

RESOLUTION NO. 2009-178

SPONSOR Mr. Pry

DATE May 11, 2009

COMMITTEE Finance

A Resolution reinstating the County of Summit's opt-out electricity aggregation program and authorizing the County Executive to execute a contract, subject to the approval of the Board of Control, with FirstEnergy Solutions, Corp., to supply electricity for the County's opt-out electricity aggregation program, from 7/1/09 through 5/30/12, with a 6% discount for residential customers and a 4% discount for commercial customers, for the Executive, and declaring an emergency.

WHEREAS, at the May 7, 2002 Primary Election, voters in the townships of Bath, Boston, Copley, Coventry, Franklin, Northfield, Richfield, Sagamore Hills, Springfield, Twinsburg and the Village of New Franklin authorized the County of Summit on their behalf to create a governmental aggregation program for electricity; and

WHEREAS, after a Request for Proposals process, County Council subsequently approved Resolution No. 2002-523, which confirmed the award by the Board of Control to FirstEnergy Solutions, Corp. to implement the County's opt-out electric aggregation program on behalf of all of the aforementioned communities except Sagamore Hills; and

WHEREAS, on August 28, 2008, the County Executive executed a four year contract with FirstEnergy Solutions; and

WHEREAS, in 2006, after a Request for Proposals process, to which only FirstEnergy Solutions responded, Council approved Resolution No. 2006-642, which confirmed the award by the Board of Control of an extension of the original four year contract for an additional 30 months, until December 31, 2008; and

WHEREAS, following notice by FirstEnergy Solutions that it could no longer provide electricity to the County's electric aggregation program at a lower cost than the individual consumer, Council approved Resolution No. 2008-489, which confirmed the award by the Board of Control of the second amendment to the contract with FirstEnergy Solutions to supply electricity for the County's of Summit's opt-out electricity aggregation program to: (1) suspend the provisions of the contract regarding energy and energy-related services; (2) provide aggregation development and administrative services to maintain the County's status as a governmental aggregator for electricity at no cost to the County; (3) provide a right of first refusal to FirstEnergy, Corp. to match an offer to the County by a certified electric supplier if the County restarts the electricity aggregation program; and (4) extending the contract for an additional one year term, from 1/1/09 through 12/31/09, with 4 options to renew for an additional one year term; and

WHEREAS, the Executive executed the second amendment on 1/16/09; and

WHEREAS, FirstEnergy Solutions has proposed a contract with the County to supply electricity to the County's electric aggregation program for the period of 7/1/09 through 5/30/12, with one optional plan with a 6% discount for residential customers and a 4% discount for commercial customers; and

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WHEREAS, Section 177.07(a)(11) of the Codified Ordinances of the County of Summit exempts contracts for utility aggregation services from competitive bidding; and

WHEREAS, the County wishes to reinstate its opt-out electricity aggregation program and enter into the aforementioned contract for the period of 7/1/09 through 5/30/12, with a 6% discount for residential customers and a 4% discount for commercial customers ; and

WHEREAS, this Council has determined by reviewing all pertinent information that reinstating the County's opt-out electricity aggregation program and authorizing the County Executive to execute the aforementioned contract, subject to the approval of the Board of Control, with FirstEnergy Solutions is necessary and in the best interest of the County of Summit;

NOW, THEREFORE, BE IT RESOLVED by the Council of the County of Summit, State of Ohio, that:

SECTION 1

The County of Summit's opt-out electricity aggregation program is hereby reinstated. The County Executive is hereby authorized to execute a contract, subject to the approval of the Board of Control, with FirstEnergy Solutions, Corp., to supply electricity for the County of Summit's opt-out electricity aggregation program, from 7/1/09 through 5/30/12, with a with a 6% discount for residential customers and a 4% discount for commercial customers.

SECTION 2

This Resolution is hereby declared an emergency in the interest of the health, safety and welfare of the citizens of the County of Summit and for the further purpose of immediately reinstating the County's opt-out electricity aggregation program and immediately authorizing the execution of a contract with FirstEnergy Solutions to supply electricity for the County's opt-out electricity aggregation program.

SECTION 3

Provided this Resolution receives the affirmative vote of eight members, it shall take effect immediately upon its adoption and approval by the Executive; otherwise, it shall take effect and be in force at the earliest time provided by law.

