as the SEU gains operational experience and as market conditions evolve.

In developing these preliminary pilot rates, we will consider how rates can be structured to balance affordability, customer uptake, bill simplicity, and customer satisfaction, while ensuring that the rates recover the intended revenue. Drawing on our experience with utility rate design and our understanding of customer preferences from work with federal installations and state regulatory proceedings, we will develop rates that are clear and aligned with the SEU's strategic objectives.

The

- **Grant-Supported Solar and Geothermal Offerings.** For SEU offerings that benefit from capital grant contributions, the preliminary pilot rates will reflect the impact of grant funding on the revenue requirement. These pilot rates will be designed to balance multiple objectives: making the service attractive to early adopters, ensuring adequate cost recovery given the grant support, establishing a foundation for future rate adjustments as the SEU scales, and maintaining alignment with the SEU's mission of providing affordable renewable energy options to the community.
- **Existing Customer-Owned Solar Assets.** For commercial and institutional customers with existing solar systems that may be sold to the SEU, preliminary pilot rates will reflect the purchase price and operational characteristics of the acquired systems. We will work with the City and technical advisors to translate asset valuations into appropriate rate structures. These rates will need to account for the costs of acquiring, operating, and maintaining the systems, as well as providing a fair return to the SEU while offering customers a compelling value proposition compared to their current arrangements.

We understand that the City may have specific information on potential anchor customers and their existing solar installations. This customer-specific data will be valuable in developing rates that are tailored to actual rather than hypothetical circumstances.

We anticipate that the development of preliminary pilot rates will be an iterative process involving multiple discussions with City staff, legal counsel, and other advisors. As we develop rate proposals, we will present them to the City for review and feedback, refine them based on input, and continue this cycle until the City is comfortable with the preliminary rates. These preliminary pilot rates represent a first iteration that will be further refined and expanded in Phase 2 as the SEU moves toward full tariff development and launch.

Phase 2: Tariff Launch and Public Engagement

Task 6: Develop Tariff Design

After completing Phase 1, we will proceed with Phase 2 where, under Task 6, we will design tariffs for the SEU launch, considering Phase 1 outputs. The aim will be to develop rates that balance affordability, uptake, bill simplicity, and customer satisfaction, while ensuring that the rates recover the intended revenue and comply with applicable legal requirements.

Based on Phase 1 and the findings from the pilot rates and other tasks, we will work with the City to decide and narrow down the offerings to continue with for full tariff development. We understand that the rate design may be required for solar, solar plus storage, standalone storage, and geothermal.

In this stage, we will use the cost-of-service model developed under Task 3, and specific inputs based on the type of offering selected, to develop the rate structure and rates. Ricardo will lead the technical rate calculations with guidance from Exeter on rate design principles, customer considerations, and regulatory best practices informed by our work with utilities and regulatory commissions.

The objective is to enhance efficiency, provide consumers with accurate cost signals, and promote rational electricity consumption, while ensuring economic efficiency, financial viability, and achievement of the SEU's social and environmental objectives.

The specific customer classes to be served by the SEU will be determined through the Phase 1 analytical work, particularly through the business model and launch plan discussions in Task 2 and the cost-of-service analysis in Task 3. Our tariff design approach will accommodate whatever customer class structure the City determines is appropriate—whether that involves distinctions between residential, small commercial, large commercial/institutional, low-income, or other categories.

After reviewing the tariff designs and offerings, a rate book will be drafted along with guidelines and detailed example cases that can be used for training and customer engagement. These materials will provide clear explanations of how rates are calculated, how customers will be billed, and what options are available to different customer segments. The rate book will serve as both an internal reference document for SEU staff and a customer-facing communication tool to ensure transparency in how the SEU's rates are structured and applied.

Task 7: Public Engagement

Exeter Associates will lead the public engagement process for the SEU's utility rate tariff development, ensuring that community input is actively integrated into the design. This begins with early outreach to residents, businesses, and stakeholders to explain the goals of the proposed rate structure and gather feedback. Exeter will facilitate public meetings and workshops, providing clear,

accessible information and creating space for open dialogue. These sessions will help surface community priorities and concerns, which will inform the technical and policy aspects of the rate design.

Following these engagements, Exeter, with the assistance of SEU, will manage a formal comment period, allowing for written input from the public. All feedback will be reviewed and, where appropriate, incorporated into the final recommendations, which will be approved by the council. Exeter will document how public input shaped the outcome, reinforcing transparency and accountability throughout the process. The final rate structure will reflect both the SEU's operational needs and the values of the community it serves.

Phase 3: Ongoing Support

Following the completion of tariff development and the launch of SEU services, Exeter and Ricardo will remain available to provide ongoing advisory support on a retainer/as-needed basis. This phase explicitly begins after SEU service launch and will provide the City with continued access to our expertise as the SEU begins operations and encounters issues that require technical, financial, or regulatory guidance.

