



Engineering, Operations, & Technology Committee

Professional Services Agreement for Electric Retail Rate Analysis

Item 7-4

July 7, 2025

Item 7-4
Professional Services
Agreement for
Electric Retail Rate
Analysis

Subject

Authorize a professional services agreement with ProcureAmerica, LLC for a not-to-exceed total amount of \$1.250 million to conduct a Utility Tariff Rate Optimization Study (TROS) for Metropolitan's utilities

Purpose

Provides information relevant to the Board for approval to begin agreement for electric retail rate analysis

Recommendation and Fiscal Impact

Authorize the agreement for electric retail rate analysis for potential cost savings on Metropolitan's expenditures

Fiscal impact - None

Budgeted

Professional Services Agreement for Electric Rate Analysis



Background

- Metropolitan's operations are powered by over 400 commercial retail electric accounts. These accounts are governed by retail rates set by multiple regulatory bodies, including:
 - California Public Utilities Commission
 - City of Los Angeles
 - Various public and private energy entities
- Key Challenges:
 - Highly variable rates across different locations
 - Annual retail electric costs total \$10-15 million
 - Limited internal expertise in navigating retail electricity rate structures
 - Complex rate models require external consultants
- Staff identified a strategic opportunity to optimize electric retail rates to improve efficiency and reduce cost

Professional Services Agreement for Electric Rate Analysis



Background- ProcureAmerica, LLC

- ProcureAmerica, LLC helps public and private organizations cut costs and boost efficiency with tailored strategic plans
- A cooperative agreement through California State Association of Counties (CSAC) – RCA017-21010578
- Currently under contract with Metropolitan providing expense reduction and recovery service for telecommunications costs
 - ProcureAmerica has generated approximately \$1 million in annual savings for Metropolitan
- Compensated with a percentage of the estimated savings

Professional Services Agreement for Electric Rate Analysis



Agreement and Scope of Work

- Establish an agreement with ProcureAmerica, LLC to conduct a TROS
 - Agreement Length: 5 years
 - NTE Amount: \$250,000 per year, \$1,250,000 total
- Legal and regulatory review of utility tariffs, taxes, and surcharges
- Meter-by-meter analysis to identify the most beneficial rate structures
- Identification of inapplicable taxes, fees, and surcharges

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Utility Rate Optimization Process

- Historical Data Collection Gathers all utility billing records with minimal client time; most data sourced directly online
- Tariff Rate & Cost Analysis Reviews past and current billing accuracy using tariff structures, industry codes, and load data. Tests alternative rates for long-term savings potential—no on-site access required
- Strategic Report Delivery Submits an Enterprise Strategic plan (ESP) report detailing refund opportunities and future cost reduction strategies with estimated savings
- Implementation & Refund Recovery Executes approved rate changes, service adjustments, and refund submissions—client involvement is minimal
- Compensation Model:
 - One-time Refunds: 30% shared savings on recovered credits
 - Future Savings: Shared savings model only if district implements recommendations
 - No obligation to proceed

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Anticipated Outcomes

- Significant reduction in utility expenses (success rate >95%)
 - Estimated annual savings \$500k - \$750k
 - Estimated 5-year savings \$2.50M - \$3.75M
- No disruption to existing sustainability or conservation initiatives
- Improved accuracy and transparency in billing
- Stronger compliance with utility regulations
- Enhanced visibility into long-term cost-saving opportunities

Board Options

- Option #1
Authorize a new on-call five-year professional services agreement with ProcureAmerica, LLC, for a not-to-exceed total amount of \$1.25 million for retail electric utility rate analysis and reduction.
- Option #2
Do not authorize the establishment of the agreement

Staff Recommendation

- Option #1

