

(Published in The Morning Sun on Friday, May 25th, 2018)

REQUEST FOR PROPOSALS
City of Pittsburg, Kansas
Pittsburg Electric Utility Public Private Partnership

1. INTRODUCTION

The CITY of Pittsburg, Kansas currently has its electrical needs provided by Westar Energy Company as a sole provider. The CITY desires to evaluate the potential of partnering with private equity firms to secure the existing electrical distribution system and create a separate governmental entity to operate same. A "Request for Interest" is being solicited for financing alternatives to evaluate if it is economically, legally, and technically feasible to secure electrical infrastructure for the Pittsburg community and supply power from the national distribution system at competitive rates.

2. BACKGROUND

The City has long been a customer of Westar Energy and its predecessors KG&E and Kansas Power and Light since early in the last century. Currently, Westar Energy is in the process of considering mergers with another utility. The scope of the municipal utility and the means and methodology to serve customers served is yet to be determined.

The CITY has granted a non-exclusive franchise to Westar Energy to serve the CITY of Pittsburg with electrical power. This franchise agreement currently is on a year-to-year basis and is attached to this document as Attachment No. 1. The CITY may consider the creation of a Municipal Power Utility via the adoption of an ordinance establishing the same. Pittsburg, Kansas is a First Class City with a current population of about 20,400 and 7,000 full time on-campus students at Pittsburg State University.

3. REQUEST OF INTEREST

Public/private partnership offers a means for the City of Pittsburg to eventually assume ownership of the electrical distribution, supply, management and control. The role of the private equity firm would be to lead the discussion of acquisition of assets, establish the structure and legality of the municipal authority, lead the slate of improvements to be required via severance from Westar, help set values for stranded assets and future lost income. The City will require decision points to be identified in the process which will allow exit or modification of the discussion. Potential rates of return for the cost of private equity should be identified after items are completed. A discussion of deliverables should be included.

The goals of the City include stabilizing or reducing the cost of electrical energy to the consumer, ultimate ownership of the utility after a defined period of time, management of the system with the initial participation of the private equity firm, establishing a relationship and dialogue with the Kansas Corporation Commission and gaining the ability to make use of electrical rates as an economic development tool. It is anticipated that the City will create a management structure. Responding firms should recognize that non-conventional approaches will be given equal consideration with the saving of time a primary goal. The city is desirous of reaching decision

points as quickly as possible regarding the transfer of assets, funding, ability to create a public utility, staffing, emergency response considerations, equipment acquisition and potential rate structures to the public and private enterprise. If in the event the City decides to not pursue this acquisition, fair compensation will be tendered to the chosen respondent.

4. Responses and Requests for Information

Inquiries should be directed to Dr. John Bailey, Special Projects Engineer, 201 W. 4th Street, P.O. Box 688, Pittsburg, Kansas, 66762. Telephone Number 316-259-5746 or email john.bailey@pittks.org. Responses should be directed to Tammy Nagel, City Clerk, 201 W. 4th Street, P.O. Box 688, Pittsburg, Kansas 66762, email tammy.nagel@pittks.org. Responses should be delivered by June 25, 2018, by Close of Business. Responses should be submitted electronically and also include 3 hard copies.