

ORDINANCE NO. 07-25 AC CMS

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO APPROVE AMERICAN MUNICIPAL POWER-OHIO, INC. PURCHASES OF LONG TERM POWER RESOURCES FOR THE NEASG POOL AND DECLARING AN EMERGENCY

WHEREAS, the City of Oberlin (the Municipality) is a member of American Municipal Power-Ohio, Inc. (AMP-Ohio) a non-profit corporation whose membership includes one hundred nineteen (119) municipalities that own and operate municipal electric systems, including the Municipality; and

WHEREAS, the Municipality and AMP-Ohio have entered into a Master Services Agreement dated November 5, 2005 (Agreement), AMP-Ohio Contract No. C 11-2005-444, under which certain services may be provided by AMP-Ohio to the Municipality via Schedules pursuant thereto; and

WHEREAS, AMP-Ohio and the Municipality have entered into a Northeastern AMP-Ohio Service Group (NEASG) Pool Participant Schedule under which AMP-Ohio coordinates the power supply of the 21 municipalities in the FirstEnergy Service Area; and

WHEREAS, the members of the NEASG desire to obtain up to four blocks of Long Term firm power supply to supplement the short term power that AMP-Ohio currently purchases as a pool resource. The new power supplies recommended for the NEASG Pool are:

- 1. 34 MW of 7x24 Power for a term from January 1, 2008 through December 31, 2012 at a maximum rate of \$54/MWh;**
- 2. 50 MW of 7x24 Power for a term from January 1, 2008 through December 31, 2010 at a maximum rate of \$54/MWh;**
- 3. 25 MW of 5x16 Power for a term from January 1, 2008 through December 31, 2011 at a maximum rate of \$69/MWh;**
- 4. 25 MW of 5x16 Power for a term from January 1, 2008 through December 31, 2009 at a maximum rate of \$69/MWh; and**

WHEREAS, it is necessary and desirable for the Municipality to approve in writing the purchase of the four Long Term blocks of power for the NEASG Pool.

NOW THEREFORE, BE IT ORDAINED by the Council of the City of Oberlin, County of Lorain, State of Ohio, five-sevenths (5/7ths) of all members elected thereto concurring:

SECTION 1. That the City manager be and is hereby authorized and directed to execute and deliver an approval letter with AMP-Ohio, substantially

in the form of the attached letter, binding the Municipality to be financially responsible for its portion of the four long term block purchases that have a term ending no later than December 31, 2012, purchased as a NEASG pool resource, during the entire term of the power supply contracts, for the purpose of providing additional firmness and price stability to the municipality's electric power supply.

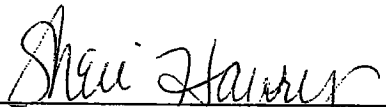
SECTION 2. It is hereby found and determined that all formal actions of this Council concerning or relating to the adoption of this ordinance were adopted in an open meeting of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 3. That this ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety of the citizens of the City of Oberlin, Ohio, or to provide for the usual daily operation of a municipal department, to wit:

"to provide for the timely purchase of additional power resources for the NEASG members at the earliest possible date", and shall take effect immediately upon passage.

PASSED: 1st Reading – February 20, 2007 (E)
2nd Reading –
3rd Reading –

ATTEST:



Sheri Haury
INTERIM CLERK OF COUNCIL



Daniel Gardner
PRESIDENT OF COUNCIL

POSTED: February 21, 2007

EFFECTIVE DATE: February 21, 2007

Date: 21 February 2007


Michael Migliore
Director of Power Supply Planning
AMP-Ohio
2600 Airport Dr.
Columbus, OH 43219

Dear Mike,

Pursuant to Section D.2. of the Northeast AMP-Ohio Service Group Pool Participant Schedule (AMP-Ohio Contract No. 09-90-798) I am authorized by the City of Oberlin to approve on behalf of the City the purchase of the following Long Term Resources by AMP-Ohio for resale to the NEASG Power Pool for the benefit of the City:

1. 34 MW of 7x24 Power for a term from January 1, 2008 through December 31, 2012 at a contract price not to exceed \$54 / MWh.
2. 50 MW of 7x24 Power for a term from January 1, 2008 through December 31, 2010 at a contract price not to exceed \$54 / MWh.
3. 25 MW of 5x16 Power for a term from January 1, 2008 through December 31, 2011 at a contract price not to exceed \$69 / MWh.
4. 25 MW of 5x16 Power for a term from January 1, 2008 through December 31, 2009 at a contract price not to exceed \$69 / MWh.

