

RESOLUTION NO. 25-2004

A RESOLUTION OF THE CITY OF ABILENE, TEXAS, AUTHORIZING THE CITIES AGGREGATION POWER PROJECT, INC. TO NEGOTIATE AN ELECTRIC SUPPLY AGREEMENT FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2005; AUTHORIZING CAPP TO ACT AS AN AGENT ON BEHALF OF THE CITY TO ENTER INTO A CONTRACT FOR ELECTRICITY; AUTHORIZING THE CHAIRMAN OF CAPP TO EXECUTE AN ELECTRIC SUPPLY AGREEMENT FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2005; AND COMMITTING TO BUDGET FOR ENERGY PURCHASES IN 2005 AND TO HONOR THE CITY OF ABILENE'S COMMITMENTS TO PURCHASE POWER FOR ITS ELECTRICAL NEEDS IN 2005 THROUGH CAPP.

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, 2003, and 2004 resulting in significant savings off of the Price to Beat (PTB) rate for its members; and

WHEREAS, preliminary information provided to the CAPP Board indicates that entering into a wholesale power contract, as distinct from a retail contract, effective January 1, 2005, may provide the greatest potential for savings for CAPP members over the regulated PTB rate; and

WHEREAS, potential wholesale power providers desire to execute a contract with one, and only one, entity rather than have unique contracts for each CAPP member; and

WHEREAS, CAPP believes that the pricing opportunity window for favorable 2005 deliveries under either a wholesale or retail agreement will be short-lived (in the September to mid-November time period) and that CAPP must be able to commit contractually to prices within a 24-hour period in order to lock-in favorable prices regardless of whether CAPP continues its historic practice of retail agreements or enters the wholesale market; and

WHEREAS, experiences in contracting for 2002-2004 demonstrated that Retail Electric Providers demand immediate response to an offer and may penalize delay with higher prices; and

WHEREAS, it is necessary for the City to contract for a supply of electricity for 2005 or at least partially revert to PTB rates; and

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

WHEREAS, wholesale suppliers demand assurance that CAPP will pay for all contracted load; and

WHEREAS, the City of Abilene needs to assure CAPP that it will budget for energy purchases in 2005 and honor its commitments to purchase power for its electrical needs in 2005 through CAPP.

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

Section 1:

That the CAPP Board and its consultants and advisors are agents authorized to negotiate for the City's electricity needs as a member of CAPP and to evaluate wholesale power supply contract options for 2005 as compared to a retail electric delivery contract for 2005 and, if feasible, 2006.

Section 2:

That the Chairman of CAPP is hereby authorized to sign an electric power agreement for the City pursuant to the contract approved and recommended by the CAPP Board of Directors within 24 hours of said approval and recommendation.

Section 3:

That the City will budget and approve funds necessary to pay electricity costs proportionate to the City's load under the supply agreement (whether wholesale or retail) arranged by CAPP and signed by the Chairman of CAPP for the City.

Section 4:

That 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.

PASSED on this 9th day of September, 2004.

ATTEST:



CITY SECRETARY



MAYOR

APPROVED:



CITY ATTORNEY