Cost of service and utility rate studies
from qualified utility consulting specialists

Gainesville Regional Utilities

June 1, 2017

BAKER TILLY

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INTERNATIONAL

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June 1, 2017

Ms. Elizabeth Mattke, CPM, CPPO
Senior Buyer
Gainesville Regional Utilities
301 SE 4th Avenue
Gainesville, FL 32601

Dear Ms. Mattke:

Baker Tilly Virchow Krause, LLP (Baker Tilly) welcomes the opportunity to respond to Gainesville Regional Utilities (GRU) regarding your Request for Proposal for a cost of service and utility rates study.

As a nationally recognized firm with substantial utility expertise, we understand that a comprehensive assessment of your cost of service is the cornerstone of a sustainable rate structure and essential to effectively operate GRU. We regularly perform these studies for electric, water, wastewater and natural gas utilities across the country, in fact, we completed a similar study for GRU in 2013 and 2015. We look forward to continue serving GRU by providing a unique blend of financial forecasting and utility consulting experience. Our team has developed a reputation for providing these services efficiently and with skillful creativity.

You will benefit from the following key factors that differentiate Baker Tilly:

- **National experience performing cost of service and utility rates studies**
- **Substantial public utility specialization and knowledge**
- **Large firm resources with singular client service**
- **In-depth understanding of GRU's organization**

Your project is perfectly aligned with our team's strengths. We appreciate the trust you place in a service provider and are confident you will be pleased with the results we provide. Baker Tilly recognizes that time is of the essence in completing your project and meeting deadlines is one way we provide value to GRU. We have the ability and commitment to devote the necessary resources to meet your project schedule. This proposal details our tailored approach to working with you to accomplish your objectives as well as additional information we believe will help you make your decision.

If you have any questions or would like more information, please do not hesitate to contact me at 608 240 2361 or via email at russ.hissom@bakertilly.com. We look forward to having the opportunity to discuss our proposal and approach in detail.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

Russell A. Hissom, CPA, CIA, CISA, CRMA
Partner

Contents

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Executive summary

Why choose Baker Tilly?

Baker Tilly is the right firm to serve your cost of service and utility rates study for many reasons. As you evaluate professional service providers, we encourage you to consider the following factors that differentiate our firm and that we believe are most relevant to you.

National experience performing cost of service and utility rates studies

Baker Tilly's experienced utility professionals will be of great value to GRU in this project, as they are highly skilled in providing effective rate reviews, cost of service and rate design studies. Our specialists prepare 15 to 20 of these studies annually. We will perform a detailed analysis and rate design development process that will provide justifiable and equitable methodologies to recover the revenue requirement of your utility, including operating expenses, capital projects and system maintenance

Substantial public utility specialization and knowledge

You will be served by Baker Tilly's energy and utilities team — a dedicated group of more than 60 professionals serving more than 400 utility clients across the country, including numerous multi-services utilities like GRU. We understand the issues public utilities face in their desire to provide economical rates to ratepayers and in the challenges they encounter in today's operating environment. We regularly teach courses for the American Public Power Association (APPA) on utility rates, advanced accounting and governance and will use this industry knowledge to effectively serve GRU.

Large firm resources with singular client service

Baker Tilly is the right fit for GRU. We are large enough to offer the professional capabilities you need; yet, we have a smaller-firm focus that ensures you receive responsive, personalized attention. Your service team will maintain close communication with you to address any issues before they become problems. We offer extensive firmwide resources and a high-level of involvement from our partners. This all translates to a demonstrated ability to meet or beat deadlines and provide quality deliverables.

In-depth understanding of GRU's organization

We have had the privilege of working with GRU since 2008. Our experience with GRU provides us with extensive knowledge of your business operations, methods and people. Our proposed project team members will be able to quickly re-familiarize themselves with GRU staff and the current issues involved with the strategic goals of each rate study. In 2013 and again in 2015, Baker Tilly conducted the same cost of service and utility rate studies for GRU. Your Baker Tilly engagement team is well-positioned to provide consistent, reliable solutions that will continue to create value for GRU. We look forward to serving as a continued resource to GRU, providing you with the quality service you have come to expect from Baker Tilly.

Independent Analysis – As your new auditors, we evaluated the impact of providing these services to GRU on our independence. If we are fortunate to be selected to provide these services to GRU we are independent under the requirements of *Generally Accepted Auditing Standards* and *Government Auditing Standards*.

"Baker Tilly has consistently exceeded our expectations for its exceptional client service and industry knowledge."

- Lower Colorado River Authority

A. Understanding and approach

Understanding your needs; achieving your objectives

With a proud history of more than 100 years, GRU is committed to its mission of providing safe, reliable, competitively priced utility services in an environmentally responsible manner to enhance the quality of life in your community. In today's challenging operating environment, your cost of service and revenue requirements may have shifted due to changing expense obligations while earnings decline as a result of conservation, energy efficiency, distributed generation and decreases in natural gas market prices, among other factors.

Baker Tilly understands that GRU is seeking a qualified firm to conduct a comprehensive cost of service and utility rate study, with the goal of receiving the following deliverables, as outlined in section 4.0 Deliverables and Required Timeline of GRU's RFP:

- A draft report of results and our associated recommendations. We will review interim study findings with staff at least one week prior to October 20, 2017.
- Documentation of the results of the studies and rate designs in a project report, including technical appendices containing the detailed analysis which shall be provided in final form by November 17, 2017.
- A presentation of the final report to executive staff, Utility Advisory Board (UAB) and the City Commission.

Baker Tilly has extensive experience providing multi-service utilities with cost of service and rate studies and our specialization uniquely qualifies our firm to provide value-added consulting services to GRU. Our dedicated energy and utility professionals will provide you with realistic ideas and solutions to your challenges. We understand your unique business needs and our principal objective is to provide you with strategic insights and assist you in achieving your long-term goals.

Our detailed approach is described in section **C. Proposed method**.

"The PUD has been very satisfied with the services provided by Baker Tilly. Their work has been performed timely and within budget and their staff is knowledgeable, efficient, courteous and professional."

- Snohomish County Public Utility District No. 1

B. Company qualifications and experience

Firm overview

Baker Tilly is a nationally recognized firm with a proven track record of serving clients nationwide – and internationally. With clients located in essentially every part of the country, our locations across the U.S. enjoy brand recognition among our peers and the public. And as a member of Baker Tilly International, we are able to extend our reach through trusted relationships with firms across the country and around the world.

Baker Tilly was founded in 1931 with one central objective: **use our industry specialization to help our clients improve their businesses**. And that objective still holds true today. We will assemble an integrated team to serve GRU, blending our energy and utility-focused professionals with experienced specialists in the areas that are most important to you. This combination of financial, business and industry-specific specialization ensures you will be working with knowledgeable professionals who understand your organization and the challenges you face – and can create innovative solutions to help you overcome them. And because GRU will be working with a tailored engagement team, you can expect to receive consistent, efficient and Exceptional Client Service.

For more than 85 years, Baker Tilly has understood that our business demands absolute integrity, a belief in the value of trusted relationships and a willingness to collaborate with every client. We will strive to continue to deepen and enhance our relationship with GRU as we continue to serve as your Valued Business Advisor.

Candor

Rest assured that there will be no surprises. Your engagement team will proceed in an open and collaborative manner. We routinely ask for and provide feedback that is smart and straight to the point.

Insight

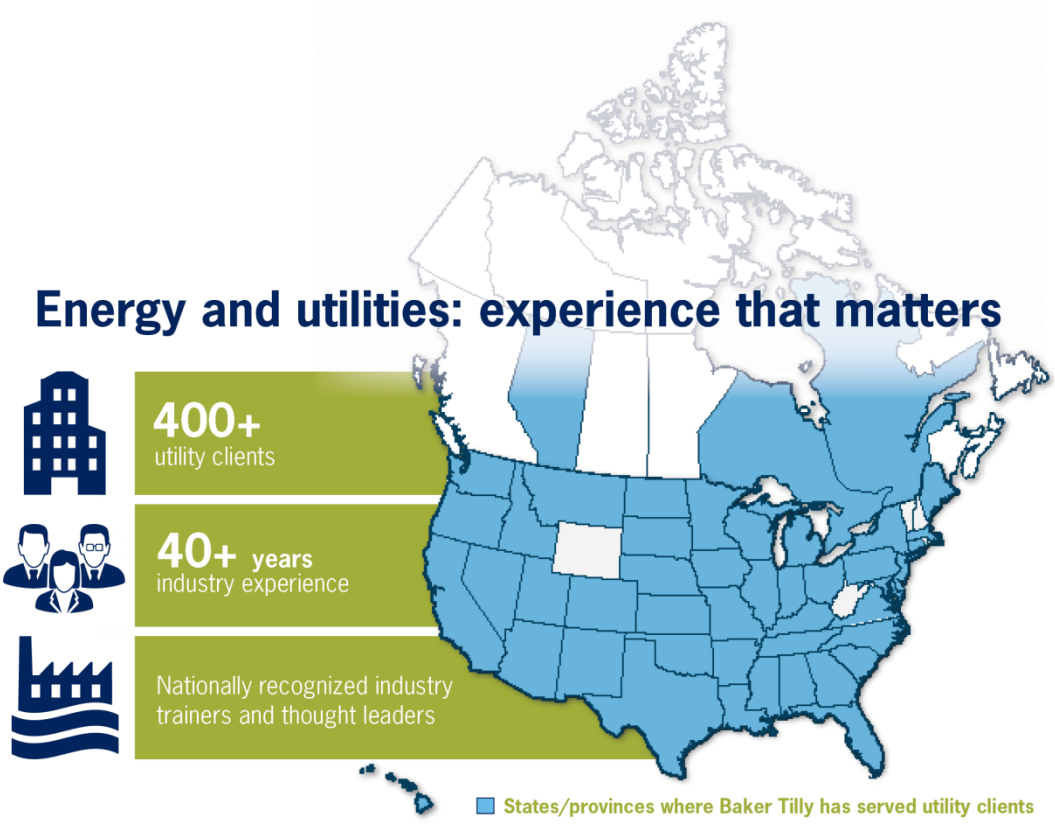
With our mature and deep specialization by industry and service line, we mobilize resources to consistently bring new and innovative ideas to you.

