



Legislation Details (With Text)

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On agenda: 11/24/2014 **Final action:** 11/26/2014

Title: To authorize the Director of Public Utilities to modify and extend the existing agreement due to expire in January 2015 with AEP Retail Energy for power costs associated with the water treatment process and to declare an emergency.

Sponsors:

Indexes:

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Date	Ver.	Action By	Action	Result
11/26/2014	1	CITY CLERK	Attest	
11/25/2014	1	MAYOR	Signed	
11/24/2014	1	COUNCIL PRESIDENT	Signed	
11/24/2014	1	Columbus City Council	Approved	Pass

The purpose of this legislation is to authorize the Director of Public Utilities to modify and extend an existing agreement with AEP Retail Energy for electric power costs services associated with the water treatment process.

The City of Columbus, Division of Water is a retail customer with AEP Ohio and owns a water treatment infrastructure that is metered and billed by AEP Ohio. AEP Retail Energy is a competitive retail electric service provider and affiliate of AEP Ohio. The Division of Water has coordinated with AEP Retail Energy to reduce the power cost associated with the water facilities on the AEP Ohio system. By switching the generation and transmission of the water treatment infrastructure on the AEP Ohio system to AEP Retail Energy in 2011, the Division of Water reduced the cost power per megawatt hour (MWh) from \$81.52 to \$62.75 for an approximate 40 month savings of \$925,000.00. AEP Ohio continues to charge the Division of Water for distribution and customer charges. All contractual information has been reviewed and approved by the City Attorney's Office. The Department of Public Utilities feels it is in the best interest of the City of Columbus to modify and extend this agreement with AEP Retail Energy to take advantage of the power cost savings. This ordinance is being submitted as an emergency so that the department will not have interruption in the agreement and will be able to continue to take advantage of the cost savings to the Division of Water.

1. **Amount of additional funds:** There are no additional funds needed. This amendment is to modify and extend the existing agreement for an additional 40 months beginning January 2015.
2. **Reason additional needs were not foreseen:** This is a planned modification to be completed prior to the January 2015 expiration date.
3. **Reason other procurement processes not used:** This is a continuation of the current agreement that benefits the Division of Water and its ratepayers by reducing the megawatt hour cost for an approximate annual savings of over \$900,000.00.
4. **How was cost determined:** This planned modification does not cost the Division of Water any funds.

FISCAL IMPACT: No funding is required for this contract

SUPPLIER: AEP Retail Energy 13-4922640, Expires 6/24/2016

To authorize the Director of Public Utilities to modify and extend the existing agreement due to expire in January 2015 with AEP Retail Energy for power costs associated with the water treatment process and to declare an emergency.

WHEREAS, The City of Columbus, Division of Water is a retail customer with AEP Ohio and electric power costs are metered and billed by AEP Ohio; and

WHEREAS, AEP Retail Energy is a competitive retail electric service provider and affiliate of AEP Ohio and the Division of Water has coordinated with AEP Retail Energy in 2011 to reduce the power cost associated with the water treatment process on the AEP Ohio system; and

WHEREAS, By modifying and extending the AEP Retail Energy contract for another 40 months, the Department of Public Utilities would continue to realize cost savings of approximately \$900,000.00; and

WHEREAS, AEP Ohio will continue to charge the Division of Water for distribution and customer charges; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Public Utilities, in that it is immediately necessary to modify and extend the agreement with AEP Retail Energy for electric power costs so that the Department of Public Utilities can take advantage of the cost savings to the Division of Water for the immediate preservation of the public health, peace, property and safety; now, therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of Public Utilities be and is hereby authorized to modify and extend the agreement with AEP Retail Energy for an additional 40 months from the original expiration date of January 2015 for electric power costs associated with the water treatment process for the Division of Water.

SECTION 2. It is in the best interest of the City of Columbus to modify and extend this agreement with AEP Retail Energy to take advantage of the power cost savings.

SECTION 3. That for the reasons stated in the preamble hereto, where is hereby made a part hereof, this Ordinance is hereby declared to be an emergency measure, which shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.