SECTION 4

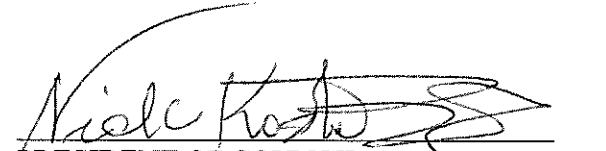
It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

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INTRODUCED April 27, 2009

ADOPTED May 11, 2009


CLERK OF COUNCIL


PRESIDENT OF COUNCIL

APPROVED May 11, 2009


EXECUTIVE

ENACTED EFFECTIVE May 11, 2009

Voice Vote: 11-0 YES: Comunale, Crawford, Crossland, Feeman, Kostandaras
Poda, Prentice, Rodgers, Schmidt, Shapiro, Smith

Opt-Out Aggregation Program Proposal

For



Summit County, Ohio

with

FirstEnergy Solutions

April 15, 2009

Proposal for Opt-out Program for Summit County

Understanding of Project:

Summit County has created an opt-out program for the purchase of electricity. This program serves the residents and businesses of the County. The County was given the authority to negotiate on behalf of the community to procure an electric generation supplier that would provide the greatest savings to Summit County customers upon passage of a ballot issue in May 2002.

The County had previously selected FirstEnergy Solutions (FES) as its Aggregation Services and Electric Generation provider through December 2008 when the program had to be temporarily discontinued due to regulatory uncertainty.

The County now wishes to re-instate its aggregation program. This proposal is provided by FirstEnergy Solutions, to assist the County in restoring the aggregation program with FirstEnergy Solutions.

Scope of the Project:

FES will provide the electric generation necessary to meet the demands of the County aggregation program.

- The program will offer guaranteed savings to all eligible residential and commercial rate codes.
- This will be a renewal of the existing agreement for an additional term (through May 2012).
- FES will continue to provide the necessary aggregation services needed to maintain the County's certification with the Public Utilities Commission of Ohio.

Agreements

Upon initial agreement of this proposal, an addendum to the existing agreement will be entered into between the Summit County and FES.

Proposed Program Elements and Pricing

Electric Generation Supply Program

FirstEnergy Solutions' program will utilize "Percent off Pricing. Under the County's aggregation program, the price paid for electric supply will be lower than the generation charge from Ohio Edison. In other words, each month, customers will pay the percent less chosen by the County for electric supply than if they were not in the County's government aggregation program.

This offer is valid until April 30, 2009.

July/August 2009 – May 2012:

Summit County may choose either plan as listed below:

Plan #1

<p>Rate RS – Standard Residential Rate</p> <p>2009 – 10% Discount 2010 – 6% Discount 2011 – 5% Discount 2012 – 4% Discount</p>	<p>Rate GS – General Secondary to 199 kWd</p> <p>2009 – 7% Discount 2010 – 3.5% Discount 2011 – 3.5% Discount 2012 – 2.5% Discount</p>
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Plan #2

<p>Rate RS – Standard Residential Rate</p> <p>2009 – 6% Discount 2010 – 6% Discount 2011 – 6% Discount 2012 – 6% Discount</p>	<p>Rate GS – General Secondary to 199 kWd</p> <p>2009 – 4% Discount 2010 – 4% Discount 2011 – 4% Discount 2012 – 4% Discount</p>
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National accounts (e.g. McDonald's, BP, Dollar General) as well as eligible commercial accounts with annual usage over 700,000 will be offered the discounts in either plan selected but they must "opt-in" to the program.

***For the term referenced above, the generation pricing under this Agreement will be calculated as the specified percentage off the generation, generation related and transmission charge (Rider Gen) as set forth in the EDU's applicable tariff. FES reserves the right to terminate service and return members to standard offer service for the period June 2011 – May 2012 if the EDU standard service offer pricing and or tariff structure is modified. As described above, no discount will be given on transmission and ancillary services if they are identified in a separate tariff approved by the PUCO.**

FirstEnergy Solutions Experience

FirstEnergy Solutions has provided governmental aggregation programs to the following communities:

- **Cities:** Akron, Canal Fulton, Marion, Toledo, Ashland, Fairlawn, Oregon, Maumee, Sylvania, Perrysburg, Seven Hills, Norton, Green, Euclid, Tallmadge, Westlake, Defiance, Barberton, Ravenna, Youngstown, Parma, London, Sandusky, Alliance, and Cleveland Heights
- **Villages:** Mogadore, Northwood, Holland, LaGrange, Doylestown, Navarre, Lordstown, and Ottawa Hills

- **Townships:** Bath, Boston, Copley, Coventry, Franklin, Northfield Center, Richfield, Sagamore Hills, Springfield, Twinsburg in Summit County, Fairfield Township in Columbiana County, and Troy and Burton Townships in Geauga County.

These programs provide generation savings to over 400,000 residential customers and 45,000 commercial customers through their community aggregation efforts.

