



REQUEST FOR PROPOSALS

FOR

COST OF SERVICE STUDY & RATE DESIGN STUDY

September 2, 2026

REQUEST FOR PROPOSALS

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REQUEST FOR PROPOSAL

Mora-San Miguel Electric Cooperative is soliciting proposals to develop a Comprehensive Cost of Service Study and Rate Design Study. It is expected that the selection will be made by the end of October 2026, and work can commence in November 2026.

Deadline for submission is no later than 5:00 p.m., October 15, 2026. Please direct your questions regarding this RFP in writing via email to irromero@morasanmiguel.coop

CONFIDENTIALITY

This Request for Proposal ("RFP") and your response to the RFP are considered "Confidential Information". RFP recipients are not authorized to duplicate, distribute, otherwise disseminate, or make available this document or the information contained herein to a third party without the prior written consent of Mora-San Miguel Electric Cooperative. RFP recipients may make this document available to those employees who need to know its contents in order to participate in the response to this RFP. RFP recipients shall not include or reference this RFP publicly without prior consent from Mora-San Miguel Electric Cooperative.

I. INTRODUCTION

A. Background

Mora-San Miguel Electric Cooperative Inc. (MSMEC or the Cooperative) is a member-regulated generation and distribution cooperative that services 11622 meters, and over 8379 members with 2034 miles of line in Mora, San Miguel, Guadalupe and Santa Fe counties. Members include residential, seasonal, commercial, and industrial.

MSMEC was founded in 1940 to provide electricity across the rural counties of Mora, San Miguel, Guadalupe and Santa Fe.

MSMEC maintains local control of 2034 miles distribution lines. All of its electric energy requirement is supplied by Tri-State through a purchase power agreement which expires in 2075.

The Cooperative uses RUS, CFC and CoBank as its mortgage lenders, with RUS being the main lender. In 2025, the Cooperative was approved for a 4-year work plan that totaled \$4.7 million to build new and upgrade facilities. Current Net Utility Plant is \$40.0 million. 2025 revenues were approximately \$14.5 million and 2025 sales were 88.6 million kilowatt hours. MSMEC has 28 full-time employees and is headquartered in Mora NM.

Our last cost of service study was performed in 2022. Since then, with stable loads and minimal growth, we have managed to maintain our utility plant while meeting financial targets. Our forecasts indicate that increases in purchased power costs and required investments in deferred capital projects will be unsupportable given our current rate structure.

B. General Information

MSMEC reserves the right to waive any informalities, to reject any and all proposals submitted, to evaluate and to accept any proposal which, in its opinion, offers the most acceptable proposal.

No proposal will be accepted after October 15, 2026 at 5:00 p.m. or at any location other than specified within this request for proposal. Any such proposals will be deemed invalid.

The proposal should be complete, but at the same time simple and concise. All proposals become the property of the Cooperative, and a proposal may not be withdrawn for a period of sixty (60) days after the actual date of submission.

All proposals will be evaluated by the General Manager and Finance Manager of the Cooperative. During the evaluation process, MSMEC reserves the right to request additional information or clarifications from Consultants, or to allow correction of errors or omissions. Final approval will be determined by the Board of Directors of the Cooperative.

MSMEC reserves the right to retain all proposals submitted regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the Consultant of

the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal.

C. Terms of Engagement

Award of a contract may be made without discussions after proposals are received. Proposals should, therefore, be submitted initially on the most favorable terms possible.

II. NATURE OF SERVICES REQUIRED

A. General

MSMEC is requesting proposals from qualified Consultants to complete a comprehensive Cost of Service and Rate Design Study.

B. Scope of Work to be Performed

MSMEC currently relies on history of load factor, growth, and sales to determine the forecast of sales and revenue. MSMEC needs a comprehensive cost of service study followed with a rate design development process that will provide justifiable and equitable methodologies for establishing appropriate customer classes, system access charges, demand charges, and energy charges that are adequate to fully fund the expenses associated with the operations and maintenance of the electric utility system, equipment, replacements, capital, and appropriate equity levels. This will include a review and evaluation of the Cooperative's current operating revenues and expenses and a comparison to similar utilities.

