



# How to SUCCESSFULLY Solicit Rate Analysis

*Author's Note: I am a utility rate analyst. It is self-serving to tell you how to solicit rate analysis services. But, you would do well to consider this approach.*

**W**hen you “solicit” to buy a utility rate analysis, engineering for a bridge, a tractor or toilet paper, you are seeking the best result, the cheapest to purchase result, or some compromise of the two. That is “Solicitation 101.” But, you need a little more.

Utility rate analysis is a service that, even the largest, most active utilities use only infrequently. Others use rate analysis even less. Most of the people responsible for soliciting rate analysis have never done it before. So, rate analysis solicitor, I ask you this, “How are you going to do this right, first time, no practice?”

Most people fall back on the engineering request for qualifications or request for proposals. Let’s call those an “RFPQ.”

The RFPQ is usually a 15 to 20-page long document that requires timetables and milestones, resumes, insurance coverage, deliverables, and more. Responses are often 100 or more pages. Far be it from me to tell folks how to acquire engineering services. I’m not an engineer. I’m a utility rate analyst. But, I do know enough about

both to say, engineering and rate analysis are different. You should acquire these services differently, too.

Note to my engineer friends: Don’t get mad. If you are a good rate analyst, you too, can get projects through this simpler solicitation process. Besides, you will like not writing a doctoral thesis just to seek a \$7,000 rate analysis project.

As Stephen Covey, the management and self-improvement guru advised, “Start with the end in mind.” Decide what you want to end up with and write it down in a statement. I recommend this: “We want to have rates that are appropriately simple or complex, adequate and fair.”

Whatever your end-goal is, write it down. Tell it to your prospective analyst(s) or give it to them in a short solicitation. But, I need to back up.

Before doing anything else, call the rural water association. Ask, “Who is a rate analyst?” And, “Who do you

recommend?” They may balk on the second question, but watch their eyes, their body language, hint-hint.

The big question, and maybe you should lead with this, “Do you have a rate analyst who does analyses ‘for you, or through you?’”

Kansas does. My firm joined with six rural water associations, including Kansas Rural Water Association, to offer a service we call the “RATES Program.” A quality control feature of this program is that I, the analyst, am supervised by the Association. They vetted my firm. They watch me, from scoping to pricing through final results on each project. If I don’t treat and charge the Association’s member systems fairly and produce good (I go for great) results, I get fired.

And, there is the 25 percent discount off my regular fees to member systems. For members, that is a nice perk. It will pay their dues for several years. As for me, acquiring clients is expensive. The

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**To learn more about the RATES Program, visit <https://krwa.net/TECHNICAL-ASSISTANCE/Rate-Reviews>**

RATES Program is how I market – it saves me money. To learn more about the RATES Program, visit <https://krwa.net/TECHNICAL-ASSISTANCE/Rate-Reviews>.

If you go through the RATES Program, you don't need to know what a rate analysis is or how to solicit one. It's simple. We talk. I scope. I propose. You accept, if you want to. And, we get your rates squared away.

For most utilities, going through the RATES Program is enough "process" to satisfy their acquisition requirements. But, if you need more, consider this before you write up a big RFPQ.

Rate analysts know rate analysis. You don't need to tell us how to do it. Just tell us your goal and we will tell you how we plan to get you there. Thus, at its simplest, you should call and tell me, or us:

1. Your goal, and
2. Response requirements – deadline, who to send it to, how to send it (e-mail is best), how the fees should be structured (lump-sum is good, hourly usually is not), professional liability insurance required, guarantee required, who to contact with questions, and maybe a bit more. If you put this into writing, it should not take much more than two pages.

What do you accomplish by keeping it short and sweet?

- ❖ You reduce your conceptualizing and writing work. No need to know how rate analysis is done. Just state your goal and the response requirements.
- ❖ You reduce the chances you will mess up.
- ❖ You reduce the chances of picking a non-rate analyst or an aspiring

rate analyst. (Yes, we need newbies, but let someone else train them.) Given no guidance on what to do and how, responders must figure those things out. Experienced rate analysts do that all the time. The others don't.

You have your solicitation written, now what?

1. Don't mail or e-mail it out to the world. That invites unnecessary responses for you to sift through. That increases your chances of... messing up. Instead,
2. Call the one or few analysts identified by the association. Tell the analyst your goal and the response requirements, then let them take it from there.
3. Consider responses and options. There won't be many. A fair-minded, logical read of the proposal(s) should reveal "your" analyst.
4. Decide, and move forward. well, first, run that decision by the

association. They likely know something you don't. And, they don't want you to mess up.

That is the low-work, low-bureaucracy approach. Aside from going through the RATES Program, it is the most effective, too.

If you absolutely, positively must have more process than that, visit <https://gettinggreatrates.com/freebies/rag.pdf> and download the "Rate Analyst Guide." This guide will lead you through the solicitation process in several variations. It even has a link to a two-page solicitation template in Microsoft Word. Plug in your details and you are ready.

Utilities solicit for rate analysis ineffectively a lot. Don't be one of those.

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