

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
JANUARY 8, 2008 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Joint Purchase of Electric Services from State Contract	✓ Resolution Ordinance Motion Discussion Only	Judy Buttny Finance Director

SYNOPSIS

A resolution has been prepared authorizing the Village Council to execute an agreement for the joint purchase of electric utility service with the State of Illinois through electric supplier Integrys Energy (formerly People's Energy Services). This resolution will allow the Village Council to enter into an agreement to purchase electricity with the lowest bidder in January. At that time, the State will go out to bid on the Village's behalf. In May, the State will go out to bid for all of the government entities in the group.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan Goals for 2007-2012 identified *Exceptional Municipal Organization*. An objective of this goal is *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

In FY08 Municipal Budget, \$165,000 is budgeted for electricity in revenue-generating Village facilities. Staff anticipates a savings of 15 to 20 percent with this contract.

RECOMMENDATION

Approval on the January 15, 2008 consent agenda.

BACKGROUND

The Village of Downers Grove has a franchise agreement with Commonwealth Edison (ComEd), where all Village facilities that are non-revenue generating receive electricity free of charge. In return, ComEd has the ability to use the Village's rights-of-way. The Village pays for electricity in the revenue-generating facilities, including the parking deck, water pumping stations, train station and rental properties.

An RFP was sent out for a retail electric supplier on November 28, 2007. Since electricity is a commodity, and the price fluctuates on a daily basis, staff requested a quote for the price for energy as of the same date. The following are the costs per kilowatt hour for each supplier. For comparison purposes, ComEd currently charges \$0.08272/kwh. To note, under any scenario, ComEd will continue to bill the Village for distribution costs.

Entity	Rate
State of Illinois	\$0.06315
Lincoln Energy	\$0.07532
NIMEC	\$0.07781
Empire Energy	\$0.07810

Based on the results of the RFP, staff recommends the Village execute an agreement with the State of Illinois to purchase electricity.

The State of Illinois Department of Central Management Services has recently entered into an agreement with an electric supplier, Integrys Energy, to supply State accounts located in the ComEd utility regions. The purchase of electricity with the State Contract would average 20 percent below the prices offered from other utility companies. Municipal entities within the State of Illinois that have facilities located in the ComEd territory may participate in the program and receive the same benefits as the State.

The agreement provides for the following:

1. Simple account enrollment procedures and no up-front costs.
2. The Program is managed by the Energy Resources Center at the University of Illinois at Chicago to assure billing accuracy and to advise on risk management issues.
3. Monthly billing periods set at net 60 days.

If the Village Council votes in favor of the agreement, the State will bid for electricity on the Village's behalf. The price will not be fixed at the above cited rate. In May 2008, will commence the bidding process for a one year time frame for the entire government group.

ATTACHMENTS

Resolution

Energy Resources Center overview

Municipal bulk electricity procurement program information

RESOLUTION NO. ____

**A RESOLUTION AUTHORIZING PARTICIPATION
IN A JOINT PURCHASING ACT**

WHEREAS, the State of Illinois Department of Central Management Services (the “Department”) has previously entered into an agreement for electricity supply services with Peoples Energy Services, Inc. (now known as Integrys Energy Services, Inc.) (the “Vendor”); and,

WHEREAS, the Village of Downers Grove (the “Village”) desires to participate in the joint purchase agreement under the State contract between the Department and the Vendor for electricity supply services; and,

WHEREAS, pursuant to the rules promulgated by the Department and in furtherance of the Joint Purchasing Act, the Village must enter into a participation agreement.

NOW, THEREFORE, BE IT RESOLVED, by the Village Council of the Village of Downers Grove, that said governmental unit does hereby agree on a voluntary basis to participate in the Joint Purchasing Program administered by the Department.

BE IT FURTHER RESOLVED, that the Village Manager or designee, is hereby authorized and directed to execute on behalf of the Village, all necessary forms, applications, requisitions, and other documents related to this program.