1. Cost of Service Study

MSMEC desires to ensure that, to the extent practical, we recover from each member in each member class the cost of providing service to that member. The cost of service includes recovery of all operating costs, amounts necessary to maintain reasonable operating reserves after funding operations, debt service, and capital projects. Furthermore, MSMEC desires to ensure that our member classifications are appropriate.

The Cost of Service Study will define and separate fixed and variable costs. The study should identify costs to be allocated across all member classes and those costs that are specific to each member's class. In determining the actual cost of providing electric service to each member class, traditional cost of service and rate setting principles and approaches should be employed such that the Cooperative can ensure that class rate requirements are equitable.

Planning Criteria (Tasks):

- Analyze and discuss impact of existing and future capital improvements.
- Review financial history, including revenues and expenses, and current rate and fee structure.
- Assess revenue needs for the next 4-year planning period, to include adequate coverage for operations and maintenance, capital projects and program activities and debt service.
- Develop requisite Revenue Requirement analysis of test period system revenue and expenses as the foundation of the cost of service class analysis.

- Identify annual and peak requirements and usage by customer class.
- Identify current electric load and project future loads based on anticipated community growth.
- Review charges for fixed cost items such as street lights and security lights
- Review current fixed and variable energy and demand charges.
- Review and development of hookup/construction related costs and revenues.
- Review Aid to Construction payment calculations.
- Review customer database and review current customer classifications.
- Review current transmission delivery and purchased power charges.
- Evaluate any other area that the Consultant may deem important based on its experience (please highlight any additions in submittal).

Reporting: The Consultant is to present the findings and conclusions of each task and resulting recommendations in the Cost of Service Study final report in a clear and concise manner. The Consultant will be expected to provide a summary presentation to the Board of Directors during one of their regularly scheduled meetings.

2. Rate Design Development

The Cooperative seeks to ensure our rate(s) reflect the true cost of providing electrical service to our members. This includes but is not limited to: power and transmission purchased, operating and maintenance (O&M) costs, equipment repair and replacement costs; cost of maintaining appropriate working capital and cash balances as well as meeting debt service requirements, and capital improvement needs. In doing so, the proposed rate/fee structure shall ensure an equitable treatment of all charges on current and future users.

Specific issues for consideration: The Consultant shall develop a rate structure and associated rates that address, at a minimum, the following requirements:

- Review existing member class structure and advise on various rate concepts that can be applied to members.
- Advise the Cooperative on the appropriateness of innovative rate concepts that could be applied to its members and help position the Cooperative for success in a changing electric utility environment.
- Consultant will advise the Cooperative on industry-accepted methodologies for allocating costs to the various customer classes. Types of costs include, but are not limited to, cost of materials, personnel and other administrative costs, equipment costs, transformer costs and costs of street and private lighting. Consultant will provide a breakdown of these expenses and show how they relate to providing electric services.
- Ensure consistency between member class rate schedules and fee schedules
- Analyze consumption/revenue elasticity based on any proposed rate increases/decreases.
- Determine adequate and equitable usage, demand, and basic charges
- Fully consider the positive and negative impacts of wholesale power cost
- Provide recommendations for procedures on Aid to Construction payments
- Consider net metering costs and benefits
- Consider low income rates and charges
- Evaluate effect of distributed generation
- Evaluate accepted policies, practices, and procedures to ensure model reliability, predictability, and rate stability over the long term.

- Recommend a rate structure that promotes energy and conservation cost and reimbursements
 - Identify large users and determine if users are being charged under the appropriate rate schedule.
 - Review of all rate classes (including lighting) and analysis of cost of service for each rate class.
 - Development of the following new rates including:
 - Revised Time of Use Rates.
- Assist in the creation of a phase-in strategy for time of use and demand rates for all rate classes.
- Review of current Power Supply Cost Recovery (PSCR) factor and basing point and development of future factors and basing points.

Evaluation: Specifically, the Consultant shall review, analyze, validate the reasonableness, and recommend changes where appropriate for the following:

- Methodologies for fee structure, rates, and charges
- Utility repair/replacement funding methodology, considering long-term capital improvement needs, debt service opportunities and associated funding sources/levels.

