

Service Committee Minutes

Honorable Council
City of Newark, Ohio
July 10, 2013

There was a meeting of the Service Committee in Council Chambers following the Safety Committee, on Monday, July 8, 2013. These members were present:

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| Jeff Rath, Chair | Carol Floyd, sub for Ed Houdeshell |
| Shirley Stare | Rhonda Loomis, sub for Ryan Bubb |
| Duke Frost | |

We wish to report:

1. **Patty Egan Campbell** of RD Energy will discuss a governmental electric aggregation program.
Patty Egan Campbell- introduced Brenda Coffee of Integrys Energy Services who is their manager as far as aggregation concerns go.
Brenda Coffee- She stated that in 2011 the atmosphere for aggregation off of AEP Energy was not as great as it is today. Right now they looked at communities on the AEP system on Ohio Power which is what Newark is, if Newark were aggregated they could save residents 20-25% closer to 25% on electric supply part of their utility bills.
Patty Egan Campbell- discussed the AEP Ohio Electric Apples to Apples Chart
Brenda Coffee- explained the process to which put an electric aggregation on the ballot. The first step is to put it on the ballot, then they will hold public forums to educate residents what electric aggregation is and how it may benefit them. She stated that she thought people were confused that they were leaving AEP when actually it is a joint process with AEP. They are not leaving AEP; their electric supply would be provided by someone else like Integrys Energy at a savings. She stated that they would like to bring in as many communities as possible in the time that we would actually be deciding the rate then we would have a bigger bulk group that they can buy for and hopefully giving their better rate.
She stated that there are basically three phases: 1) is pre- ballot issue which would be education to the community, the decision whether to put it on the ballot has to be to the Board of Elections by August 7th. Then we would want to hold meetings, place ads and send out mailers. Once the issue goes to ballot assuming that it passes your certification phase which Integrys handles all of, the certification phase is to hold two public meetings, advertise public meetings which Integrys will place the ads, hold the meetings and provide the literature and develop a plan that your program would develop under. Then submit the plan along with an application and other documents required to be certified as a governmental aggregation community.
She stated that they have had other Councils ask the question "what about when you can't provide a savings?" She provided the answer that they suspend the program for the period of time they are not able to provide a savings. This is actually an Opt Out aggregation program which means that everybody is part of the program unless they chose to opt out. She stated they are only one of the two suppliers that she knows which provides budget billing for aggregation programs.
Patty Egan Campbell- stated Integrys Energy Services along with RD Energy, Inc. will be paying for the educational materials, any ads placed in local newspapers, any radio spots and/or any conference rooms that need to be rented to allow the mass population to learn about electric aggregation not to Council or the City of Newark.

Ms. Stare- asked if the city would not be involved with this could I as an individual sign up for this if I wanted it.

Brenda Coffee- as an individual, every qualified individual would be given an opt out letter that states you are going to be in the program if you don't want to be you have to opt out of the program. If you want to be a part of it you just don't do anything and you will automatically be a part of it.

Ms. Stare- said she had someone call her that day and offer her something similar.

Brenda Coffee- that is on an individual basis and that is what Patty was explaining that you could shop around and looked at the Apples to Apples Chart you could go on the Apples to Apples Chart and find out what rates are being offered from various suppliers then call ion and ask for that rate. What we are saying is that with an aggregation program is that we are able to provide a rate that is going to be below what you could get if you shopped for yourself.

Mr. Rath- stated that he looked at the Apples to Apples chart that day and that the rates are three below the rate which was being promised, not the rate published in the Apples to Apples but the rate of .0594-.0599, there are still three prices on the Chart lower than that.

Mr. Frost- he wanted to ask a couple of questions and make sure that he understood what this was all about. First, you want to act as a representative for the City more or less for the people in the City and say we are going to buy power and then make a deal with AEP, are you using their power or are you supplying the power somewhere else, how does that work?

Brenda Coffee- we buy the power ourselves and use AEP lines

Mr. Frost- are you paying them a tariff or charge to use their lines

Brenda Coffee- no, that is actually the charge that you already have on your bill and that you would have on the program.

Mr. Frost- you are buying it in bulk so you can get a better deal. So why would AEP let you use their lines instead of them sell it and make more money themselves, is there something that says they have to let you use their lines

Brenda Coffee- stated that is part of their tariff provisions that they negotiated with the PUCO.