Results

We do what we say we will do. We start with a team strategically put together based on experience and chemistry. We continually focus on quality, and we work with you to develop a tailored approach that is designed to help you meet your business goals.

Energy and utilities specialized team

Dedicated entirely to energy and utility service providers, Baker Tilly's specialized energy and utilities team of more than 60 professionals currently works with more than 400 public power and investor-owned utilities, electric cooperatives, renewable energy developers and joint action agencies, water, wastewater, gas and reclaimed water utilities and transit systems. We have specialists with experience in cost of service and rate design, business process consulting, internal audit, technology, human resources and other areas available to serve GRU.



Baker Tilly's capacity to provide top quality professional services to our clients goes even deeper than our commitment to the industry as a whole. We will take an informed and practical approach to assisting you in setting expectations and implementing your utility cost of service and rate study. We use what we know to develop a tailored, personalized approach to developing a customized cost of service and rate model that meets your needs.

Prior experience

For more than 40 years, Baker Tilly has provided rate consulting services for public agencies and helped clients in this sector meet market expectations and reach critical financial targets. Baker Tilly regularly prepares cost of service and rate studies and we teach courses on cost of service and rate design principles for utility organizations. Our staff members practice their craft with the knowledge, experience, skills and integrity to deliver what you ask and meet your goals.

The following table includes a sample of similar cost of service projects completed by our firm in the past three years.

Gainesville Regional Utilities (GRU), Florida Years completed: 2013 – 2015	**Electric revenue requirement, cost of service and rate design study with cash flow forecast** **Our client's need** Due to major shifts in purchased power costs and increased distributed generation (DG), this Southern utility needed to update its electric base rates to reflect its current operating conditions. Further, the utility was looking to adjust the base rates for its water, wastewater and gas utility functions. **Baker Tilly solution** As part of our engagement, Baker Tilly performed electric, water, wastewater and gas utility cost of service and rate design studies as well as cash flow calculations for GRU. The electric rate study included an assessment of rate design options to mitigate the impact of increased DG. We also conducted a separate analysis of GRU's purchase power agreement as a potential capital lease accounting treatment under GASB 62, in lieu of recovery of purchased power costs through a fuel adjustment. **Results achieved** We successfully performed the rate study with proposed base rate changes, enabling the utility's revenue requirement to meet its operating costs while mitigating any significant changes to customer rates. Our recommendations were approved by the utility's commissioners.

Muscatine Power and Water (MPW), Iowa
Year completed: 2015

Electric revenue requirement, cost of service and rate design study with cash flow forecast

Our client's need

A Midwest municipal utility was looking to update its electric utility rates. The client faced concerns associated with significant rate changes and bill impacts to its customers as well as volatile costs for purchasing power from the wholesale market along with fuel costs.

Baker Tilly solution

Baker Tilly performed a comprehensive electric revenue requirement, cost of service and rate design study with a cash flow forecast for the utility's operations covering a two-year period. Additionally, we examined the hourly wholesale prices in the Midcontinent Independent System Operator (MISO) market to determine the appropriateness of on-peak and off-peak rates and developed an energy adjustment clause as a means to stabilize customer base rates with respect to purchased power and fuel costs.

Results achieved

We were able to perform a rate study with a proposed two-step rate increase, enabling the utility's revenue requirement to meet its operating costs but also mitigating any significant changes to customer rates. Our recommendations were approved by the utility's board.

Rochelle Municipal Utilities (RMU), Illinois Years completed: 2014 – 2016	**Transmission revenue requirement analysis, cost of service and rate design study** **Our client's need** Due to the acquisition of electric transmission assets, a Midwestern electric utility needed to develop and file for approval of a MISO transmission tariff Attachment O per Federal Energy Regulatory Commission (FERC) requirements. The utility had not previously owned transmission assets and sought assistance on developing an application to value its transmission assets per allowable FERC regulatory accounting rules. **Baker Tilly solution** As part of our engagement, Baker Tilly developed an Attachment O rate tariff utilizing a cost-based methodology, which involved gathering details of the utility's transmission system at the individual asset level (including quantity, age and condition) and determining a replacement price of the asset using the Handy-Whitman Index. Subsequent to this effort, we performed an electric revenue requirement analysis with a cash flow projection, cost of service and rate design study. **Results achieved** Through Baker Tilly's assistance with the development of the Attachment O rate tariff, the utility was able to gain regulatory approval of a tariff to charge to its transmission customers. Further, through the revenue requirement analysis, cost of service and rate design study, the utility was now able to update the rates to collect from its retail customers.

Industry involvement

Baker Tilly's partners and managers consider professional development and industry involvement essential to building and sustaining the knowledge base we bring to each engagement.

Our energy and utilities team members are involved in many industry groups, participate in and present programs at annual conferences, teach utility industry professionals at workshops, author articles on timely topics, sponsor development of industry resources and contribute expertise to high-level policy discussions. Our involvement in national organizations that represent industry leadership helps us maintain our technical excellence and remain leaders in addressing emerging issues and trends.

Baker Tilly professionals are active in a number of state electric, water, wastewater and gas industry associations as well as the following:

- American Public Power Association (APPA)
- American Wind Energy Association (AWEA)
- American Public Works Association (APWA)
- American Gas Association (AGA)
- American Water Works Association (AWWA)
- Edison Electric Institute (EEI)
- Association of Government Accountants (AGA)
- Government Finance Officers Association (GFOA)
- Sustainability Accounting Standards Board (SASB) — Electric industry working group member

Thought leadership

Articles

As industry leaders, Baker Tilly authors articles that focus on emerging issues of interest to the utility sector, such as the impact and implementation of new accounting reporting standards. These publications reach a nationwide audience and a sample of recent topics include:

- Revenue decoupling mechanisms pursue disincentives to pursue energy efficiency
- Long range planning: Balancing costs with customer service
- Extreme utility rate increases and communicating them effectively
- What's going on with electric utility monthly fixed charges?
- Why are plant costs so important to utilities?
- Improve utility performance by using performance audits
- How detailed should your utility's asset records be?
- Utilities leverage key performance indicators to evolve
- Are you overpaying for your share of joint generation costs?
- Benchmarks and key performance indicators (KPIs) — the hidden gems of financial management tools
- Fixed asset management best practices for utilities
- Is your power purchase agreement a capital lease?

Utility industry training

Baker Tilly develops and presents training courses for various roles in the utility industry. State utility associations and national organizations such as the APPA, AWWA and EEI ask us to speak at events, teach courses and represent the industry.

We are instructors for APPA's quarterly ***Work Order & Asset Management*** and ***Advanced Public Utility Accounting courses*** at various locations across the country. Our team regularly presents workshops and full and half-day seminars on financial and organizational issues in the utility industry at the ***APPA National Conference***, ***APPA Business & Financial Conference*** and other APPA events. We also provide presentations at the annual ***EEI/AGA Financial Conference***.

Presentations made in the last three years for the APPA and other professional associations include:

Presentation	Event
Managing joint power plant contracts	2016 APPA Business & Financial Conference
Strengthening cyber security controls	2016 APPA Business & Financial Conference
Establishing a succession planning program in your utility	2016 APPA National Conference
Best practices: Contract management and vendor oversight	2016 ICMA National Conference
Value of water	2016 AWWA Wisconsin Section Annual Conference
Long range Planning: Why? How? Who?	2016 AWWA Wisconsin Section Annual Conference
Financial statement analysis	2015 APPA Business & Financial Conference
Information technology governance	2015 APPA Business & Financial Conference
Sustainability accounting standards	2015 APPA Business & Financial Conference
Introduction to public power and the electric industry for non-public power team members	2015 APPA Business & Financial Conference
Succession planning programs	2015 EEI/AGA Conference
Governmental accounting standards update	2014 APPA Business & Financial Conference

Webinars

We also share our knowledge through webinars. Baker Tilly team members have presented the following webinars:

- Understanding utility finances
- Using regulatory accounting in rate recovery strategies
- Implementing sustainability accounting standards
- Public and social media data risks: Protecting your organization from hackers
- Sustainable cybersecurity management: Why it is critical to review your program now
- Playing offense and defense: Assessing and managing cyber risk effectively

The following webinars in the APPA Accounting and Finance series and APPA Public Power Rating Agency series are forthcoming:

- Accounting standards and reporting update (June 2017)
- Maintaining or improving your utility's bond rating (July 2017)

We view this not only as a way of educating the current and next generation of utility finance and accounting professionals, but also as a way to enable utilities in their efforts to continue their service to customers and stakeholders.

Industry textbook and whitepaper authorship
Baker Tilly authors textbooks and whitepapers as resource materials for the utility industry. Publications include:

- Advanced public utility accounting
- IT governance for electric utilities
- Sustainability reporting for electric utilities
- Effectively manage business risk in utilities
- Preserving a vibrant workforce – Establishing a sustainable succession planning program platform
- Enterprise resource planning system selection best practices

These publications serve as guides based on our industry knowledge and insights. They include common sense applications of industry practices for utilities to follow.

C. Proposed method

All studies — Provide cost of service model training and a copy of the working model to GRU for future use

The model used in all of the studies for GRU (electric, water-retail, water-wholesale, gas and wastewater) is very similar to the model we used previously and will again be provided to GRU for future use. The model will be a Microsoft Excel spreadsheet, which allows for running multiple scenarios and provides ease of use for GRU.