Rate Design Study to include:

- Analyze and discuss impact of existing and future capital improvements.
- Assess revenue needs for the next 4-year planning period, to include adequate coverage for operations and maintenance, capital projects and program activities and debt service.
- Analyze existing rate and fee structure and recommend alternatives based on findings.
- Examine current user classes and current rate approaches.
- Evaluate existing rate structure with regard to changing patterns of consumption, changes in customer base, annual revenues from rates, price elasticity of consumption, demands on rate revenue (from Cost of Service Study) and the effects of conservation on annual revenues and on any future power resources needs.
- Examine adequacy of reserves for operating revenues and capital projects to determine sufficient levels to offset low consumption/revenue years while also reducing spikes in annual rate increases.
- Examine the Cooperative's use of debt financing for capital improvement and make recommendations related to its uses and limitations relative to maintaining a proper balance of debt coverage and rate stabilization over this eight-year period.

Note: Consultant shall structure proposed rate schedules on the basic premise that each customer should be classified and served under a schedule that will cover all costs of that customer's service plus return a reasonable margin for proper operating reserves, capital improvements, adequate inventories, and contributions to general Cooperative government. New rate schedules must classify each customer into the fewest possible reasonable classifications.

Note: For proposed rate schedules, Consultant shall provide an adequate sampling of

3 customers per classification showing the impact of rate changes on customer bills for proposed rates. The Consultant shall show a sampling of data for one calendar year by month for each customer.

Reporting: The Consultant is to present the findings and conclusions of each task and resulting recommendations in the Rate Design Study final report in a clear and concise manner. A written report supporting the recommendations and presentation to management is required. The report should include detailed recommendations for changes, if any, to current practices and/or procedures. Provide a schedule for timely and coordinated execution of all essential aspects of the report. The Consultant will be expected to provide a summary presentation to the Board of Directors during one of their regularly scheduled meetings.

III. TIMETABLE AND COMPLETION EXPECTATIONS

1. Request for Proposals Issued – September 2, 2026
2. Due Date for Proposals via email– 5 p.m. on October 15, 2026
3. Award Date – November 2, 2026
4. Studies completed and reports finalized – January 4, 2027
5. Board presentation by Consultant – January 2027

A. Completion expectation: The Cooperative expects the Cost of Services and Rate Design Study to be completed no later than January 4, 2027. The Final Report shall include the findings, conclusions and recommendations of the Cost of Service and the Rate Design Study, including the recommended schedules of rates and the appropriate resolutions for the Board of Directors of the Cooperative to consider.

The Cooperative realizes that we will supply data, and if the Cooperative cannot deliver the data in a timely manner, the expected completion date will be adjusted. The timetable above is a guideline and subject to change if unforeseen circumstances occur.

B. Assist with Plan Implementation: If requested, the Consultant shall be prepared to assist the Cooperative in implementing any new or revised rate schedules, to include attendance at public meetings, if needed.

IV. PROPOSAL FORMAT AND CONTENT

Please review this RFP carefully to ensure your understanding of all the Cooperative's requirements prior to developing your proposal. Proposals shall clearly reflect an understanding of an agreement with the stated requirements. Submission of a proposal indicates acceptance of the conditions contained in the RFP unless clearly indicated otherwise.

Prepare and submit the following in a brief, narrative format (in the order noted)

A. Basic Information

- Provide the following information:
 - Contact person's name, Consulting firm's name, address, telephone number, and email address

B. Consultant Experience

- Provide a description of the company and why it is best-qualified to provide the requested services. Prior experience in Rural Utilities Services accounting system and the construction and O&M standards is preferred.
 - Describe the general experience and specialties of the company.
 - Identify specific experience with cost of service and rate design studies.
 - Describe any experience you have with cooperatives who are utilizing the Milsoft software packages.

C. Proposed Team

- Provide the following information:
 - Identify names and positions of key personnel anticipated to work on each schedule of work.
 - Identify tasks assigned to each individual/subconsultants and percentage of time individual/subconsultants are intended to serve on the project.
 - Provide a resume, including education and experience, for key team members, including subconsultants.

