



City of Columbus

Office of City Clerk
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columbuscitycouncil.org

Legislation Text

File #: 2088-2004, Version: 1

BACKGROUND: This ordinance authorizes modifications of Contract Numbers CT-07199 and CT-09743 with American Municipal Power-Ohio, Inc. (AMP-Ohio) for the purchase of wholesale electricity and associated services. This legislation also authorizes the transfer of appropriation authority within the Electricity Operating Fund to provide funding for the purchase power needs for the remainder of 2004.

Amount of additional funds to be expended: \$770,000

Reasons additional goods/services could not be foreseen: An increase in purchase power is needed to pay for increased costs in transmission expense and Gorsuch operations due to coal price increases and SO₂ sulfur emissions control upgrades.

Beginning October 1, 2004, the Division of Electricity is no longer receiving electricity through the AEP network transmission system (NTS). The previous AEP NTS transmission service is now regulated by FERC through the Regional Transmission Organization (RTO) known as PJM (Pennsylvania, Jersey, Maryland). Our previous AEP NTS was through Amp-Ohio. Amp-Ohio contractually operates network transmission services for several Ohio communities and Columbus is one of those communities. It is now necessary to modify the Amp-Ohio Generic agreement between City of Columbus and Amp-Ohio in order to establish a new agreement for transmission services through PJM.

Also, the City of Columbus has a contract with Amp-Ohio to purchase power from the Gorsuch Coal-Fired Power Plant. Due to increases in coal prices and sulfur emissions control upgrades, there is need to increase funds to pay for these increased costs of producing power. The City of Columbus' Gorsuch power costs are recovered or credited towards payments made to Constellation Power Source (CPS) under a fixed price contract.

Reason other procurement processes are not used: AMP-Ohio is a non-profit organization for state municipalities and, acting as a broker, has contracted on the City's behalf competitive prices through a bidding process. Contract Number CT-07199 is in effect until 2005 and CT-09743 (Gorsuch) is in effect until 2008.

How cost of modification was determined: The modification is based upon estimated requirements for the remainder of 2004.

Contract Compliance Number: 310943223

Emergency action is requested in order that purchases may continue without interruption and payments can be made on a timely basis.

FISCAL IMPACT: \$37,327,414 was budgeted in the 2004 Electricity Operating Fund and an additional \$452,504 was budgeted for Amp-Ohio service fees. The additional appropriation authority necessary will come from Object Level One: 01 and 06. Expenditures for personnel services and capital outlay are under budget as projected in the third quarterly review. The total purchase power expenditures for 2002 and 2003 were \$34,434,355 and \$31,628,816, respectively.

To authorize and direct the City Auditor to transfer \$400,000 in appropriation authority within the Electricity Operating Fund to provide funding for purchase power; to authorize the Director of Public Utilities to modify contracts for the purchase of wholesale electric power with American Municipal Power-Ohio, Inc. for the Division of Electricity, under the provisions of Columbus City Codes; to authorize the expenditure of \$770,000.00 from the Division of Electricity Operating Fund; and to declare an emergency. (\$770,000.00)

WHEREAS, the Department of Public Utilities, Division of Electricity, requires budget authority for purchase power costs for the remainder of 2004; and

WHEREAS, funds are available in the approved 2004 operating budget to accommodate this transfer; and

WHEREAS, it is necessary to transfer budget authority between object levels within the Electricity Operating Fund to align budget authority with projected expenditures; and

WHEREAS, the City and American Municipal Power-Ohio (AMP-Ohio) have entered into a generic contract agreement dated March 11, 1986, Contract Number CT-07199, under which certain services may be provided by AMP-Ohio to the City via schedules pursuant thereto; and

WHEREAS, the City and AMP-Ohio have entered into a contract agreement dated July 11, 1988, Contract Number CT-09743, for energy supplied from the Gorsuch Station; and

WHEREAS, it is necessary to modify the Amp-Ohio generic agreement, Contract Number CT-07199, to establish a new agreement for transmission services through the Regional Transmission Organization (RTO) known as PJM (Pennsylvania, Jersey, Maryland); and

WHEREAS, it is necessary to increase the existing contracts to provide for wholesale electric power and associated services required in 2004; and

WHEREAS, emergency action is requested in order that purchases may continue without interruption and payments for purchased power may be made on a timely basis; and

WHEREAS, an emergency exists in the usual daily operation of the Division of Electricity, Department of Public Utilities, in that it is immediately necessary to modify contracts with American Municipal Power-Ohio, Inc. for the purchase of wholesale electric power for the immediate preservation of the public health, peace, property, safety and welfare; now, therefore,

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

SECTION 1. That the City Auditor be and is hereby authorized and directed to transfer budget authority in the amount of \$400,000 within the Electricity Operating Fund 500, Division No. 60-07, as follows:

FROM:

Object Level One: 01 | Object Level Three: 1101 | Amount: \$100,000
Object Level One: 06 | Object Level Three: 6621 | Amount: \$300,000

TO:

Object Level One: 02 | Object Level Three: 2233 | Amount: \$400,000

SECTION 2. That the Director of Public Utilities be and is hereby authorized to modify the generic AMP-Ohio contract, CT-07199, in order to establish a new agreement for transmission services through PJM (Pennsylvania, Jersey, Maryland) and by increasing the contract amounts by \$770,000, as follows:

<u>CONTRACT NUMBER</u>	<u>AMOUNT</u>
CT-07199	\$ 310,000.00
CT-09743 (Gorsuch)	<u>460,000.00</u>
	\$ 770,000.00

SECTION 3. That these contract modifications are in compliance with Section 329.13, of Columbus City Codes, 1959.

SECTION 4. That to pay the cost of the aforesaid contract modifications, the expenditure of \$770,000.00, or so much thereof as may be needed, is hereby authorized from Division of Electricity Operating Fund 550, Division No. 60-07, OCA Code 606715, and shall

be disbursed among the following Object Level Three Codes:

Object Level Three: 2233 | Amount: \$750,000
Object Level Three: 3333 | Amount: \$ 20,000
Total: \$770,000

SECTION 5. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is declared to be an emergency measure and 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.