1. Electric study – retail rates

Phase 1 — Establish project management and communication

Baker Tilly's project management philosophy relies on communication and client/project team involvement. As a firm, we follow the strong project management principles and practices of the Project Management Institute.

Kick-off meeting
The kick-off meeting will set the tone for the project; establish benchmarks for completion of project segments; and facilitate discussion of project issues, cost of service and rate design philosophies; and outline specific project requirements. Points of responsibility will be established within the Baker Tilly project team, GRU management and stakeholders to help the project run smoothly and provide maximum value.

Project work plan approval
This proposal includes a preliminary project plan that we have developed based on the RFP (including Addenda 1) and our experience performing electric cost of service and rate design studies with public power entities across the country. As part of the project kick-off, we will discuss our proposed work plan with management, revise as needed and obtain management's concurrence with the final draft prior to initiating project fieldwork.

The detailed project steps include:

Tasks	Engagement steps – Project management and communication
1	Attend kick-off meeting with GRU management and other stakeholders
2	Establish points of contact and responsibility for team members
3	Agree on project schedule milestones
4	Establish communication protocols and frequency
5	Discuss logistics
6	Initiate web-based project tool protocols
7	Finalize work plan with management's approval
8	Discuss the initial data request for information needed to complete the study

Phase 2 — Review existing customer classifications

For this phase we will review GRU's existing electric rate structure and available load data to ensure that diversity among individual loads within each class is not excessive. If necessary, new rate classes will be recommended and presented to GRU for consideration.

As we are proposing to base the cost of service study on a future test year, any recommendations made to and accepted by GRU in this phase will be incorporated into our embedded cost of service analysis.

The detailed project steps include:

Tasks	Project steps – Customer classification
1	Request rate details and load data by customer class
2	Analyze existing customer thresholds and percentages of class within boundaries
3	Redefine boundaries or reclassify customers as necessary
4	Provide recommendations and reasoning to GRU as applicable

Phase 3 — Conduct the revenue requirement and cost of service study

We are proposing to develop a revenue requirement for a 2015 or 2016 test year. The revenue requirement will include these considerations:

- Impact of existing and future capital improvements
- Analysis of GRU's operating budget and a comparison with previous year's actual requirements
- Analysis and discussions regarding other costs or income
- Purchased power transactions and their variability
- Debt service and bond coverage requirements

Our work is done according to generally accepted cost of service study principles and rate design study techniques.

Overall cost allocations will be reviewed after discussions with staff and management. This will include a review of cost allocators from previous cost of service studies performed by GRU staff. An analysis of customer classifications and industry standard methodologies will ensure they are appropriate.

In order to assign and match revenue recovery to cost responsibility, we will analyze statistical load data to identify cost drivers by customer classes. For customers in demand charge rate schedules, this will involve analyzing interval data from GRU's meter reading system to determine customer demand.

For non-demand classes, we will aggregate and analyze customer data by customer class. For example, we will look at dedicated and primarily residential facilities to determine the residential classes' contribution to the overall system peak demand. This information will be valuable when it comes time to develop overall rate design recommendations.

Expenses and cost will be categorized and clearly tied back to financial data and forecasts. This will make the cost of service study transparent for GRU and will ensure all applicable revenue requirement elements are included in the cost of service and subsequent rate design.

Cost of service cost allocation philosophy

We have developed unbundling of costs as a standard output of the Baker Tilly electric cost of service model. Our model allocates costs to the class which the cost is incurred to serve. The main areas of cost allocations include:

1) **Power supply — purchased power**

   These include demand-related, energy-related and transmission-related costs for purchased power

2) **Transmission-related costs**

   The costs related to construction, operation and maintenance of the transmission system (if present) are unbundled and allocated to each customer class. These costs consist of the following components: *cost of transmission facilities, operation and maintenance costs, scheduling system control and dispatch services*

3) **Distribution costs**

   The distribution costs of the utility are unbundled into the following components: *substation costs, distribution system costs, transformer costs, services, meter operation and maintenance, street lighting operation and maintenance*

4) **Customer service**

   Costs are calculated for providing the following services to customers: *meter installation, meter reading, billing, collection, etc.*

5) **Administrative and general**

   Costs are allocated based on the overall costs in the power supply, transmission, distribution and customer service areas.

Fixed, departmental and variable costs

To assist management with information for decision-making, each cost category identified above is further broken down into the following sub-groups:

- **Fixed costs** — fixed costs do not change if the utility changes its operations. Examples of these costs are interest expense on debt, depreciation expense and return on investment in facilities
- **Department costs** — these are the costs of labor and supplies directly assignable to a specific utility department
- **Variable costs** — Variable costs depend on utility operations. For example, the cost of purchased power depends on the amount of power consumed by customers

This information can be used by management to determine what impact a change in operations will have on the cost structure of the utility.

The detailed project steps include:

Tasks	Project steps – Revenue requirement and cost of service study
1	Discuss cost allocation methodologies with GRU management and operations staff
2	Utilize the Baker Tilly cost of service model to allocate operation and maintenance expense items to electric cost parameters including: > Transmission components > Energy components > Distribution components > Customer coincident peak demand > Customer non-coincident peak demand > System and customer load factors > Line losses > Customer costs > Street lighting > Administrative and general
3	Allocate capital additions component to the electric cost parameters shown above
4	Review demand and sales data by customer class and determine the system demand for each customer class; for large customers, perform the same analysis on a customer-by-customer basis
5	Review cost of service allocated to each customer class based on system demand and other industry factors

Phase 4 — Complete rate design

The cost of service study develops revenue responsibility for each customer class. Rates will be designed to equitably recover the required revenue from each customer class. Alternative rate designs will be discussed with management during the kick-off meeting and prior to establishing the final rate design.

The rate design study will address:

- Consistency with existing rate structures
- Design of residential and commercial tiered rate structures
- Residential and commercial time of use rates and definition of on-and off-peak hours
- Commercial time of demand rates
- Options for collection of GREC Purchased Power Agreement charges in base rates and/or fuel adjustment
- Options for demand billing for all customers
- Net Metering Customer Charges/Standby Rate
- Lighting and corresponding pole charges (not pole attachment fees)
- Environmental cost recovery factor applicability and rate
- Impacts of rate design on consumption, conservation and GRU revenue
- Adequate and equitable usage and demand charges
- Possibility of economic development encouragement through utility rates
- Any governmental authority with jurisdiction over GRU's rate structure
- Simplicity and clarity for the utility customers
- Implementation of proposed rates within the existing billing system
- Service charges
- Regulatory assets/liabilities rate recoveries

Typically, rates are designed to recover from each customer class the cost to serve that class. However, we know from experience that many factors play into a functioning community and often rates must balance cost of service with other considerations of public interest. Baker Tilly will discuss issues of ratepayer equity and affordability with GRU management prior to the design phase of the rate study.

The detailed project steps include:

Tasks	Project steps – Rate design
1	Discuss rate design philosophy and alternative options with GRU management and operations staff
2	Review cost of service results by customer classification
3	Design rates based on steps 1 and 2 above
4	Issue draft of comments and recommendations to utility management for review; discuss with management and revise as needed

Phase 5 — Draft report and quality assurance practices

We will prepare a draft report for management review and discussion. Management can ask questions, offer comments and request changes for inclusion in the final report and recommendations. Consistent with the RFP, the draft report will be delivered at least one week before October 20, 2017.

The detailed project steps include:

Tasks	Project steps – Draft report and quality assurance
1	Perform quality assurance procedures
2	Issue draft report to utility management and stakeholders
3	Discuss draft report with management
4	Make requested revisions

Phase 6 — Final report delivery and presentation

Upon review and discussion of the preliminary report by management, we will prepare a final report and recommendations to be presented to utility management and other interested parties. Consistent with the RFP, the final report will be delivered on or before November 17, 2017.

Baker Tilly will present final study results to executive staff, the Regional Utilities Committee and the City Commission. We can make additional presentations of the final report at GRU's option.

Phase 7 — Public outreach to GRU oversight body and customers

Baker Tilly will hold a public town hall meeting with the utility board to discuss the study results and customer impacts. Baker Tilly will also assist GRU in preparation of press releases announcing rate changes and customer impacts.

2. Water study – retail rates

Phase 1 — Establish project management and communication

Baker Tilly's project management philosophy relies on communication and client/project team involvement. As a firm, we follow the strong project management principles and practices of the Project Management Institute.

Kick-off meeting
The kick-off meeting will set the tone for the project; establish benchmarks for completion of project segments; and facilitate discussion. Points of responsibility will be established to help the project run smoothly and provide maximum value. We will follow the detailed project steps as shown under the electric study proposed method.

Phase 2 — Review existing customer classifications

For this phase we will review GRU's existing water rate structure and available demand data to analyze reasonableness of existing customer classes. If necessary, new rate classes will be recommended and presented to GRU for consideration.

The detailed project steps include:

Tasks	Project steps – Customer classification
1	Request rate details and load data by customer class
2	Analyze existing customer thresholds and percentages of class within boundaries
3	Redefine boundaries or reclassify customers as necessary
4	Provide recommendations and reasoning to GRU as applicable

Phase 3 — Conduct the revenue requirement and cost of service study

We are proposing to develop a revenue requirement for a future test year. The revenue requirement will include these considerations:

- Impact of existing and future capital improvements
- Analysis of GRU's operating budget and a comparison with previous years actual requirements
- Analysis and discussions regarding other costs or income
- Debt service and bond coverage requirements

Our work is done according to generally accepted cost of service study principles and rate design study techniques.

Overall cost allocations will be reviewed after discussions with staff and management. This will include a review of cost allocators from previous cost of service studies performed by GRU staff. An analysis of customer classifications and industry standard methodologies will ensure they are appropriate.