Sincerely,

Name: 

Title: Interim City Manager



OBERLIN MUNICIPAL LIGHT AND POWER SYSTEM ♦ 289 SOUTH PROFESSOR STREET ♦ OBERLIN, OHIO 44074

Phone (440)775-7260

Fax (440)775-1546

MEMORANDUM

To: Gary Boyle, Interim City Manager

Re: AMP-Ohio Consent Form - Ordinance No. 07-25

From: Steve Dupee, Electric Director

Date: February 21, 2007

A handwritten signature in black ink, appearing to read "Steve Dupee", is written over a horizontal line. The signature is stylized and cursive.

At last night's meeting, City Council passed Ordinance No. 07-25 authorizing your signature on the attached consent form. Please sign and return to me at your earliest convenience.

Thanks Gary.

/sd



OBERLIN MUNICIPAL LIGHT AND POWER SYSTEM ♦ 289 SOUTH PROFESSOR STREET ♦ OBERLIN, OHIO 44074

Phone (440)775-7260

Fax (440)775-1546

MEMORANDUM

To: Gary Boyle, Interim City Manager

Re: NEASG Pool Participant Agreement - Long Term Power Purchase (2008)

From: Steve Dupee, Electric Director

Date: February 7, 2007

A handwritten signature in black ink, appearing to read "Steve Dupee", is written over the "From:" line.

As you know, we are a full-requirements wholesale electric customer of AMP-Ohio and as such, AMP-Ohio procures wholesale power supply on our behalf from a variety of resources. A portion of the power supply AMP-Ohio procures on our behalf is arranged through a "Pool Participant" agreement. Twenty-one (21) Ohio municipalities located in the northeast part of the State are all parties to this pool participant agreement and are called the Northeast Area Service Group (NEASG). In 2006, approximately 38 % of our wholesale power was supplied through this pool arrangement. Under the pool participant agreement, AMP-Ohio is permitted to procure wholesale power supply for up-to a one year term without written consent from a majority of the NEASG members. Any contracts entered into for power supply longer than a one year term requires written consent of a majority of the NEASG members.

NEASG's basic power supply strategy involves the diversification of the terms of our contracts. As load has increased and long term contracts have expired for the NEASG members, the share of annual contracts supplying pool power has increased above AMP-Ohio's normal power supply planning mix. Market prices in recent years have been volatile and buying too much of the NEASG's power needs annually does not provide long-term price stability. In order to lessen our reliance on short term market purchases, AMP-Ohio is seeking authorization to procure the following power supplies beginning in 2008:

- 34 megawatts of 7 x 24 power (meaning power needs for 7 days a week, 24 hours per day) for a five (5) year term from January 1, 2008 through December 31, 2012 at a maximum rate of \$54.00 per megawatt-hour.
- 50 megawatts of 7 x 24 power for a three (3) year term from January 1, 2008 through December 31, 2010 at a maximum rate of \$54.00 per megawatt-hour.
- 25 megawatts of 5 x 16 power (meaning power needs for 5 days a week, 16 hours per day typically 7:00 a.m. to 11:00 p.m.) for a term of four (4) years from January 1, 2008 through December 31, 2011 at a maximum rate of \$69.00 per megawatt-hour.
- 25 megawatts of 5 x 16 power for a two (2) year term from January 1, 2008 through December 31, 2009 at a maximum rate of \$69.00 per megawatt-hour.

