

ORDINANCE NO. 006-128

AN ORDINANCE AUTHORIZING THE
PRESIDENT TO CONDUCT A
COMPETITIVE ELECTRICAL
PROCUREMENT

WHEREAS, the Authority now spends approximately \$29,000,000.00 annually for electricity to operate its trains ("Traction Power Electricity") and 25 large facilities (collectively with Traction Power referred to herein as "Large Facilities Electricity"); and

WHEREAS, the Large Facilities Electricity is now purchased under "Bundled Tariff" rates from Commonwealth Edison (ComEd); and

WHEREAS, The ComEd Bundled Tariff rates now utilized by the Authority include all costs of delivery service and energy costs; and

WHEREAS, Due to deregulation, ComEd customers now have the option to purchase electric energy from other electric energy suppliers that have been certified by the Illinois Commerce Commission as Alternative Retail Electric Suppliers ("ARES Power Suppliers"); and

WHEREAS, Purchase of electric energy on a fixed-price basis from an ARES Power Supplier may potentially result in savings for the Authority; and

WHEREAS, ComEd customers electing to purchase electric energy from ARES Power Suppliers must continue to receive power delivery service provided by ComEd; and

WHEREAS, ComEd only provides power delivery service to customers purchasing power from ARES Power Suppliers through ComEd's "unbundled" Retail Distribution Service Tariff and related tariffs; and

WHEREAS, The Authority has advertised a Request for Proposals ("RFP") for Large Facilities Electricity and has solicited proposals from ARES Power Suppliers approved by the Illinois Commerce Commission ("ICC"); and

WHEREAS, Sealed proposals in response to the Authority's RFP will be submitted in September 2006; and

WHEREAS, Under industry practice, proposals submitted for fixed-price power contracts are valid for very short time periods, due to price fluctuations and changes in market conditions; and

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WHEREAS, In order for the Authority to enter into a fixed-price contract under such changing market conditions, it is necessary and desirable to obtain Transit Board approval, in advance, to authorize execution of the contract; now, therefore:

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

SECTION 1. Based on the statements set forth in the preamble of this ordinance, the Chicago Transit Board hereby authorizes the President and Senior Vice President/Treasurer to evaluate opportunities from those responses submitted pursuant to the request for proposals to enter into a contract for Large Facilities Electricity, under Requisition No. _____ with a suitable ARES Supplier that best meets CTA's reliable power service and financial needs based on the price and other factors stated in the request for proposals. The President and Senior Vice President/Treasurer are authorized to recommend, from time to time, implementation of such a transaction to the Chairman of the Chicago Transit Board.

SECTION 2. The total cost to the Authority for Large Facilities Electricity, including (i) the price charged by the selected ARES Supplier, (ii) the cost of all applicable unbundled ComEd delivery service tariffs and (iii) any other applicable costs, must be less than the total amount the Authority would pay for electricity under ComEd's Bundled Tariffs, including all costs applicable to such Bundled Tariffs.

SECTION 3. The ARES Supplier must be approved by the Illinois Commerce Commission.

SECTION 4. The ARES Supplier must meet all requirements established by ComEd's delivery service tariffs applicable to ARES Suppliers.

SECTION 5. If Sections 2 through 4 above are not satisfied, then staff may (i) re-advertise the request for proposals and recommend a transaction pursuant to Sections 1 through 6, or (ii) allow the Authority to remain with the Bundled ComEd Tariff.

SECTION 6. Upon consent of the Chairman, or her designee, the President or the Senior Vice President/Treasurer, or their designee, is authorized to implement such transaction and to execute all necessary agreements, including a contract with ComEd for the corresponding unbundled tariff electricity delivery service, if required by ComEd's tariff.

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SECTION 7. This ordinance shall be in full force and effect from and after its passage.

APPROVED:

PASSED:

Chairman

September 13, 2006

Assistant Secretary

September 13, 2006