The aggregation program offered is supported by expert FES personnel in Ohio who provide assistance such as:

- Full service public relations department for design of mailing materials, press release needs, and other communications as needed
- GIS mapping capability – used to increase the accuracy of the opt-out list than the one given a supplier by FE. Each address is mapped and identified as being within the boundaries of the community prior to mailing.
- Professional training provided to community personnel to assist them during opt-out period and beyond
- In-house call center fully trained on each community's program to provide answers to participants' questions
- Expertise in FE rates to insure that participants who would not benefit from the aggregation are eliminated from the program prior to the opt-out mailing

Community Savings Estimates - Fixed Discount Plan

Summit County

Average Households Enrolled
28,000

July - December 2009

\$/kWh

Rate	5 Month's Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	4,061	\$ 0.0790	6%	0.00474	\$ 19.25	28,000
General Service (GS)	16,680	\$ 0.0715	4%	0.0029	\$ 47.70	2,800
Total						30,800
Total Community Savings						Est. 2009 Savings
Annual kWh Usage						160,406,167
						Estimated 2009 Savings \$ 672,524

2010

Rate	Annual Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	9,746	\$ 0.0790	6%	0.0047	\$ 46.20	28,000
General Service (GS)	40,031	\$ 0.0715	4%	0.0029	\$ 114.49	2,800
Total						30,800
Total Community Savings						Est. 2010 Savings
Annual kWh Usage						384,974,800
						Estimated 2010 Savings \$ 1,614,057

2011

Rate	Annual Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	9,746	\$ 0.0790	6%	0.0047	\$ 46.20	28,000
General Service (GS)	40,031	\$ 0.0715	4%	0.0029	\$ 114.49	2,800
Total						30,800
Total Community Savings						Est. 2011 Savings
Annual kWh Usage						384,974,800
						Estimated 2011 Savings \$ 1,614,057

January - May 2012

Rate	5 month's Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	4,061	\$ 0.0790	6%	0.0047	\$ 19.25	28,000
General Service (GS)	16,680	\$ 0.0715	4%	0.0029	\$ 47.70	2,800
Total						30,800
Total Community Savings						Est. 2012 Savings
Annual kWh Usage						160,406,167
						Estimated 2012 Savings \$ 672,524

Total Program Savings Estimate 2009-2012 **\$ 4,573,163**

Total Individual Residential Savings Estimate 2009-2012 **\$ 130.89**

Total Individual Commercial Savings Estimate 2009-2012 **\$ 324.38**

*Shopping Credits are estimates only subject to change based upon the outcome of the May 13 auction and resulting regulatory actions.

Community Savings Estimates - Graduated Plan

Summit County

Average Households Enrolled 28,000

July - December 2009

Rate	5 Month's Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	4,061	\$ 0.0790	10%	0.0079	\$ 32.08	28,000
General Service (GS)	16,680	\$ 0.0715	7%	0.0050	\$ 83.48	2,800
Total						30,800
Total Community Savings						Est. 2009 Savings
Annual kWh Usage						160,406,167
Estimated 2009 Savings						\$ 1,132,004

2010

Rate	Annual Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	9,746	\$ 0.0790	6%	0.0047	\$ 46.20	28,000
General Service (GS)	40,031	\$ 0.0715	3.5%	0.0025	\$ 100.18	2,800
Total						30,800
Total Community Savings						Est. 2010 Savings
Annual kWh Usage						384,974,800
Estimated 2010 Savings						\$ 1,573,986

2011

Rate	Annual Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	9,746	\$ 0.0790	5%	0.0040	\$ 38.50	28,000
General Service (GS)	40,031	\$ 0.0715	3.5%	0.0025	\$ 100.18	2,800
Total						30,800
Total Community Savings						Est. 2011 Savings
Annual kWh Usage						384,974,800
Estimated 2011 Savings						\$ 1,358,405

January - May 2012

Rate	5 month's Average Usage	Est. Shopping Credit*	Discount	Difference	Individual Annual Savings Estimate	# of Customers
Standard Residential (RS)	4,061	\$ 0.0790	4%	0.0032	\$ 12.83	28,000
General Service (GS)	16,680	\$ 0.0715	2.5%	0.0018	\$ 29.81	2,800
Total						30,800
Total Community Savings						Est. 2012 Savings
Annual kWh Usage						160,406,167
Estimated 2012 Savings						\$ 442,784

Total Program Savings Estimate 2009-2012	\$ 4,507,179
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Total Individual Residential Savings Estimate 2009-2012	\$ 129.61
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Total Individual Commercial Savings Estimate 2009-2012	\$ 313.65
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*Shopping Credits are estimates only subject to change based upon the outcome of the May 13 auction and resulting regulatory actions.