This longer term supply will offer price stability for a portion of our required energy needs and will reduce AMP-Ohio's dependence on the shorter term (one year or less) energy markets which played a role in our increased power costs back in 2005. These purchases will also bridge the gap between 2008 and the expected start-up of the new base-load power plant in 2012.

It is fully expected that AMP-Ohio will be able to make these power purchases below the maximum rate. According to the 2008 power supply forecast for the NEASG, AMP-Ohio has estimated \$50.00 for the 7x24 power and \$64.00 for the 5 x 16 power. At these rates, the NEASG average power costs would rise approximately 4% from 2007 to 2008. The impact on an average residential customer using 750 kilowatt-hours per month would be an additional \$1.60 per month.

I respectfully request that this item be placed on the City Council agenda for February 20th for emergency consideration. According to AMP-Ohio, market power prices at this time are below the 2008 forecast. I have attached a draft ordinance along with a copy of the consent form (Attachment A). In the meantime, I am available to answer any questions you have.

Thanks Gary.

/sd

**An Ordinance Authorizing the City Manager
to approve American Municipal Power-Ohio, Inc.
Purchases of Long Term Power Resources for NEASG Pool**

WHEREAS, the City of Oberlin (the Municipality) is a member of American Municipal Power-Ohio, Inc. (AMP-Ohio) a non-profit corporation whose membership includes one hundred nineteen (119) municipalities that own and operate municipal electric systems, including the Municipality;

WHEREAS, the Municipality and AMP-Ohio have entered into a master services agreement dated 11-5-05 (Agreement), AMP-Ohio Contract No. C 11-2005-444, under which certain services may be provided by AMP-Ohio to the Municipality via Schedules pursuant thereto;

WHEREAS, AMP-Ohio and the Municipality have entered into a Northeastern AMP-Ohio Service Group (NEASG) Pool Participant Schedule under which AMP-Ohio coordinates the power supply of the 21 municipalities in the FirstEnergy Service Area.

WHEREAS, the members of the NEASG desire to obtain up to four blocks of Long Term firm power supply to supplement the short term power that AMP-Ohio currently purchases as a pool resource. The new power supplies recommended for the NEASG Pool are

1. 34 MW of 7x24 Power for a term from January 1, 2008 through December 31, 2012 at a maximum rate of \$54 / MWh.
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4. 25 MW of 5x16 Power for a term from January 1, 2008 through December 31, 2009 at a maximum rate of \$69 / MWh; and

WHEREAS, it is necessary and desirable for the Municipality to approve in writing the purchase of the four Long Term blocks of power for the NEASG Pool.

NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF, OBERLIN, OHIO:

Section 1: That the City Manager be and is hereby authorized and directed to execute and deliver an approval letter with AMP-Ohio, substantially in the form of the attached letter, binding the Municipality to be financially responsible for its portion of the four long term block purchases that have a term ending no later than December 31, 2012 purchased as a NEASG pool resource, during the entire term of the power supply contracts, for purposes of, providing additional firmness and price stability to the municipality's electric power supply.

Section 2: It is hereby found and determined that all formal actions of this Council concerning or relating to the adoption of this ordinance were adopted in an open meeting of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section 3: That this ordinance is hereby declared an emergency measure necessary for the preservation of the public peace, health and safety of the citizens of the City of Oberlin, Ohio to wit:

“For the timely purchase of additional power resources for the NEASG members at the earliest possible date”

and shall take effect immediately upon passage.

Date: _____

Michael Migliore
Director of Power Supply Planning
AMP-Ohio
2600 Airport Dr.
Columbus, OH 43219

Dear Mike,

Pursuant to Section D.2. of the Northeast AMP-Ohio Service Group Pool Participant Schedule (AMP-Ohio Contract No. 09-90-798) I am authorized by the City of Oberlin to approve on behalf of the City the purchase of the following Long Term Resources by AMP-Ohio for resale to the NEASG Power Pool for the benefit of the City:

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4. 25 MW of 5x16 Power for a term from January 1, 2008 through December 31, 2009 at a contract price not to exceed \$69 / MWh.

Sincerely,

Name: _____

Title: _____