



To: William T. Lichter
Village Manager

From: Timothy Sexton *TS*
Director of Finance

Date: May 8, 2008

Subject: Resolution Regarding Village Participation in Northern Illinois Municipal Electric Cooperative (NIMEC)

On January 2, 2007, the State of Illinois implemented a plan to deregulate Commonwealth Edison. Under this plan, ComEd no longer generates electricity for its customers but continues to provide power through its distribution system. Currently, approximately 25% of each ComEd bill is for distribution services with the remaining 75% going towards the cost of electricity. In FYE 2007 the Village of Lombard spent just over \$360,000 on electricity with over 46% of the total for street lighting.

NIMEC handled the two bids for electricity suppliers for the period of January 2007 through May 2008 and for May 2008 to May 2009, for water pumping and treatment. NIMEC is currently exploring options for electricity for street lighting.

As a result of the deregulation, electricity for street lighting has now moved to hourly rates through ComEd for the largest accounts, of which the Village has two accounts that fall in this category. In two years, all street lighting electricity will be charged at an hourly rate. Due to the volatile nature of electric rates, NIMEC is seeking alternatives where the Village could lock in fixed rates for electricity for street lighting.

The amount of compensation that NIMEC, or any broker, receives is built into the prices bid by the power supplier, so there will be no other direct payments made to NIMEC by the Village. Since the Village first entered into an agreement with NIMEC in September 2006, the cooperative has grown to 110 members, mostly municipalities, with \$20 million of aggregated energy purchases.

Therefore, staff is recommending that the Village Board approve NIMEC as the Village's broker to seek electricity bids for street lighting. Because of the way the bidding process works, the Village Manager (or Assistant Village Manager in his absence) 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/Assistant Village Manager to engage the services of NIMEC and provides Village Board authorization to allow the Village Manager/Assistant Village Manager 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.