Expenses and cost will be categorized and clearly tied back to financial data and forecasts. This will make the cost of service study transparent for GRU and will ensure all applicable revenue requirement elements are included in the cost of service and subsequent rate design.

Cost of service cost allocation philosophy

We have developed a cost of service model in accordance with standards of the American Water Works Association. This standard uses the “base extra-capacity method” which allocates costs to customer class based on a combination of the demand they place on the water system and volumes of water used. This method will allocate GRU’s operating and capital costs to the customer classes that are driving those costs.

The cost of service study will allocate these cost components between the retail customer classes and any wholesale customers, including the University of Florida.

The detailed project steps include:

Tasks	Project steps – Revenue Requirement and Cost of Service Study
1	Discuss cost allocation methodologies with GRU management and operations staff
2	Allocate operation and maintenance expense items to water cost parameters including demand, volume and customer costs.
3	Allocate capital additions and the associated rate of return component to the cost parameters shown above
4	Review demand and sales data by customer class and determine the system demand for each customer class. For large customers, the same analysis will be performed on a customer-by-customer basis
5	Review cost of service allocated to each customer class based on system demand and other industry factors

Phase 4 — Complete rate design

The cost of service study develops revenue responsibility for each customer class. Rates will be designed to equitably recover the required revenue from each customer class. Alternative rate designs will be discussed with management during the kick-off meeting and prior to establishing the final rate design.

The rate design study will address:

- Consistency with existing rate structures
- Impacts of rate design on consumption, conservation and GRU revenue
- Conservation rates including reverse block allocations
- Residential and commercial irrigation rates
- Possibility of economic development encouragement through utility rates
- Implementation of proposed rates within the existing billing system
- Services Charges
- Regulatory assets/liabilities rate recoveries

Baker Tilly will discuss issues of ratepayer equity and affordability with GRU management prior to the design phase of the rate study.

The detailed project steps include:

Tasks	Project steps – Rate Design
1	Discuss rate design philosophy and alternative options with utility management and operations staff
2	Review cost of service results by customer classification
3	Design rates for retail service
4	Design rates for wholesale service to the University of Florida
5	Determine City of Alachua Wholesale rate applicability and design rates accordingly
6	Design rates for service charges
7	Issue draft of comments and recommendations to utility management for review; discuss with management and revise as needed

Phase 5 — Draft report and quality assurance practices

We will prepare a draft report for management review and discussion. Management can ask questions, offer comments and request changes for inclusion in the final report and recommendations. Consistent with the RFP, the draft report will be delivered at least one week before October 20, 2017.

The detailed project steps include:

Tasks	Project steps – Draft report and Quality Assurance
1	Perform quality assurance procedures
2	Issue draft report to utility management and stakeholders
3	Discuss draft report with management
4	Make requested revisions

Phase 6 — Final report delivery and presentation

Upon review and discussion of the preliminary report by management, we will prepare a final report and recommendations to be presented to utility management and other interested parties. Consistent with the RFP, the final report will be delivered on or before November 17, 2017.

Baker Tilly will present final study results to executive staff, the UAB and the City Commission. We can make additional presentations of the final report at GRU's option.

Phase 7 — Public outreach to GRU oversight body and customers

Baker Tilly will hold a public town hall meeting with the utility board to discuss the study results and customer impacts. Baker Tilly will also assist GRU in preparation of press releases announcing rate changes and customer impacts.

3. Water study – wholesale rates

Phase 1 — Establish project management and communication

Baker Tilly's project management philosophy relies on communication and client/project team involvement. As a firm, we follow the strong project management principles and practices of the Project Management Institute.

Kick-off meeting
The kick-off meeting will set the tone for the project; establish benchmarks for completion of project segments; and facilitate discussion. Points of responsibility will be established to help the project run smoothly and provide maximum value. We will follow the detailed project steps as shown under the electric study proposed method.

Phase 2 — Review existing customer classifications

For this phase we will review GRU's existing water rate structure and available demand data to analyze reasonableness of existing customer classes. If necessary, new rate classes will be recommended and presented to GRU for consideration.

The detailed project steps include:

Tasks	Project steps – Customer classification
1	Request rate details and load data by customer class
2	Analyze existing customer thresholds and percentages of class within boundaries
3	Redefine boundaries or reclassify customers as necessary
4	Provide recommendations and reasoning to GRU as applicable

Phase 3 — Conduct the revenue requirement and cost of service study

We are proposing to develop a revenue requirement for a future test year. The revenue requirement will include these considerations:

- Impact of existing and future capital improvements
- Analysis of GRU's operating budget and a comparison with previous years actual requirements
- Analysis and discussions regarding other costs or income
- Debt service and bond coverage requirements
- Wholesale service to the University of Florida
- City of Alachua Wholesale rate applicability

Our work is done according to generally accepted cost of service study principles and rate design study techniques.

Overall cost allocations will be reviewed after discussions with staff and management. This will include a review of cost allocators from previous cost of service studies performed by GRU staff. An analysis of customer classifications and industry standard methodologies will ensure they are appropriate.

Expenses and cost will be categorized and clearly tied back to financial data and forecasts. This will make the cost of service study transparent for GRU and will ensure all applicable revenue requirement elements are included in the cost of service and subsequent rate design.

Cost of service cost allocation philosophy

We have developed a cost of service model in accordance with standards of the American Water Works Association. This standard uses the “base extra-capacity method” which allocates costs to customer class based on a combination of the demand they place on the water system and volumes of water used. This method will allocate GRU’s operating and capital costs to the customer classes that are driving those costs.

The cost of service study will allocate these cost components between the retail customer classes and any wholesale customers, including the University of Florida.

The detailed project steps include:

Tasks	Project steps – Revenue Requirement and Cost of Service Study
1	Discuss cost allocation methodologies with GRU management and operations staff
2	Allocate operation and maintenance expense items to water cost parameters including demand, volume and customer costs.
3	Allocate capital additions and the associated rate of return component to the cost parameters shown above
4	Review demand and sales data by customer class and determine the system demand for each customer class. For large customers, the same analysis will be performed on a customer-by-customer basis
5	Review cost of service allocated to each customer class based on system demand and other industry factors

Phase 4 — Complete rate design

The cost of service study develops revenue responsibility for each customer class. Rates will be designed to equitably recover the required revenue from each customer class. Alternative rate designs will be discussed with management during the kick-off meeting and prior to establishing the final rate design.

The rate design study will address:

- Consistency with existing rate structures
- University of Florida water rates for on and off campus accounts
- City of Alachua Wholesale rate applicability
- Regulatory assets/liabilities rate recoveries

Baker Tilly will discuss issues of ratepayer equity and affordability with GRU management prior to the design phase of the rate study.

The detailed project steps include:

Tasks	Project steps – Rate Design
1	Discuss rate design philosophy and alternative options with utility management and operations staff
2	Review cost of service results by customer classification
3	Design rates for retail service
4	Design rates for wholesale service to the University of Florida
5	Determine City of Alachua Wholesale rate applicability and design rates accordingly
6	Design rates for service charges
7	Issue draft of comments and recommendations to utility management for review; discuss with management and revise as needed

Phase 5 — Draft report and quality assurance practices

We will prepare a draft report for management review and discussion. Management can ask questions, offer comments and request changes for inclusion in the final report and recommendations. Consistent with the RFP, the draft report will be delivered at least one week before October 20, 2017.

The detailed project steps include:

Tasks	Project steps – Draft report and Quality Assurance
1	Perform quality assurance procedures
2	Issue draft report to utility management and stakeholders
3	Discuss draft report with management
4	Make requested revisions

Phase 6 — Final report delivery and presentation

Upon review and discussion of the preliminary report by management, we will prepare a final report and recommendations to be presented to utility management and other interested parties. Consistent with the RFP, the final report will be delivered on or before November 17, 2017.

Baker Tilly will present final study results to executive staff, the UAB and the City Commission. We can make additional presentations of the final report at GRU's option.

Phase 7 — Public outreach to GRU oversight body and customers

Baker Tilly will hold a public town hall meeting with the utility board to discuss the study results and customer impacts. Baker Tilly will also assist GRU in preparation of press releases announcing rate changes and customer impacts.

4. Wastewater study

Phase 1 — Establish project management and communication

Baker Tilly's project management philosophy relies on communication and client/project team involvement. As a firm, we follow the strong project management principles and practices of the Project Management Institute.

Kick-off meeting
The kick-off meeting will set the tone for the project; establish benchmarks for completion of project segments; and facilitate discussion. Points of responsibility will be established to help the project run smoothly and provide maximum value. We will follow the detailed project steps as shown under the electric study proposed method.

Phase 2 — Review existing customer classifications

For this phase we will review GRU's existing wastewater rate structure and available demand data to analyze reasonableness of existing customer classes. If necessary, new rate classes will be recommended and presented to GRU for consideration.

The detailed project steps include:

Tasks	Project steps – Customer classification
1	Request rate details and load data by customer class
2	Analyze existing customer thresholds and percentages of class within boundaries
3	Redefine boundaries or reclassify customers as necessary
4	Provide recommendations and reasoning to GRU as applicable

Phase 3 — Conduct the revenue requirement and cost of service study

We are proposing to develop a revenue requirement for a future test year. The revenue requirement will include these considerations:

- Impact of existing and future capital improvements
- Analysis of GRU's operating budget and a comparison with previous years actual requirements
- Analysis and discussions regarding other costs or income
- Debt service and bond coverage requirements

Our work is done according to generally accepted cost of service study principles and rate design study techniques.

Overall cost allocations will be reviewed after discussions with staff and management. This will include a review of cost allocators from previous cost of service studies performed by GRU staff. An analysis of customer classifications and industry standard methodologies will ensure they are appropriate.

