

ORDINANCE NO. 98-26

AN ORDINANCE APPROVING AN  
AMENDMENT TO THE AUTHORITY'S  
TRACTION POWER AGREEMENT WITH  
COMMONWEALTH EDISON

WHEREAS, An Electric Service Agreement was entered into between Commonwealth Edison Company and the Chicago Transit Authority, on August 1, 1958, whereby Commonwealth Edison would supply traction power to the Authority; (the "Traction Power Agreement") pursuant to Chicago Transit Board Ordinance No. 58-99; and

WHEREAS, From time to time since 1958, the Traction Power Agreement has been amended to either increase or decrease the charges for traction power; and

WHEREAS, On September 11, 1996, the Chicago Transit Board passed Ordinance No. 96-108, authorizing the Authority to participate in the Local Government Electric Power Alliance ("Alliance"); and

WHEREAS, The Alliance, of which the Authority became a member, has negotiated with Commonwealth Edison to obtain improved electric rates for eligible governmental units, including the Authority; and

WHEREAS, As part of such negotiations, Chicago Transit Authority management and the Alliance negotiated certain changes and modifications to the Traction Power Agreement; and

WHEREAS, Commonwealth Edison initially demanded approximately \$27 million as payment by the Chicago Transit Authority to compensate for marginal costs of service which would not be recovered by Commonwealth Edison; and

WHEREAS, The Amendment, among other things, changes the Authority's rate for traction power from its current tariff to the rate provided in Rate 6L Large General Service which is on file with the Illinois Commerce Commission resulting in a savings to the Authority of at least 10 percent; and

WHEREAS, This rate change will result in a significant savings in operating expenses to the Authority; and

WHEREAS, The Amendment also provides for the Authority to elect to participate in Commonwealth Edison's Government Consolidated Billing Rider ("Rider GCB") which will result in additional savings through consolidation of the Authority's demand with the demand of other eligible public agencies; and

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WHEREAS, The Amendment requires payment by the Authority of one million dollars (\$1,000,000.00) within ninety days of the effective date of the Amendment, February 13, 1998, to compensate Commonwealth Edison for its marginal cost of service which would not be recovered by it from the Authority; and

WHEREAS, Execution of this Amendment would be in the best interest of the Authority; now, therefore:

BE IT ORDAINED BY CHICAGO TRANSIT BOARD  
OF CHICAGO TRANSIT AUTHORITY:

SECTION 1. The Chairman, or her designee, is hereby authorized to execute the Amendment, dated as of February 13, 1998, to the Electric Service Agreement with Commonwealth Edison Company, in substantially the form attached hereto and to make the payment required under the Amendment.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

  
Chairman

March 11, 1998

PASSED:

  
Secretary

March 11, 1998