The ongoing support will include advisory consultation, updating tariffs and rates as needed, and other items to be added by mutual agreement, with time estimated at approximately 10 hours per month over a 36-month period. Exeter will lead on financial, economic, and regulatory matters, while Ricardo will remain available to answer technical questions related to the cost-of-service model, system operations, and engineering considerations. Together, the team will provide responsive support to help the SEU navigate the challenges of its early operational period and ensure that rates remain appropriate as circumstances evolve.

4.2 Proposed Communication Protocol

The ambitious timeline and deliverables in this section will require regular communication between our teams and the City to keep progress on track. We propose the following communication protocols for Phases 1 and 2:

- Weekly project team meetings with City staff, Exeter, and Ricardo to discuss progress, address questions, and coordinate next steps
 - Bi-weekly senior team meetings with City leadership to review major milestones and strategic decisions
 - Monthly written status updates documenting accomplishments, upcoming deliverables, and any open information or data needs
 - Ad-hoc communications via email and phone as needed for time-sensitive items
- This communication structure will be refined during the kick-off meeting based on City preferences and project timeline considerations.

4.3 Project Timeline and Milestones

The SEU has established an ambitious goal to begin providing services by 2027. Our proposed work plan is designed to support this timeline while ensuring that all analytical, design, and engagement work is conducted with appropriate rigor and stakeholder input.

The project is organized into three phases as described above, with Phase 1 focused on analytical foundation-setting, Phase 2 on tariff development and public engagement, and Phase 3 on ongoing support during the SEU's initial operational period. Key milestones and deliverables are identified in Figure 5.

FIGURE 5: PROJECT TIMELINE AND MILESTONES

Milestone/Deliverable	Target Completion
<u>Phase 1: Inception – Pilot Rates (Approximately December 2025 – March 2026)</u>	
Project kick-off meeting	December 2025
Data request issued and responded to	December 2025
Communication protocols established	December 2025
Refreshed financial model delivered	January 2026
Business model and launch plan recommendations	February 2026
Cost-of-Service model delivered (with 2-3 scenarios populated)	February 2026
Tariff benchmarking report	February 2026
Preliminary pilot service rates	March 2026
<u>Phase 2: Tariff Launch and Public Engagement (Approximately April – July 2026)</u>	
Tariff design for selected service offerings	May-June 2026
Public meetings and workshops	June 2026
Formal comment period	June-July 2026
Final rate recommendations and rate book	July 2026
City Council presentation materials	July 2026
City Council authorization (anticipated)	August-September 2026
<u>Phase 3: Ongoing Support (Approximately July 2026 – July 2029)</u>	
Response to SEU advice / support requests	As requested

APPENDIX A:
LEGAL STATUS OF OFFERER

ATTACHMENT A LEGAL STATUS OF OFFEROR

(The Respondent shall fill out the provision and strike out the remaining ones.)

The Respondent is:

- A corporation organized and doing business under the laws of the state of Maryland, for whom Matthew Hoyt bearing the office title of Vice-President, whose signature is affixed to this proposal, is authorized to execute contracts on behalf of respondent.*

*If not incorporated in Michigan, please attach the corporation's Certificate of Authority

- A limited liability company doing business under the laws of the State of _____, whom _____ bearing the title of _____ whose signature is affixed to this proposal, is authorized to execute contract on behalf of the LLC.
- A partnership organized under the laws of the State of _____ and _____ filed with the County of _____, whose members are (attach list including street and mailing address for each.)
- An individual, whose signature with address, is affixed to this RFP.

Respondent has examined the basic requirements of this RFP and its scope of services, including all Addendum (if applicable) and hereby agrees to offer the services as specified in the RFP.



Signature Date: 10/8/25

(Print) Name Matthew Hoyt Title Vice-President

Firm: Exeter Associates, Inc.

Address: 10480 Little Patuxent Parkway, Suite 300, Columbia, MD 21044

Contact Phone 410-992-7500 Fax 410-992-3445

Email mhoyt@exeterassociates.com

*Exeter is incorporated in the State of Maryland and does not currently have a Certificate of Authority to transact business in Michigan. Should we be selected to provide these services we will immediately obtain a Certificate of Authority from the Michigan Department of Licensing and Regulatory Affairs Corporations, Securities & Commercial Licensing Bureau.

APPENDIX B:

NON-DISCRIMINATION ORDINANCE DECLARATION OF COMPLIANCE FORM

Non-Discrimination Ordinance

APPENDIX C:
LIVING WAGE DECLARATION OF COMPLIANCE FORM

ATTACHMENT C

CITY OF ANN ARBOR

LIVING WAGE ORDINANCE DECLARATION OF COMPLIANCE

The Ann Arbor Living Wage Ordinance (Section 1:811-1:821 of Chapter 23 of Title I of the Code) requires that an employer who is (a) a contractor providing services to or for the City for a value greater than \$10,000 for any twelve-month contract term, or (b) a recipient of federal, state, or local grant funding administered by the City for a value greater than \$10,000, or (c) a recipient of financial assistance awarded by the City for a value greater than \$10,000, shall pay its employees a prescribed minimum level of compensation (i.e., Living Wage) for the time those employees perform work on the contract or in connection with the grant or financial assistance. The Living Wage must be paid to these employees for the length of the contract/program.

