

RESOLUTION NO. 30-2003

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE WHICH MAY INCLUDE THE CHAIRMAN OF CITIES AGGREGATION POWER PROJECT, INC., (CAPP) TO EXECUTE AN ELECTRIC SUPPLY AGREEMENT PURSUANT TO THE CONTRACT TO BE SIGNED BY CAPP FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2004.

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 and 2003 for its members; and

WHEREAS, CAPP anticipates preserving current contract terms and achieving commodity prices in a contract for a 12 to 24 month period effective January 1, 2004 that continue to produce savings over the regulated price to beat (PTB); and

WHEREAS, CAPP believes that the pricing opportunity window for favorable 2004-2005 deliveries will be short-lived (in the October to mid-November time period) 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, experiences in contracting for 2002-2003 demonstrated that Retail Electric Providers demand immediate response to an offer and may penalize delay with higher prices; and

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

WHEREAS, it is necessary for the City to contract for a supply of electricity for 2004 or at least partially revert to PTB rates; and

WHEREAS, CAPP's current delivered energy prices provide savings when measured against PTB, and PTB rates likely will continue to remain higher than prices CAPP can achieve on behalf of the City.

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 designee may include the Chairman of CAPP. The contract may be for a 12 to 24 month time frame.
- Part 2. A copy of the resolution shall be sent to Mary Bunkley with the City Attorney's office in Arlington and Geoffrey M. Gay, legal counsel to CAPP, before October 8, 2003.
- Part 3. This Resolution is effective immediately.

PASSED this 25th day of September, A.D. 2003.

ATTEST:


CITY SECRETARY


MAYOR

APPROVED:


CITY ATTORNEY