Expenses and cost will be categorized and clearly tied back to financial data and forecasts. This will make the cost of service study transparent for GRU and will ensure all applicable revenue requirement elements are included in the cost of service and subsequent rate design.

Cost of service cost allocation philosophy

We have developed a cost of service model in accordance with industry standards which allocates costs to customer class based on a combination of the demand they place on the wastewater system, customer costs, strength of their discharge and volumes discharged into the system for treatment. The methodology also includes customer cost allocations for infiltration and inflow (I/I) for rainwater and other unmetered sources entering the system that is treated but not reflected in customer volumes. This method will allocate GRU's operating and capital costs to the customer classes that are driving those costs. The cost of service study will allocate these cost components between the retail customer classes.

The detailed project steps include:

Tasks	Project steps – Revenue Requirement and Cost of Service Study
1	Discuss cost allocation methodologies with GRU management and operations staff
2	Allocate operation and maintenance expense items to wastewater cost parameters including: > Domestic strength treatment components > High strength treatment components > Transmission components > Distribution components > System and customer load factors > Customer costs > Administrative and general
3	Allocate capital additions and the associated rate of return component to the cost parameters shown above
4	Review demand and sales data by customer class and determine the system demand for each customer class. For large customers, the same analysis will be performed on a customer-by-customer basis
5	Review cost of service allocated to each customer class based on system demand and other industry factors

Phase 4 — Complete rate design

The cost of service study develops revenue responsibility for each customer class. Rates will be designed to equitably recover the required revenue from each customer class. Alternative rate designs will be discussed with management during the kick-off meeting and prior to establishing the final rate design.

The rate design study will address:

- Consistency with existing rate structures
- Impacts of rate design on consumption, conservation and GRU revenue
- Simplicity and clarity for the utility customers
- Monthly charges for customer usage and customer charges including recommendations for application of a winter max or kgal cap for billing purposes
- Service charges
- Bio-solids hauling and sludge treatment fees

- Options for methodologies to establish wastewater billing volumes
- Implementation of proposed rates within the existing billing system
- Regulatory assets/liabilities rate recoveries

Baker Tilly will discuss issues of ratepayer equity and affordability with GRU management prior to the design phase of the rate study.

The detailed project steps include:

Tasks	Project steps – Rate Design
1	Discuss rate design philosophy and alternative options with utility management and operations staff
2	Review cost of service results by customer classification
3	Design rates for retail service
4	Design rates for wholesale service to the University of Florida
5	Determine City of Alachua Wholesale rate applicability and design rates accordingly
6	Design rates for service charges
7	Issue draft of comments and recommendations to utility management for review; discuss with management and revise as needed

Phase 5 — Draft report and quality assurance practices

We will prepare a draft report for management review and discussion. Management can ask questions, offer comments and request changes for inclusion in the final report and recommendations. Consistent with the RFP, the draft report will be delivered at least one week before October 20, 2017.

The detailed project steps include:

Tasks	Project steps – Draft report and Quality Assurance
1	Perform quality assurance procedures
2	Issue draft report to utility management and stakeholders
3	Discuss draft report with management
4	Make requested revisions

Phase 6 — Final report delivery and presentation

Upon review and discussion of the preliminary report by management, we will prepare a final report and recommendations to be presented to utility management and other interested parties. Consistent with the RFP, the final report will be delivered on or before November 17, 2017.

Baker Tilly will present final study results to executive staff, the UAB and the City Commission. We can make additional presentations of the final report at GRU's option.

Phase 7 — Public outreach to GRU oversight body and customers

Baker Tilly will hold a public town hall meeting with the utility board to discuss the study results and customer impacts. Baker Tilly will also assist GRU in preparation of press releases announcing rate changes and customer impacts.

5. Natural gas (LDC) system study

Phase 1 — Establish project management and communication

Baker Tilly's project management philosophy relies on communication and client/project team involvement. As a firm, we follow the strong project management principles and practices of the Project Management Institute.

Kick-off meeting
The kick-off meeting will set the tone for the project; establish benchmarks for completion of project segments; and facilitate discussion. Points of responsibility will be established to help the project run smoothly and provide maximum value. We will follow the detailed project steps as shown under the electric study proposed method.

Phase 2 — Review existing customer classifications

For this phase we will review GRU's existing natural gas rate structure and available demand data to analyze reasonableness of existing customer classes. If necessary, new rate classes will be recommended and presented to GRU for consideration.

The detailed project steps include:

Tasks	Project steps – Customer classification
1	Request rate details and load data by customer class
2	Analyze existing customer thresholds and percentages of class within boundaries
3	Redefine boundaries or reclassify customers as necessary
4	Provide recommendations and reasoning to GRU as applicable

Phase 3 — Conduct the revenue requirement and cost of service study

We are proposing to develop a revenue requirement for a future test year. The revenue requirement will include these considerations:

- Impact of existing and future capital improvements
- Analysis of GRU's operating budget and a comparison with previous years actual requirements
- Analysis and discussions regarding other costs/income that may be applicable
- Debt service and bond coverage requirements

Our work is done according to generally accepted cost of service study principles and rate design study techniques. We allocate costs to customer classes based on the volume of gas used and metered demand. We also review and recommend automatic gas adjustment clauses to pass through the variable price of gas which has a history of being fairly volatile in price. The use of this mechanism provides price protection for GRU against wide swings in its purchase price of gas.

Overall cost allocations will be reviewed after discussions with staff and management. This will include a review of cost allocators from previous cost of service studies performed by GRU staff. An analysis of customer classifications and industry standard methodologies will ensure they are appropriate.
Expenses and cost will be categorized and clearly tied back to financial data and forecasts. This will make the cost of service study transparent for GRU and will ensure all applicable revenue requirement elements are included in the cost of service and subsequent rate design.

The detailed project steps include:

Tasks	Project steps – Revenue Requirement and Cost of Service Study
1	Discuss cost allocation methodologies with GRU management and operations staff
2	Allocate operation and maintenance expense items to natural gas cost parameters including demand, volume and customer costs.
3	Allocate capital additions and the associated rate of return component to the cost parameters shown above
4	Review demand and sales data by customer class and determine the system demand for each customer class. For large customers, the same analysis will be performed on a customer-by-customer basis
5	Review cost of service allocated to each customer class based on system demand and other industry factors

Phase 4 — Complete rate design

The cost of service study develops revenue responsibility for each customer class. Rates will be designed to equitably recover the required revenue from each customer class. Alternative rate designs will be discussed with management during the kick-off meeting and prior to establishing the final rate design.

The rate design study will address:

- Consistency with existing rate structures
- Design of residential and commercial tiered rate structures
- Residential and commercial time of use rates
- Commercial time of demand rates
- Impacts of rate design on consumption, conservation and GRU revenue
- Adequate and equitable usage and demand charges
- Possibility of economic development encouragement through utility rates
- Any governmental authority with jurisdiction over GRU's rate structure
- Simplicity and clarity for the utility customers
- Implementation of proposed rates within the existing billing system
- Service charges regulatory assets/liabilities rate recoveries

Baker Tilly will discuss issues of ratepayer equity and affordability with GRU management prior to the design phase of the rate study.

The detailed project steps include:

Tasks	Project steps – Rate Design
1	Discuss rate design philosophy and alternative options with utility management and operations staff
2	Review cost of service results by customer classification
3	Design rates for retail service
4	Issue draft of comments and recommendations to utility management for review; discuss with management and revise as needed

Phase 5 — Draft report and quality assurance practices

We will prepare a draft report for management review and discussion. Management can ask questions, offer comments and request changes for inclusion in the final report and recommendations. Consistent with the RFP, the draft report will be delivered at least one week before October 20, 2017.

The detailed project steps include:

Tasks	Project steps – Draft report and Quality Assurance
1	Perform quality assurance procedures
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Phase 6 — Final report delivery and presentation

Upon review and discussion of the preliminary report by management, we will prepare a final report and recommendations to be presented to utility management and other interested parties. Consistent with the RFP, the draft report will be delivered on or before November 17, 2017.

Baker Tilly will present final study results to executive staff, the UAB and the City Commission. We can make additional presentations of the final report at GRU's option.

Phase 7 — Public outreach to GRU oversight body and customers

Baker Tilly will hold a public town hall meeting with the utility board to discuss the study results and customer impacts. Baker Tilly will also assist GRU in preparation of press releases announcing rate changes and customer impacts.

6. Project timeline

The following table details the timing of the proposed method laid out above. As specified in the RFP, we will review interim study findings with GRU staff at least one week prior to October 20, 2017, and the detailed analysis will be provided in final form by November 17, 2017 with three presentations to be scheduled in December 2017, January 2018 and February 2018.

GRU cost of service and rate design study						
Milestone	**Sep 2017**	**Oct 2017**	**Nov 2017**	**Dec 2017**	**Jan 2018**	**Feb 2018**
Contract start date						
Initial information request						
GRU completes information request						
Kick off meeting and field work						
Develop revenue requirement						
Allocate cost of service						
Baker Tilly and GRU team review						
Design rates						
Draft report						
GRU review and comments						
Final report						
Presentation to executive staff						
Presentation to UAB						
Presentation to City Commission						

D. Fees and expenses

Value for fees

We have prepared a fee estimate for GRU based on the needs and objectives you have shared with us and our experience conducting similar cost of service and utility rate studies. Our estimate allows for thorough and insightful advice and services from experienced professionals, providing a high value for fees.

Our proposed, not to exceed fee for this project is $95,000, details can be found in the table below.