Companies employing fewer than 5 persons and non-profits employing fewer than 10 persons are exempt from compliance with the Living Wage Ordinance. If this exemption applies to your company/non-profit agency please check here ☐ No. of employees

The Contractor or Grantee agrees:

- (a) To pay each of its employees whose wage level is not required to comply with federal, state or local prevailing wage law, for work covered or funded by a contract with or grant from the City, no less than the Living Wage. The current Living Wage is defined as \$17.08/hour for those employers that provide employee health care (as defined in the Ordinance at Section 1:815 Sec. 1 (a)), or no less than \$19.04/hour for those employers that do not provide health care. The Contractor or Grantor understands that the Living Wage is adjusted and established annually on April 30 in accordance with the Ordinance and covered employers shall be required to pay the adjusted amount thereafter to be in compliance with Section 1:815(3).

Check the applicable box below which applies to your workforce

- ☐ Employees who are assigned to any covered City contract/grant will be paid at or above the applicable living wage without health benefits
- ☒ Employees who are assigned to any covered City contract/grant will be paid at or above the applicable living wage with health benefits

- (b) To post a notice approved by the City regarding the applicability of the Living Wage Ordinance in every work place or other location in which employees or other persons contracting for employment are working.
- (c) To provide to the City payroll records or other documentation within ten (10) business days from the receipt of a request by the City.
- (d) To permit access to work sites to City representatives for the purposes of monitoring compliance, and investigating complaints or non-compliance.
- (e) To take no action that would reduce the compensation, wages, fringe benefits, or leave available to any employee covered by the Living Wage Ordinance or any person contracted for employment and covered by the Living Wage Ordinance in order to pay the living wage required by the Living Wage Ordinance.

The undersigned states that he/she has the requisite authority to act on behalf of his/her employer in these matters and has offered to provide the services or agrees to accept financial assistance in accordance with the terms of the Living Wage Ordinance. The undersigned certifies that he/she has read and is familiar with the terms of the Living Wage Ordinance, obligates the Employer/Grantee to those terms and acknowledges that if his/her employer is found to be in violation of Ordinance it may be subject to civil penalties and termination of the awarded contract or grant of financial assistance.

Exeter Associates, Inc.
Company Name


Signature of Authorized Representative

10/8/25
Date

10480 Little Patuxent Parkway, Suite 300
Street Address

Columbia, MD 21044
City, State, Zip

Matthew Hoyt
Print Name and Title

410-992-7500 mhoyt@exeterassociates.com
Phone/Email address

APPENDIX D:

VENDOR CONFLICT OF INTEREST DISCLOSURE FORM



ATTACHMENT D

VENDOR CONFLICT OF INTEREST DISCLOSURE FORM

All vendors interested in conducting business with the City of Ann Arbor must complete and return the Vendor Conflict of Interest Disclosure Form in order to be eligible to be awarded a contract. Please note that all vendors are subject to comply with the City of Ann Arbor's conflict of interest policies as stated within the certification section below.

If a vendor has a relationship with a City of Ann Arbor official or employee, an immediate family member of a City of Ann Arbor official or employee, the vendor shall disclose the information required below.

1. No City official or employee or City employee's immediate family member has an ownership interest in vendor's company or is deriving personal financial gain from this contract.
2. No retired or separated City official or employee who has been retired or separated from the City for less than one (1) year has an ownership interest in vendor's Company.
3. No City employee is contemporaneously employed or prospectively to be employed with the vendor.
4. Vendor hereby declares it has not and will not provide gifts or hospitality of any dollar value or any other gratuities to any City employee or elected official to obtain or maintain a contract.
5. Please note any exceptions below:

Conflict of Interest Disclosure*	
Name of City of Ann Arbor employees, elected officials or immediate family members with whom there may be a potential conflict of interest.	☐ Relationship to employee ☐ Interest in vendor's company ☐ Other (please describe in box below)

*Disclosing a potential conflict of interest does not disqualify vendors. In the event vendors do not disclose potential conflicts of interest and they are detected by the City, vendor will be exempt from doing business with the City.

I certify that this Conflict of Interest Disclosure has been examined by me and that its contents are true and correct to my knowledge and belief and I have the authority to so certify on behalf of the Vendor by my signature below:

Exeter Associates, Inc.	410-992-7500	
Vendor Name	Vendor Phone Number	
	10/8/25	Matthew Hoyt
Signature of Vendor Authorized Representative	Date	Printed Name of Vendor Authorized Representative

APPENDIX E:
RESUMES OF PROJECT TEAM

