

RESOLUTION NO. 26-2002

A RESOLUTION OF THE CITY OF ABILENE, TEXAS, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE AN ELECTRIC SUPPLY AGREEMENT PURSUANT TO THE CONTRACT TO BE SIGNED BY CITIES AGGREGATION POWER PROJECT, INC. FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2003.

WHEREAS, the City of Abilene, Texas (City) is a member of Cities Aggregation Power Project, Inc. (CAPP), a nonprofit political subdivision corporation dedicated to securing electric power for its more than 80 members in the competitive retail market; and

WHEREAS, CAPP negotiated favorable contract terms and a reasonable commodity price for delivered electricity in 2002 for its members; and

WHEREAS, CAPP anticipates preserving current contract terms and achieving slight improvement in current commodity prices in a contract for 2003; and

WHEREAS, CAPP believes that the pricing opportunity window for favorable 2003 deliveries will be short-lived and that CAPP members must be able to commit contractually to prices within a 24-hour period in order to lock-in favorable prices; and

WHEREAS, experience during 2001-2002 has demonstrated that Retail Electric Providers demand immediate response to an offer; and

WHEREAS, the deregulated electric market is complex, likely to penalize those unaware of its constraints and likely to reward those who can improve the size and shape of a particular load, the City benefits from jointly shared experience and collective purchasing power arranged through CAPP; and

WHEREAS, it is necessary for the City to contract for a supply of electricity in 2003 or at least partially revert to price to beat rates (PTB); and

WHEREAS, CAPP's current delivered energy prices provide savings when measured against PTB, and PTB rates likely will be increased before the end of the year.

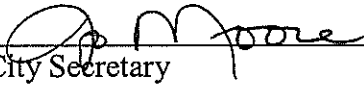
NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1: That the City Manager or his designee is hereby authorized to sign an electric power agreement pursuant to the contract approved and recommended by the CAPP Board of Directors within 24 hours of said approval and recommendation. The contract may be for a 12 to 24 month time frame.

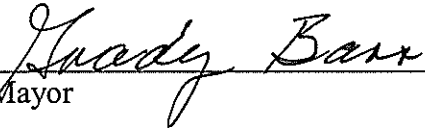
PART 2: This resolution shall take effective immediately upon its passage. Upon passage, a copy of the resolution shall be sent to the CAPP Board of Directors c/o Mary Bunkley with the City Attorney's office in Arlington before September 30, 2002.

PASSED this 12th day of September, 2002.

ATTEST:

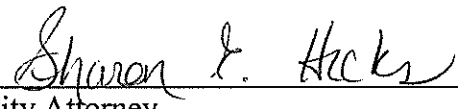


City Secretary



Mayor

APPROVED:



City Attorney