

COUNCIL ACTION FORM

**SUBJECT: REJECTION OF PROPOSALS FOR ADVANCED METERING
INFRASTRUCTURE PILOT PROJECT**

BACKGROUND:

This project was for the purchase of automated metering system equipment. This equipment was planned for purchase so that Electric Services could study and conduct a pilot program to determine the costs and benefits of an automated metering system. If it was determined to be beneficial, the utility would begin a multi-year effort to change out meters throughout the system. The cost to change out meters throughout the entire service area would be millions of dollars. A meter conversion project has not been included in the Electric Utility budget for 2010/11.

For Electric Services, the development and installation of advance metering infrastructure could be critical in the areas of time-of-use metering, monitoring, billing and customer service. A more state-of-the-art system would allow for better long-term distribution facility planning at the feeder and transformer level; more accurate and quicker power outage management; remote meter disconnects and reconnects, and instantaneous mid-month meter reading; and creation of time-of-use rates, which is a key feature needed in the next level of Demand Side Management programs. Automated metering would also provide for connectivity with Prime Time Power, as well as two-way communication between the utility and the meter.

On September 30, 2009, staff received competitive sealed proposals for metering equipment from two firms. The results are on the attached bid summary. The proposals were sent to a staff committee for evaluation. The low bid from Hunt Technologies did not include the cost of server hardware and software, or a performance bond. Both bidders had taken exceptions to our terms and conditions.

Both proposals have expired while still in evaluation. Although both bids may have ultimately been within the \$350,000 budget available for this project, neither bid was acceptable as received. Due to higher priority staff commitments to critical large-scale capital improvement projects, and the ultimate cost of the utility-wide conversion, it is recommended that the bids be rejected and the pilot project be put on hold for the time being. It is hoped that this technology will continue to advance and prices will likely become more reasonable after more time has passed.

ALTERNATIVES:

1. Reject the proposals for the Advanced Metering Infrastructure Pilot Project, delay the pilot project, and continue to monitor the advancement of technology in this area.


2. Rebid the pilot project at this time, and do not delay the project.

MANAGER'S RECOMMENDED ACTION:

Due to the volume and scope of Capital Improvement Projects which both the Water and Electric Utilities have planned for 2010/11, it is not a priority to conduct a pilot project on the conversion of our utility systems to automated metering at this time. This is not a critical need for either utility currently, and staff feels that the City will be better served by waiting and continuing to monitor the advancement of technology in this area.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, rejecting the proposals for the Advanced Metering Infrastructure Pilot Project.

Bid Summary 2009-223

	<p>REQUEST FOR PROPOSAL NO. 2009-223 ADVANCED METERING INFRASTRUCTURE PILOT PROJECT</p>
<p>BIDDER</p>	<p>TOTAL</p>
<p>Hunt Technologies, LLC, Pequot Lakes, MN</p>	<p>\$214,954.04</p>
<p>EKA Systems, Germantown, MD</p>	<p>\$286,033.28</p>