1. That the Village of Downers Grove contact for this contract shall be:

Theresa Tarka, Purchasing Assistant for the Village of Downers Grove
801 Burlington Avenue
Downers Grove, IL 60515
ttarka@downers.us
630/434-5530 (phone); 630/434-5571 (fax)

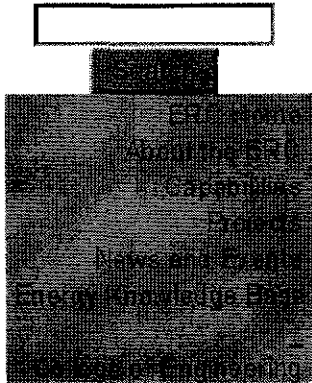
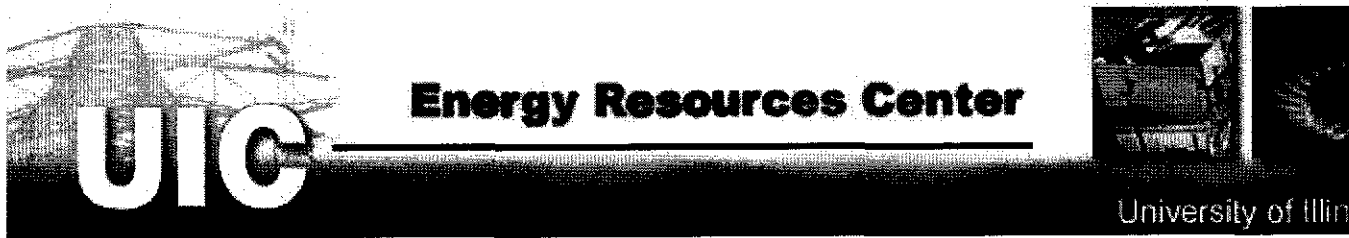
2. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

3. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____
Village Clerk



About the ERC

► Overview

The Energy Resources Center (ERC) is an interdisciplinary public service, research, and special projects organization dedicated to improving energy efficiency and the environment. Based out of the College of Engineering at the University of Illinois at Chicago (UIC), the ERC was established in 1973 by the Board of Trustees as an approved Illinois Board of Higher Education center. The ERC's stated mandate is to conduct studies in the fields of energy and the environment and to provide industry, utilities, government agencies and the public with assistance, information, and advice on new technologies, public policy, and professional development training.

Fast Track Response

The ERC is not a traditional university academic unit. The Center was created as a "fast response" team of experts capable of quickly extending technical expertise, advice, and professional assistance to organizations in need of the Center's resources. As one of the nation's land-grant universities, this activity meets the University of Illinois' mandate to provide public service and assistance to the state's industrial, residential and commercial sectors.

Technical Specialists

To carry out these objectives the ERC is staffed by a group of hands-on professional engineers, economists, architects, computer science specialists, educators, and public policy analysts. Senior staff have advanced degrees in their fields of expertise and many hold certification as Professional Engineers (PE), Professional Architects (PA) and Certified Energy Managers (CEM). When other specialized skills are required, ERC draws upon the UIC faculty for support. Center staff members have collaborated with members of academic departments and administrative units including the College of Engineering, the College of Education, the School of Public Health, the departments of Civil Engineering, Chemical Engineering, Economics, Geography, Mechanical Engineering, Physical Plant, Chicago Area Geographic Information Survey (CAGIS), and the Survey Research Laboratory.

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MUNICIPAL BULK ELECTRICITY PROCUREMENT PROGRAM

The State of Illinois Department of Central Management Services (CMS) has recently entered into an agreement with an electric supplier, Peoples Energy Services (PES), to supply State accounts located in the following utility service regions: ComEd or Ameren (IP, CIPS or Cilco).

The State's initial purchase for their facilities utilizing the Program created savings, on average, of 30% below the electricity prices offered from the host utilities. The State will save several million dollars as a result.

