10/16/17

L-208-17 lst
(Substitute)

ORDINANCE NO. 208-17

BY: **JEFFREY CROSSMAN**
(By Request - Law Director)

AN ORDINANCE TO AUTHORIZE THE DIRECTOR OF PUBLIC SERVICE TO ENTER INTO A CONTRACT EXTENSION WITH FIRSTENERGY SOLUTIONS FOR THE PROVISION OF ELECTRICITY FOR RESIDENTIAL CUSTOMERS THAT PARTICIPATE IN THE CITY OF PARMA ELECTRIC AGGREGATION PROGRAM, FOR THE PERIOD OF JUNE 1, 2018 TO JUNE 30, 2021, AND DECLARING AN EMERGENCY

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PARMA, STATE OF OHIO:

Section 1. That the Director of Public Service be, and he hereby is, authorized to enter into a contract with FirstEnergy Solutions to act as the supplier for the provision of electricity for residential customers that participate in the City of Parma Electric Aggregation Program, for the period of June 1, 2018, to June 30, 2021 at the pricing set forth in Exhibit "A", which includes all program fees, except for contract modification pursuant to the requirements of Ohio Revised Code §735.07.

Section 2. That the Director of Public Service be, and he hereby is, authorized to execute said contract, and to take such action and to execute such other documents and amendments thereto as may be necessary as are approved by the Law Director.

Section 3. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council; and that all deliberations of the Council and any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements.

Section 4. That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public health, safety and welfare of the City of Parma, and for the further reason that this measure is necessary since pricing is time-sensitive for the program which will begin June 1, 2018, and this Ordinance shall become immediately effective upon receiving the affirmative vote of two-thirds of all members elected to Council and approval of the Mayor, otherwise from and after the earliest period allowed by law.

PASSED:_____ _____
PRESIDENT OF COUNCIL

ATTEST:_____ APPROVED:_____
CLERK OF COUNCIL

FILED WITH
THE MAYOR:_____ _____
MAYOR, CITY OF PARMA, OHIO

Strategic Aggregation Consultants, LLC

TO: Tim Dobeck, Law Director, City of Parma

FROM: Brenda Fargo, President, Strategic Aggregation Consultants, LLC

DATE: October 31, 2017

RE: FirstEnergy Solutions' Offer for the City of Parma's Electric Aggregation Program

The City of Parma Electric Aggregation Program is currently with FirstEnergy Solutions and has been since 2009 in a nine-year agreement signed at that time. The end of the current term is May 2018. The pricing for the program has been at 6% off the standard CEI Price to Compare (PTC) for Residents and 4% off the standard CEI PTC for small commercial accounts.

After reviewing proposals from FirstEnergy Solutions (FES) and the Northeast Ohio Public Energy Council (NOPEC), it is the recommendation to proceed with the FES offer as outlined below:

Recommendation:

1. FES offers a true percent-off program guaranteeing savings. The recommended option is to maintain the current program offering at **6% off the PTC for residents and 4% off the PTC** for small commercial accounts for a term of three years (June 2018 – June 2021). This will provide a guaranteed savings for all participants.
2. FES' proposal contains **no early termination fees.** The current program with FES contains a $25.00/residential and $50.00/commercial early termination fee. The new program will have no fee.
3. Long-standing relationship with FES. The City of Parma has maintained a long-standing relationship with FES over the years of its Electric Aggregation Program.
4. Street Lighting. The assessment for street lighting was completed earlier this year for 2018 and 2019. The current FES street lighting generation agreement ends December 2018. FES is offering new pricing for the City of Parma as a part of the extended aggregation agreement (see proposal below). For 2019, the price per kWh will be the price used in our assessment calculations (.04683). FES would then continue to provide the generation service to the street lighting accounts starting in 2020 at **$0.03430 per Kwh** for an additional 24 months. I am recommending accepting the 36-month offer to lock in these low prices. This will also enable us to better calculate the next round of assessments.
5. FES Financial Guarantee. There have been multiple news reports about the possibility of FES filing for bankruptcy. In discussions with FES, no filing is imminent. As a safe guard for the City of Parma, FES has agreed to provide a **$750,000 bond**. This would provide sufficient funds to reimburse participants for any lost savings for a period of three months while a new supplier was brought in to serve the program.

Based on the above reasons, I am recommending that the City of Parma move forward with a three-year term with FirstEnergy Solutions.

EXHIBIT A
SUB L-208-17

FirstEnergy Solutions

OHIO-CEI
STREET LIGHTING
FIXED PRICE

Street Lighting/Private Outdoor Lighting and Traffic Lighting
Fixed Price Pricing Attachment

This Pricing Attachment is entered into on this _____ day of _____ 2015 by and between FirstEnergy Solutions Corp., an Ohio corporation with its principal office location in Akron, Ohio ("Supplier"), and PARMA CITY OF (INC), a customer with its principal office located in Parma, OH ("Customer") and are hereby incorporated into the Customer Supply Agreement ("Agreement") dated this 21st day of October 2009 ("Effective Date").

Customer Name: PARMA CITY OF (INC) Billing Address: 6611 Ridge Road

City: Parma State: OH Zip Code: 44129

Customer hereby acknowledges that it will be receiving Consolidated Billing from the Electric Utility.

1.0 All applicable taxes shall be listed separately on the monthly invoice if required by state and local tax law. Taxes may be altered periodically in accordance with state and local requirements.

2.0 For the billing months listed on this Pricing Attachment, all kilowatt-hours ("kWh") of electric energy calculated or metered by the Electric Utility at the Service Address listed hereto shall be billed at the identified fixed price, per billing month, per Electric Utility Account Number specified in the Enrollment Chart.

3.0 Enrollment Chart: Street Lighting

	Service Address	Electric Utility Account Number	Electric Utility	Electric Utility Rate Code	Interval Meter (Yes or No)	* FCM mm/yy	End Month mm/yy	Sample Meter Read Date	Pricing
1	6611 Ridge Rd St	08007806951260000032	CEI	STL	Non-metered	05/15	12/18	Non-metered	4.60 ¢ / kwh
2									
3									
4									

* First Commencement Month ("FCM")

4.0 Unless the applicable Agreement is version 03.2015, the last sentence of Paragraph 31 of the Agreement is amended to read, "For purposes of this Paragraph 31, changes include, without limitation, transmission or capacity requirements including, but not limited to, those resulting from PJM's Capacity Performance Proposal, new or modified charges or shopping credits, and other changes to retail electric customer access programs." All other language in Paragraph 31 remains the same.

IN WITNESS WHEREOF, both Parties hereto have caused this Pricing Attachment to be executed and represent that the persons whose signatures appear below are duly authorized to sign the same.

FirstEnergy Solutions Corp.
(Both FES Signatures Required)

By: _____

Print: _____

Title: _____

Date: _____

FES Contracts: _____ Date: _____

PARMA CITY OF (INC)

By: Brian G. Higgins

Print: BRIAN G. HIGGINS

Title: DIRECTOR OF PUBLIC SERVICE

Date: 4-1-15

EXHIBIT A-1
SUB L-208-17

OH License No. 00-011(2)