Task	Partner-in-charge	Review partner	Senior manager	Project manager	Manager	Senior	Staff	Total hours	Total cost
Project management and communication	4	-	-	4	4	-	-	12	$ 2,960
Customer classification review	4	-	-	8	8	-	10	30	$ 6,170
Revenue requirement and cost of service study	12	-	8	46	44	-	48	158	$ 31,470
Rate design	8	-	-	26	22	-	38	94	$ 18,430
Draft report and quality assurance	6	6	-	12	10	-	12	46	$ 10,470
Final report completion and delivery	6	-	-	12	10	-	12	40	$ 8,370
Three presentations to executive staff, UAB and City Commission	10	-	-	10	10	-	-	30	$ 7,400
Total project hours	50	6	8	118	108	0	120	410	$ 85,270
Hourly rates	$350	$350	$225	$195	$195	$175	$165		
Total fees	$17,500	$2,100	$1,800	$23,010	$21,060	$0	$19,800		$ 85,270
Direct costs (including, out of pocket expenses and travel)									$ 9,730
								Grand total	$ 95,000

In the event a unique or complex issue arises, we will work with you to determine the level of assistance required and arrange an appropriate fee for our services. We always will tell you if the assistance you require is outside the scope of our agreed upon engagement.

Assumptions

We based our estimate on the assumptions detailed below. Should any of these change during the engagement, we will bring the matter to GRU's attention immediately and prepare a change order detailing the new requirements and corresponding budget impact. We will not undertake additional work without GRU's written approval.

Assumptions include:

- Baker Tilly will have access to, and be provided with, electronic or other readily available data, without the need to conduct data extraction or comprehensive synthesis
- Information will be provided within the specified timeframes and format
- No significant changes in scope from that outlined in this proposal

E. References

Valuable perspectives

We encourage you to connect with the clients listed below to learn more about the value of their relationship with Baker Tilly. Each may have a different perspective that you may find valuable in relation to GRU's needs.

Reference information	
Contact company	**Gainesville Regional Utilities (FL)**
Project description	Electric, water, wastewater and gas utility cost of service and rate design studies and cash flow calculation
Contact name	Diane Wilson
Contact title	Rates and Economic Analysis Manager
Telephone | email	352 393 1281 | wilsondm@gru.com
Dates of service	January 2013 – August 2013; December 2014 – May 2015
Contact company	**Manitowoc Public Utilities (WI)**
Project description	Electric cost of service and rate design study
Contact name	Cindy Carter
Contact title	Business Services Manager
Telephone | email	920 686 4348 | ccarter@mpu.org
Dates of service	January 2016 – March 2016
Contact company	**Muscatine Power and Water (IA)**
Project description	Electric cost of service and rate design study and cash flow forecast
Contact name	Cassie Mathias
Contact title	Manager Accounting and Finance
Telephone | email	563 262 3415 | cmathias@mpw.org
Dates of service	November 2014 – March 2015
Contact company	**Massachusetts Municipal Wholesale Electric Company (MMWEC)**
Project description	Electric cost of service and rate design assistance for MMWEC's 28 member municipal electric utilities within the ISO-NE RTO
Contact name	Carol Martucci
Contact title	Director of Accounting and Financial Reporting
Telephone | email	413 308 1375 | mmartucci@mmwec.org
Dates of service	July 2015 – September 2016

Reference information	
Contact company	**New London Utilities, Wisconsin**
Project description	Electric, water, and sewer rate studies and rate study policy working sessions
Contact name	Steve Thompson
Contact title	General Manager
Telephone | email	920 982 8516| sthompson@wppienergy.org
Dates of service	2014 – Present
Contact company	**Lake County Public Works Department (IL)**
Project description	Water and sewer rate studies and rate study policy working sessions
Contact name	Peter Kolb
Contact title	Public Works Director
Telephone | email	847 377 7125 | pkolb@lakecountyil.gov
Dates of service	2013
Contact company	**Mount Horeb Water and Sewer Utility (WI)**
Project description	Water rate study and cash flow analysis
Contact name	Cheryl Sutter
Contact title	Finance Director/Treasurer
Telephone | email	608 437 6884 | cheryl.sutter@mounthorebwi.info
Dates of service	2014

F. Designated consultant / project manager

Designated consultant

The contact person and contract manager at Baker Tilly for follow-up conversation with GRU is:

Russ Hissom, Partner
Baker Tilly
10 Terrace Court
Madison, WI 53718

Direct: 608 240 2361
Mobile: 608 628 4020
russ.hissom@bakertilly.com

Project manager

The project manager during GRU's engagement is:

Brian Kim, Manager
205 North Michigan Avenue
Chicago, IL 60601

Direct: 312 729 8068
brian.kim@bakertilly.com

Please do not hesitate to call or email with any questions or for more information.

"Baker Tilly demonstrated knowledge of potential client issues, awareness of impact on their engagement, and laid out a smart proactive problem-solving approach. Their readiness to be adaptive and responsive is a key highlight of a business partner."

- Seattle City Light

F. Resources

Specifically selected to serve GRU

Your engagement team consists of professionals who are utility industry specialists as well as experienced business advisors, who understand your needs, are proactive in identifying issues and creative and flexible in providing solutions.

The specialized focus of our energy and utilities team gives our staff an understanding of the issues your organization faces and provides them with the experience to find effective solutions. Each member of your engagement team is deeply committed to providing GRU with Exceptional Client Service.

In the 12 months ending March 31, 2017, Russ Hissom's clients have rated him **9.82 out of 10**, as an indication of satisfaction, with **100 percent giving him at least a 9.**

Partner-in-Charge	Russell A. Hissom, CPA, CIA, CISA, CRMA
	**Qualifications:** Russ has served the utility industry for more than 30 years with consulting and compliance services. He has extensive experience providing utility cost of service and rate design studies, business process and controls reviews, operational reviews and internal audit, financial and compliance audits, enterprise risk management programs, sustainability reporting, scorecard and metrics reporting, construction cost reviews, risk assessment and financial training for utilities.
	Role: Russ will serve as the partner-in-charge, direct the Baker Tilly project staff, provide quality assurance, review and edit deliverables. He will be responsible for overseeing the project and ensuring your utmost satisfaction with our service, quality of work, approach, findings and recommendations.

Review Partner	Aaron W. Worthman, CPA
	**Qualifications:** Aaron is a partner on the energy and utilities team and has been with Baker Tilly for nearly 20 years. He specializes in serving municipal utilities and joint action agencies. His experience includes preparing rate studies, cost of service studies, rate designs and financial forecasts as well as performing financial audits and agreed-upon procedure reviews. **Role:** Aaron will serve as a subject matter specialist on the engagement and perform a partner peer review of the compilation of the prospective financial information.

Senior Manager	Bethany L. Ryers, CPA, MAS
	**Qualifications:** Bethany has more than 10 years of experience serving the energy and utilities industry and has been with Baker Tilly since 2006. She specializes in providing auditing, accounting and consulting services to utilities. She also assists with financial and capital forecasts, rate studies and impact fees. **Role:** Bethany will serve as a subject matter specialist on the debt service payment schedules/bond issuances.

Project Manager	Brian Kim, CRRA
	**Qualifications:** Brian has more than seven years of experience providing consultation to governments and governmental entities on various projects, including cost of service/rate studies and financial forecasts, administrative and general (A&G) cost allocations, utility billing reviews, compliance audits and other rate and regulatory matters. **Role:** Brian will serve as your project manager, single point of contact, subject matter specialist and primary author of deliverables. He will prepare bi-weekly progress reports, ensuring that project milestones are met.

Consulting Manager	Amanda M. Lasinski
	**Qualifications:** Amanda has more than 10 years of experience serving the energy and utilities industry. She specializes in providing financial consulting, accounting and auditing services. She has worked on projects including financial and capital forecasts, rate studies and impact fees.
	Role: Amanda will assist the project manager in the successful completion of work plan (primarily in the area of the water and wastewater system), provide quality assurance and prepare deliverables.

Accountant	Jorge Ramos
	**Qualifications:** Jorge is an accountant on Baker Tilly's energy and utilities team and specializes in providing auditing and accounting services to public utility clients.
	Role: Jorge will assist the project manager in the successful completion of work plan (primarily in the area of the electric and natural gas LDC system), provide quality assurance and prepare deliverables.

We selected the engagement team for GRU based on the unique needs of your organization. Each person chosen to be on your team possesses individual strengths that will directly benefit GRU and complement your work environment. We will provide you with highly coordinated and responsive services. Please see the **Appendix: Resumes** for resumes of your engagement team members.

The energy and utilities team is centrally managed from our Madison, Wisconsin office to allow for consistent service to our clients nationwide. We collaborate and train with one another to stay up to date on industry changes and pass this knowledge along to our clients. We recommend you connect with our client references to appreciate their satisfaction with our team's responsiveness and presence throughout the project.

"What I have found with Baker Tilly over the years, and I have worked with many of the largest accounting firms nationally, is that Baker Tilly has really good accessibility."

- Colorado Springs Utilities

Building trust through significant partner and manager involvement

Baker Tilly's high level of partner and manager involvement in client engagements sets us apart from larger firms. Your team of partners and managers believe that three core areas – communication, accessibility and efficiency – complete our Exceptional Client Service approach. Here is how we keep this commitment:

Communication. Consistent communication is vital to our relationship with you. We will connect with your management throughout the year to share relevant information. Should issues arise, we will share them immediately and transparently. Clear and proactive communication ensures that everyone understands the issues and accountabilities and that problems are resolved on a timely basis.

Accessibility. We stand ready to serve you when you need us, where you need us, for as long as you need us. Whether it is an early morning email or late night phone call, we are here to give you peace of mind when it comes to the delivery of your pricing and rate study.

Efficiency. To perform efficiently, we believe in up-front planning and investing a significant amount of time from the beginning to understand your business operations, internal controls and greatest challenges. This allows us to more readily identify your unique risks and opportunities – and respond more quickly with targeted insights and services.