D. References

- List 3-5 project references, including contact names and telephone numbers for projects of comparable size and scope performed by the key personnel listed above. To the extent any references for individual employees of either the consultant or subconsultant are different from those noted in the previous section, they should also be provided.
- Provide a current client list with client size (number of meters), contact name, and telephone number, and details of engagement.
- Provide an example of a recently completed cost of service and rate study.

E. Proposed Scope of Work

- Provide a description summarizing the planned tasks and activities, with a description of the reviews, analyzes, and reports, which the Consultant expects to perform pertaining to conducting a thorough study of Cost of Service and Rate Design for the Cooperative.

F. Work Plan and Project Schedule

- The work plan should include a summary of the steps to be completed to accomplish the scope of work, approaches to the project, and the Consultant's understanding of the project

requirements. The plan must include an appropriate number of kick-off and regular meetings, information gathering and disseminating sessions, and updates with key Cooperative personnel to understand and discuss the key issues and concerns, become acquainted with key staff, and identify persons who will provide data.

- The work plan shall also include a detailed request for information.
- The project schedule shall include the estimated time required to complete each step in the scope of work, including estimated start and completion dates. The number of hours allocated to each individual by each task should be indicated with a project schedule-type display showing each activity in the proposed scope of work.
- Ensure a sufficient number of meetings with Cooperative's staff to provide staff with preliminary findings and strategies based upon the available data. This shall include conducting "reality checks" with staff and feedback regarding the projects, phasing, intentions, rate suggestions, revenue sources, and the like that would be acceptable to field staff and elected officials. Consultant shall meet with staff to identify potential changes to projects and/or phasing of projects, to present findings, to demonstrate the effect(s) of various scenarios on the comprehensive plan and rate structures, and to obtain a consensus on the scenario(s) to present to the Board of Directors.

G. Cooperative-Furnished Documentation

- The Cooperative will assist with data collection whenever possible. Appropriate Cooperative staff will be made available for interviews and to gather data the Consultant determines is essential to complete the cost-of-service analysis, rate study models, and final reports.
- Proposal must be clear in addressing what the Cooperative will be expected to assist with and estimated deadlines.
- Therefore, provide a description of required documentation and estimated time and effort required by Cooperative Staff to assist in the preparation of the Cost of Service and Rate Design studies.

H. Cost

- Consultant shall provide fixed fee price schedules for the major components of the project. Pricing should break out into the following categories:
 - Cost of Service Study
 - Rate Design Study

- Estimate of Travel Expense
- Any Additional Fees (please specify)
- Total

Note: Cost should include a not-to-exceed amount.

Note: Consultants are encouraged to make their proposals concise, clear and to the point, addressing and including information requested in a manner that makes the proposal easy to review and evaluate.

V. OTHER

A. Rejection of Proposal:

The Cooperative reserves the right to reject any and all proposals and to waive irregularities and informalities in the submittal and evaluation process. This Request for Proposals does not obligate the Cooperative to pay any costs incurred by Consultants in the preparation and submission of a proposal. Furthermore, the Request for Proposals does not obligate the Cooperative to accept or contract for any expressed or implied services.

B. Acceptance of Proposal

The Cooperative reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be initially submitted on the most favorable terms the Consultant can offer. The Cooperative shall not be bound or in any way obligated until both parties have executed a contract. The Consultant selected as the apparently successful Consultant will be expected to enter into a contract with the Cooperative. Once the Cooperative and Consultant have reached an agreement on scope of services and cost, a final contract will be signed by both parties.

C. Exceptions

Should a Consultant wish to take exception to any part of this RFP, the Consultant shall so state in the proposal. Any exceptions contained in the proposal shall be listed in a "Statement of Exceptions" included with the proposal.

VI. CONTACT INFORMATION

All questions concerning proposal scope of services, submission requirements, technical specifications, proposal format and other terms and conditions should be directed in writing to: iromero@morasanmiguel.coop

Please submit a copy of the proposal via email to:
iromero@morasanmiquel.coop

No hard copies will be accepted.

Deadline for submission is no later than 5:00 p.m. on October 15, 2026.
Any proposal received at the designated location after the required date and time specified will be considered late. All late proposals will not be evaluated for award.