The good news is that any municipal entity within the State of Illinois that has facilities located in the above utility service territories may participate in this program and realize the same benefits the State receives.

The agreement provides for the following:

1. Multiple pricing options to suit whatever needs you have: Very competitive Fixed Pricing, Floating Index Pricing, On-Peak, Off-Peak or Around the Clock pricing and Renewable Power;
2. Simple account enrollment procedures and no up-front costs;
3. Program management, billing administration and technical consulting provided by the *Energy Resources Center* at the University of Illinois at Chicago (ERC-UIC) to assure billing accuracy and to advise on risk management issues;
4. Monthly billing periods set at net 60 days from invoice issuance.
5. Five year term (December 2006 through November 2011) with a three year extension option (December 2011 through November 2014);
6. The contract is part of the Joint Purchasing Program operated by CMS, Contract Number: CMP7189350.

Simple enrollment into the program is as follows:

1. A *Joint Purchasing Act Participation Resolution* (see attached) must be executed by the governing board of the participating municipality;
2. A contact letter notifying PES of the municipality's intention to participate in the contract and identifying accounts to be enrolled must be sent (sample letter attached);
3. A contact letter notifying the program manager of the municipality's intention to participate in the contract and identifying accounts to be enrolled must be sent to ERC-UIC (sample letter attached);
4. During enrollment, participating municipalities will have the option to select the pricing structure for their electricity load. PES will provide price options at that time.

Coordinating the change from your utility will be handled entirely by PES. You only need to complete the above documents.

Participants will receive two (2) separate monthly billing statements for electricity for each account:

- a. ERC-UIC Statement. A billing statement detailing the cost of electricity commodities delivered to your accounts; and,
- b. Local Electric Utility Statement. A billing statement related to the cost of delivering electricity to the municipality's accounts.

QUESTIONS REGARDING THE PROGRAM CAN BE DIRECTED TO:

Mark Pruitt, Program Manager, Energy Resources Center (312) 413-3146 mpruitt@uic.edu or
Jean Beacom, Account Manager, PES (708) 445-7550 jeanbeacom@naniaenergy.com

About Integrys Energy Group, Inc.

Integrys Energy Group, Inc., (NYSE: TEG), headquartered in Chicago, Illinois, is a holding company for energy-related subsidiaries which includes regulated utilities and nonregulated subsidiaries.

The six regulated utilities consist of:

- **The Peoples Gas Light and Coke Company** is a natural gas utility serving more than 820,000 customers in the City of Chicago.
- **Wisconsin Public Service Corporation** is a regulated electric and natural gas utility serving more than 429,000 electric customers and 311,000 natural gas customers in northeastern Wisconsin and an adjacent portion of Michigan's Upper Peninsula.
- **Minnesota Energy Resources Corporation** is a natural gas utility serving approximately 207,000 customers throughout Minnesota.
- **Michigan Gas Utilities Corporation** is a natural gas utility serving approximately 166,000 customers in lower Michigan.
- **North Shore Gas Company** is a natural gas utility serving 158,000 customers in the northern suburbs of Chicago.
- **Upper Peninsula Power Company** is an electric utility that serves approximately 52,000 customers in Michigan's Upper Peninsula.

The nonregulated subsidiaries include:

- **Integrys Energy Services, Inc.** is a diversified nonregulated energy supply and services company serving commercial, industrial and wholesale customers and aggregated groups of residential customers. Its principal market is the northeast quadrant of the United States and adjacent portions of Canada. Its principal operations are in Illinois, Maine, Michigan, Ohio, Texas, Virginia, and Wisconsin in the United States and Alberta, Ontario, and Quebec in Canada. Integrys Energy Services also owns and/or operates nonregulated electric generation facilities.
- **Peoples Energy Production Company** is primarily engaged in the acquisition and development of proven onshore natural gas reserves with upside potential in a limited number of strategic supply basins. Value is then added through drilling programs, production enhancements and reservoir optimization.