High satisfaction rates among existing Baker Tilly clients

Baker Tilly's growth trajectory is a direct result of our commitment to deliver Exceptional Client Service. To make sure we deliver on every promise made in the proposal process, we ask our clients one question: How likely are you to recommend Baker Tilly?

Our focus on relationship-building, industry specialization and local client service is why survey respondents recently gave us an average Exceptional Client Service score of 9.4 out of 10, where 10 indicates "extremely likely to recommend Baker Tilly to a friend or colleague" – placing us among the top accounting and advisory leaders in client satisfaction.

Sections G. through J.

G. Local preference

Baker Tilly is not claiming local preference.

H. SBE/SDVE

Baker Tilly is not a Small Business nor are we claiming Disabled Veteran Preference.

I. Small Business Enterprise

Baker Tilly is not a an independently owned business with a net worth of no more than five million dollars, nor employs 200 or fewer permanent full-time employees.

J. Service-Disable Veteran Enterprise

Baker Tilly is not at least 51 percent owned nor managed by a veteran who has been certified as a service-disabled veteran by the Florida Department of Management Services or other agency.

Appendix: Resumes

Russell A. Hissom, CPA, CIA, CISA
Partner

608 240 2361
russ.hissom@bakertilly.com

Russell Hissom, partner on the energy and utilities team, has been with Baker Tilly Virchow Krause, LLP since 1983. He has extensive experience in providing business advisory and internal audit services, utility cost of service and rate design studies, cost allocation reviews, financial and compliance audits, FERC accounting implementation projects, work order asset management system implementation projects, business process and controls reviews, scorecard and metrics reporting and industry training seminars and presentations on utility rates, internal audit, risk assessment and financial topics.

Specific experience

- Performs utility cost of service and rate design studies
- Serves as an expert witness before regulatory bodies in utility rate proceedings
- Provides internal audit and risk assessment services
- Performs management audits that analyze key utility business processes to determine and recommend greater efficiencies in operations
- Performs benchmarking analysis, overhead cost allocation studies and utility financial performance projects
- Performs reviews that analyze the impact, performance and contractual compliance of utilities under jointly owned electric generation contracts
- Performs FERC and work asset management implementation projects
- Performs work asset management and FERC/NARUC accounting implementation projects
- Provides litigation support to utilities in areas of contractual disputes over calculation of revenues, expenses, cost allocations and contract interpretation
- Performs specialized training for utilities in the area of utility rates, internal audit, risk assessment, FERC accounting and financial topics
- Authors utility industry thought leadership books and articles

Russ Hissom, page 2

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- Institute of Internal Auditors (IIA)
- National and state public sector utility organizations
- ISACA
- Member – Sustainability Accounting Standards Board Energy Standards Group
- National speaker for the energy industry on current industry financial and operational issues
- Co-author of 2014 publication on Information Technology Governance and 2015 publication on Implementing Sustainability Accounting Standards

Education

University of Wisconsin–Milwaukee
Bachelor of Business Administration in Accounting

Aaron W. Worthman, CPA
Partner

512 975 7281
aaron.worthman@bakertilly.com

Aaron Worthman, partner on the energy and utilities team, has been with Baker Tilly Virchow Krause, LLP since 1998. He specializes in serving municipal utilities and joint action agencies. His experience includes performing financial audits and agreed-upon procedure reviews as well as preparing rate studies, cost of service studies, rate design and financial forecasts.

Specific experience

- Manages financial audits of numerous municipal electric, water, sewer and stormwater utilities as well as joint action agencies
- Provides OMB Uniform Guidance compliance audits of federally funded programs
- Reviews and tests internal controls of the administration of grant programs
- Analyzes the financial impact of construction projects on utility customer rates, borrowing needs and operational results
- Prepares electric, water, sewer and stormwater rate filings, cost of service studies and rate design
- Testifies as an expert witness before regulating agencies and local governing bodies to support utility rate adjustments
- Prepares annual budgets and long-range financial forecasts for municipal utilities
- Assists with retail utility service agreement negotiations related to large industrial developments and intergovernmental agreements

Industry involvement

- American Institute of Certified Public Accountants
- Wisconsin Institute of Certified Public Accountants
- Instructor for the American Public Power Association's (APPA) Utility Education courses
- Speaks on accounting and financial reporting topics at national and regional conferences as well as at Baker Tilly sponsored seminars
- Authors nationally and regionally published articles on utility regulation and accounting issues
- Contributing author in the APPA Advanced Accounting Manual

Education

University of Wisconsin – Eau Claire
Bachelor of Business Administration

Bethany L. Ryers, CPA, MAS
Senior Manager

608 240 2382
bethany.ryers@bakertilly.com

Bethany L. Ryers, senior manager on the energy and utilities team, has been with Baker Tilly Virchow Krause, LLP since 2006. She specializes in providing auditing, accounting and consulting services to utilities. She also assists with financial and capital forecasts, rate studies and impact fees.

Specific experience

- Provides financial audits of electric, water, stormwater and sewer utilities
- Conducts financial risk assessments and internal control evaluations
- Prepares financial forecasts, long-range plans and cash flow projects for municipal utilities
- Prepares electric, water, sewer and stormwater rate filings; cost of service studies; and rate design
- Analyzes the financial impact of construction projects on utility customer rates, borrowing needs and operational results
- Compiles municipal utility financial statements and annual reports to regulatory agencies
- Provides consulting services to public utilities including financial capital forecasts
- Provides A-133 compliance audits of federally funded programs
- Assists with implementation of accounting standards for municipal utilities, including derivatives and regulatory accounting
- Provides various accounting services

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- Wisconsin Institute of Certified Public Accountants
- Speaks on accounting and financial reporting topics at industry conferences,
- Instructor, American Public Power Association's (APPA's) utility education courses
- Contributing author in the APPA Advanced Utility Accounting Manual

Education

Marquette University–Milwaukee, WI
Bachelor of Science in Business Administration

Northern Illinois University
Masters in Accounting Science

Brian Kim, CRRA
Consulting Manager

312 729 8068
brian.kim@bakertilly.com

Brian Kim, consulting manager with Baker Tilly Virchow Krause, LLP on the energy and utilities team, joined the firm in 2013. He has more than six years of experience providing client services in the energy and utilities industry. Prior to joining Baker Tilly, Brian worked for a national consulting firm where he provided utility customer strategy services and regulatory matters for investor-owned utilities and public service commissions.

Specific experience

- Certified Rate of Return Analyst (CRRA) with a deep understanding of the mechanics of rate of return analysis
- Provides advisory services to electric, gas and water utilities, public service commissions, and other power/energy entities
- Performed compliance testing of Southern California Edison's (SCE) 2010-2011 affiliated transaction reporting procedures in accordance with the CPUC's affiliate transactions rules
- Conducted business risk assessment and business process improvement of the regulatory audit function relating to code of conduct, inter-affiliate transactions and performance-based ratemaking for the Alberta Utilities Commission
- Assessed key Operating Service Agreement metrics to support and enhance the customer and operational functions for a Northeast municipal electric utility
- Prior to joining Baker Tilly, delivered client services relating to customer care and billing, demand response, distributed generation, energy efficiency, general rate cases, revenue decoupling and other rates/regulatory matters

Industry and Community Involvement

- American Public Power Association (APPA)
- Center for Research in Regulated Industries (CRRI)
- Edison Electric Institute (EEI)

Education

University of California, Berkeley
Bachelor of Science in Civil and Environmental Engineering

Amanda M. Lasinski
Consulting Manager

608 240 2529
amanda.lasinski@bakertilly.com

Amanda Lasinski, consulting manager on the energy and utilities team, has been with Baker Tilly Virchow Krause, LLP since 2007. She specializes in providing financial consulting, accounting and auditing services. Amanda has been a project manager for many consulting and compliance audit services. She also assists with financial and capital forecasts, rate studies and impact fees.

Specific experience

- Project manager for many consulting and compliance audit services including management audits, business process reviews, benchmarking studies, rate studies and performance and compliance audits
- Leads business process and internal control reviews of utilities to recommend improvements and better business practices
- Provides internal audit co-sourcing and out-sourcing and risk services consulting
- Provides assistance in developing and implementing Enterprise Risk Management programs
- Conducts performance and compliance reviews of generation, transmission, distribution and power supply services contracts
- Performs cost allocation studies and management reviews of cost allocations for utilities and their service companies
- Performs management audits of billings under joint generation ownership contracts
- Assists energy and utility companies with grant reporting and compliance
- Provides financial consulting and auditing services to electric, water, sewer and mass-transit utilities

Industry involvement

American Public Power Association (APPA) (including presentations at APPA training events on work order asset management)

Education

University of Wisconsin–Whitewater
Bachelor of Business Administration in Accounting

Jorge Ramos
Accountant

512 975 7285
jorge.ramos@bakertilly.com

Jorge Ramos, accountant with Baker Tilly Virchow Krause, LLP, has been with the firm since 2016. He is a member of the energy and utilities team and specializes in providing auditing and accounting services to public utility clients. During his career, Jorge has compiled financial statements for a Fortune 500 company and has experience in preparing monthly schedules and account reconciliations.

