



To: David A. Hulseberg  
Village Manager

From: Timothy Sexton  
Director of Finance

Date: January 11, 2012

Subject: Resolution Regarding Village Participation in Northern Illinois Municipal Electric Cooperative (NIMEC) for the Supply of Electricity for Water Pumping

As a result of the deregulation that took place in Illinois on January 2, 2007 for electricity, electricity is now purchased based on market price and Exelon, the parent company of ComEd, no longer is the sole supplier of electricity in Northern Illinois. This has resulted in new electricity suppliers being able to compete against Exelon and as a result, competitive forces now dictate the price of electricity. ComEd had prices fixed for the nine years prior to the end deregulation on January 2, 2007 by the Illinois Commerce Commission (ICC).

Lombard has worked with the Northern Illinois Municipal Electric Cooperative (NIMEC) since 2007 to purchase power for water pumping operations street lighting. We have had a favorable relationship with NIMEC, as we have enjoyed substantial savings by purchasing power through NIMEC.

NIMEC previously bid out the Village's water pumping electricity for the period of May 2009 through May 2012. This current bid is for after 2012. The Village has the option of selecting a 1-year or a 3-year contract for electricity. Prices for electricity have come down significantly recently, and therefore staff is recommending that the Village lock in prices for a 3-year period from May 2012 to May 2015. Currently, we are paying anywhere between 6.54 and 9.01 cents per kilowatt hour for our water pumping accounts. It is anticipated that these costs will drop to somewhere in the vicinity of 4.30 cents per kilowatt hour.

Therefore, staff is recommending that the Village Board approve NIMEC as the Village's broker to seek electricity bids for water pumping for a three year period. Because of the way the bidding process works, the Village Manager or Director of Finance will need to have the authority to sign a contract with the lowest cost electricity provider within hours

of the bids being received by NIMEC. The resolution attached for Village Board consideration directs the Village Manager to engage the services of NIMEC and provides Village Board authorization to allow the Village Manager or Director of Finance to execute a contract with the successful energy supplier upon receipt of the bids by NIMEC. Such contracts would be brought to the Village Board at the next available meeting for ratification.