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EDITOR'S PICK

## Consultant: Logansport's power agreement could have been better

Officials need to seek more proposals, city-hired adviser says

by Mitchell Kirk Staff reporter Nov 3, 2016

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A consultant thinks officials could have gotten a better electric power agreement for Logansport Municipal Utilities than the one recently approved.

The city's utility service board [approved a wholesale power agreement](#) with NextEra Energy Power Marketing out of Juno Beach, Florida earlier this week effective January 2019 through May 2024.

While rates are considered proprietary and were redacted from the [publicly released version](#) of the agreement, utilities officials hailed them as being lower than what they are under LMU's current contract with Duke Energy Indiana that expires in 2018.

The city's board of public works and safety, on which Mayor Dave Kitchell, Deputy Mayor Mercedes Brugh and Carl McPherson sit, [hired McCullough Research](#) out of Portland, Oregon in April 2016 to provide utilities consulting services.

Robert McCullough, managing partner with the firm, said in an interview Wednesday, Nov. 2 that LMU could have gotten a better price for power if officials had entertained offers from more providers.

The utility service board and LMU Superintendent Paul Hartman [chose not to issue a request for proposals](#) earlier this year for a new power agreement, feeling the RFP's timeline would interfere with a December 2016 deadline to inform Duke Energy Indiana how LMU intended to proceed.

Utilities officials instead chose a more informal approach toward seeking the proposals and [received six](#) by March 2016.

LMU's hired legal counsel, Indianapolis-based Lewis & Kappes, [narrowed those six down to three](#) by May and in June [recommended NextEra Energy Power Marketing](#).

McCullough said NextEra Energy Power Marketing's price increased during the negotiations that followed with local officials and that the firm's rate to LMU is higher than rates reported to the Federal Energy Regulatory Commission for its two other Indiana clients.

"So this is not the world's best outcome, especially when numerous other bidders normally would have competed," McCullough said.

Wholesale power agreement initiatives his firm has consulted on in the past typically receive about 20 offers, McCullough said.

"You get a wide variety of different terms and conditions and that just didn't happen this time," he said. "The right answer, which I've proposed to city council and the utility service board, was to... invite numerous other bidders that for some reason had not been contacted previously."

McCullough emphasized he doesn't feel NextEra Energy Power Marketing is an inadequate power provider, adding it's a "well-respected" company. That doesn't mean an equally adequate provider couldn't offer a better rate, he continued, but officials wouldn't know unless they sought more proposals.

"The question is whether or not one could have gotten a better price," McCullough said. "It's not a question of done bad, it's a question of not done good enough."

Utility service board members who support the agreement with NextEra Energy Power Marketing could not be reached for comment Thursday.

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