Specific experience

- Provides financial audits of electric, water and sewer utilities
- Compiles financial statements for utility clients
- Performs internal control walkthroughs over revenue and expense processes
- Develops annual reports for the Public Service Commission
- Prepares federal grant proposals for tribal entities
- Prior to joining Baker Tilly, compiled financial statements for a Fortune 500 company in convenience store industry
- Prior to joining Baker Tilly, prepared monthly schedules and account reconciliations

Industry involvement

Gulf Coast Power Association

Education

St. Mary's University, San Antonio, TX
Bachelor of Business Administration in Accounting and Data Analytics

Appendix: Required forms

Solicitation Number 2017-059 For Cost Of Service And Utility Rates Study

RESPONDENT'S CERTIFICATION

NAME OF CORPORATION, PARTNERSHIP, OR INDIVIDUAL: Baker Tilly Virchow Krause, LLP

PHYSICAL ADDRESS: 205 N Michigan Ave., Chicago, IL 60601

FEDERAL IDENTIFICATION #: 39-0859910 STATE OF INCORPORATION: Illinois (Seal)

I have carefully reviewed this Solicitation including the scope, submission requirements, general information, and the evaluation and award process.

I acknowledge receipt and incorporation of the following addenda, and the cost, if any, of such revisions has been included in the pricing provided.

Addenda 1 through 1 acknowledged (if applicable).

I further acknowledge that: X **Response is in full compliance with the specifications**; or ____ Response is in full compliance with the specifications **except** as specifically stated and explained in detail on sheets attached hereto and labeled "Clarifications and Exceptions".

I hereby propose to provide the goods/services requested in this Solicitation. I agree to hold pricing for at least **60** calendar days from the Solicitation due date. I agree that GRU's terms and conditions herein take precedence over any conflicting terms and conditions submitted for GRU's consideration, and agree to abide by all conditions of this Solicitation.

I certify that all information contained in this Response is truthful to the best of my knowledge and belief. I further certify that I am duly authorized to execute and submit this Response on behalf of the organization as its agent and that the organization is ready, willing and able to perform if awarded.

I further certify that this Response is made without prior understanding, agreement, connection, discussion, or collusion with any other person, company or corporation submitting an offer for the same product or service; no officer, employee or agent of GRU owns or will benefit more than 5% from award of this Solicitation; and the undersigned executed this Respondent's Certification with full knowledge and understanding of the matters therein contained.

Russell A Hissom	05/30/2017	
AUTHORIZED SIGNATURE	DATE	RESPONDENT'S CONTACT (for additional information)
Russell A. Hissom, Partner		Russell A. Hissom
PRINT NAME	TITLE	NAME
608 240 2361	608 249 8532	Partner
TELEPHONE NUMBER	FAX NUMBER	TITLE
russ.hissom@bakertilly.com		608 240 2361
E-MAIL ADDRESS		PHONE
www.bakertilly.com		russ.hissom@bakertilly.com
WEBSITE		E-MAIL ADDRESS

If Respondent is not an individual, include authorization for the above individual to sign on behalf of the organization.

Solicitation Number 2017-059 For Cost Of Service And Utility Rates Study

DRUG-FREE WORKPLACE CERTIFICATION FORM

Preference may be given to a business that certifies that it has implemented a drug-free workplace program. Pursuant to Section 287.087, Florida Statutes, whenever two or more competitive solicitations that are equal with respect to price, quality, and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a response received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie responses will be followed if none of the tied providers has a drug free workplace program. In order to have a drug-free workplace program, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.

2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.

3. Give each employee engaged in providing the commodities or contractual services that are under proposal a copy of the statement specified in Subsection (1).

4. In the statement specified in Subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893, Florida Statutes, or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.

5. Impose a sanction on any employee who is so convicted or require the satisfactory participation in a drug abuse assistance or rehabilitation program as such is available in the employee's community.

6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of applicable laws, rules and regulations.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.

Baker Tilly Virchow Krause, LLP — 05/30/2017

CORPORATION, PARTNERSHIP, OR INDIVIDUAL — DATE

Russell Atkisson

AUTHORIZED SIGNATURE

SUBCONTRACTOR INFORMATION FORM

Solicitation Number 2017-059 For Cost Of Service And Utility Rates Study

List any subcontractors that will be used for the Work along with the goods or services to be provided. If the subcontractor is a small or minority-owned business, check the boxes that apply. The selected prime Consultant will be asked to provide the actual subcontractor spend amount at a later date.

Small Business Enterprise (SBE): Independently owned with a net worth of not more than five million dollars and employs 200 or fewer permanent full-time employees.

Minority Business Enterprise (MBE): 51% owned and managed by a minority. African-American, Asian-American, Hispanic-American, Native-American, or American women owned.

Service-Disabled Veteran Enterprise (SDVE): At least 51% owned and managed by a veteran who has been certified as a service-disabled veteran by the Florida Department of Management Services or other agency.

Subcontractor Name	**Goods or Service to be provided**	**Business Type**		
		SBE	**MBE**	**SDVE**
N/A				

GAINESVILLE REGIONAL UTILITIES

CITY OF GAINESVILLE, FLORIDA

Solicitation No. 2017-059

ADDENDUM NO. 1

Cost of Service and Utility Rates Study

DATE: May 18, 2017

DUE DATE: June 1, 2017
(no change)

NOTE: This addendum has been issued only to all holders of record of the Specifications. The original Specifications remain in full force and effect except as revised by the following changes which shall take precedence over anything to the contrary.

Questions and Answers

1. For each cost of service study: Electric; Water/Wastewater; and Natural Gas -- To what extent does GRU expect the consultant to develop its own independent Excel-based fully-allocated cost of service study model or to use an existing GRU cost of service study model

A. The consultant will use an independent model, not GRU's existing model.

2. With regard to the electric system cost of service study, does GRU believe it has sufficiently reliable load research data, or does it expect the consultant to independently evaluate GRU's load data?

A. GRU has limited load research data. The consultant will independently evaluate and provide load research data as necessary. GRU has billing demand data for its general service demand (GSD) and general service large demand (GSLD) customer accounts.

3. Per Attachment 3 – Technical Specifications/Statement of Work, Section 3.1 of the RFP states that: "The cost-of-service studies will: Utilize audited financial statements for fiscal year 2016 and the results will include recommendation to be incorporated into the proposed budget for fiscal year 2019."

A) Is GRU required to use a historical "Test Year" for rate making?

B) Can GRU set rates based on a forward looking "Test Year"?

C) Will GRU provide the consultant a financial forecast up to or beyond 2019? Or, is the consultant required to prepared their own financial forecast?

A. No, GRU is not required to use a historical "test year" for rate making.
B. Yes, GRU can set rates based on a forward looking "test year."
C. Yes, GRU can provide a financial forecast for FY2019 and beyond.

4. Does GRU require that the models developed by the consultant be "stand alone" or "separate" for each system?

A. GRU expects the models be to separate for each system.

5. Does GRU have any customers who purchase their gas commodity from a third-party provider?

A. GRU has one transportation service customer that purchases its own gas.

6. Does GRU have any contract customers who are not receiving service pursuant to a "full service" tariff?

A. Yes, please see list below:

City of Alachua: electricity and water
City of Winter Park: electricity
University of Florida: water
City of Waldo: wastewater
Gainesville Renewable Energy Center: electricity and gas

7. Will GRU's engineering resources be made available to the Project Team specific to completing the water and wastewater system development charge analysis, or should the Project Team include appropriate engineering personnel to assess needed capital improvements and capacity values?

A. GRU's engineering staff in Water/Wastewater will be available to work with the project team and provide information.

8. Does GRU currently have an Automated Metering Infrastructure program?

A. Only a small pilot program to date.

9. Per Section 9.0 Solicitation Response, please specify the number of hardcopy proposals to be delivered.

A. See Section 9.3 of Instructions added below.

10. Referencing Paragraph 5.2(c), please confirm that the desired timeline for completion of the draft work product from notice to proceed is less than 60 days (September 1, 2017 to October 20, 2017).

A. That is correct.

11. Please reconcile the September 1, 2017 start date in Paragraph 5.2(c) with the assumption of full contract execution in mid-September as noted in Paragraph 5.2(F). ?

A. See revision to Paragraph 5.2(F) below. Note: this is allowing three weeks to finalize contract, obtain Legal review and all required contract signatures.

12. Given the timeline in Paragraph 5.2(c), will work be authorized to commence at notice of award or upon full contract execution?

A. Upon full execution. Contractor may elect to commence after City Commission approval but prior to full execution at their own discretion and risk.

Changes (Edits, Deletion, or Additions)

Edits to Instructions Section 5.2 - Evaluation

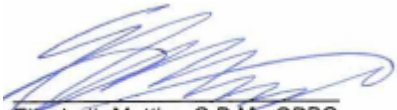
5.2 (F) Resources – Assume the contract is fully executed ~~in mid-~~ by September 1, 2017, and provide a timeline along with evidence of available resources to perform the work (equipment, staffing, etc.)

Additions to Instructions Section 9.0 - Solicitation Response as follows:

9.2 Responses will be publicly opened at the time and place indicated in the Solicitation and will be available for inspection upon notice of award or intended Award, or within thirty (30) calendar days after the opening of Responses, whichever occurs first. Prices may be read at the public Solicitation opening at the sole discretion of Utilities Purchasing.

9.3 The Respondent's Certification Form must be submitted with the Response and enclosed in a nontransparent sealed envelope, marked with the project title and Respondent's name and address. **One original, 5 paper copies and one electronic copy** of the Response should be provided. If required, a Bid Bond and other documents must be provided with the Response. If a Bid Bond is required by the Solicitation and not included the response will be deemed non-responsive.

9.4 A "Non-Submittal" form has been provided for those who choose not to participate in the Solicitation.



Elizabeth Mattke, C.P.M., CPPO
Senior Buyer

ACKNOWLEDGEMENT:
Each Proposer shall acknowledge receipt of his Addendum No. 1, by his signature below, and shall attach a copy of this Addendum to its Proposal.

CERTIFICATION BY PROPOSER:
The undersigned acknowledges receipt of this Addendum No. 1, the Proposal submitted is in accordance with the information, instructions, and stipulations set forth herein.

Name of Proposer: Baker Tilly Virchow Krause, LLP

By: Russell Atkinson