Mr. Frost- let's say it goes on the ballot and passes, you essentially represent all the citizens, if they don't opt out they are in the program. Once you are in the program can you get out and how hard is it to get out.

Brenda Coffee- once you are in the program there is a dedicated toll free line for this community that you can call into and specify that you want to be out of the program. We do have the option to charge a \$25.00 early termination fee; our company has made the commitment to not charge the fee for an aggregation program.

Mr. Frost- asked how long the term was

Brenda Coffee- 1 year

Mr. Rath- asked with a 12 month contract how long is the opt out period

Brenda Coffee- the opt out period is governed by the PUCO and they have 21 days

Mrs. Floyd- when you were talking you said that this would be for businesses and residential but on the Apples to Apples chart it says for your company this offer is limited to residential customers of AEP, does that change when it is an aggregation?

Brenda Coffee- when it is an aggregation it will include every business that uses than 700,000 kilowatts a year.

Mrs. Floyd- how successful is this when you put it on the ballot; I was on Council the last time when we did this. I think aggregation is a difficult term to understand; almost everybody gets the phone calls and letters all the time from different companies. I am not sure that people understand it; I think that it is a very confusing concept and it is fine to say that we will have community meetings, I go to lots of community

meetings and I know trying to get the word out to people in a way that they thoroughly understand it, so what is the success rate in passing these things?

Brenda Coffee- In any community that we have been involved with and we have been involved in quite a few especially in the Cincinnati area that is probably the largest group of communities we work with but any community that we have been involved with has always passed the issue, we have never had a community fail an issue that we have been involved with.

Patty Egan Campbell- we are not here just to introduce this to you, we are here to introduce you and take you step by step. We don't leave we educate. That keeps the bias off you as Council.

Brenda Coffee- another thing that I wanted to mention to you was that you mention that there were several other rates that were less than what we said. One thing that you need to look at is that is it a monthly rate or a yearly rate because right now a monthly rate is a pretty good rate but that doesn't mean that is what you are going to get two months from now. The second thing is other than the budget billing which I know for sure because I called the other service providers to see and only one other service provided that did but the other thing, is there a termination fee? Our fees are only \$25.00, some of the terminations fees are up to \$100.00.

Mr. Rath- stated that he doesn't know which businesses in Newark would be in the group that uses less than 700,000 kilowatts a year.

Patty Egan Campbell- a grocery, for instance Lil Bear.

Mrs. Loomis- if this were to get on the ballot and pass and people don't understand it, don't understand the opt out and the 21 days are you saying that your practice has been to waive that \$25.00 opt out.

Brenda Coffee- yes

Mrs. Loomis- I remember the last time, the literature that went out said that the City of Newark partners with; it looked like it came from the City of Newark, it had the city's seal on it.

Mr. Rath- stated that wasn't something that the City of Newark agreed to.

Brenda Coffee- this will be the City's program but it is in our contract that no seal or representation will come from us without the City's approval first.

Mrs. Loomis- can you tell me one negative thing, what is one thing that people gripe about it

Brenda Coffee- one thing that cities have indicated to me is that they had increased calls from residents. We have a toll free number and a website that explains what the program is, frequently asked questions, what the rate is and we would be more than happy to have a link on your website if you would like that. Your office are going to increased calls from citizens when that opt out letter goes out.

Mr. Rath- if the AEP rates drop and you suspend the program then we are going to be switched back to AEP?

Brenda Coffee- yes

Mr. Rath- will AEP charge us a re-connection fee? Could we go back and forth from month to month between AEP and Integrys?

Brenda Coffee- no there isn't a fee to reconnect; you are not severing your connection with AEP at all. Right now AEP has a minimum stay policy that if you leave then come back you have to stay for a year, according to a representative with AEP that is supposed to stop at the end of this year. But theoretically you could bounce back and forth from one month to another.

Mrs. Floyd- if this would pass and I am not convinced that it would because I have seen other things have a hard time passing in Newark, what happens to the people on one of these other programs?

Brenda Coffee- that is one of the rules, we can't send an opt out notice to someone with another supplier, we can't send one to anyone over the 700,000 kilowatt hours a year, we can't send one to anyone who is a PIPP customer, we can't send one to anyone who has filed with the PUCO to be on their do not aggregate list.

Mr. Rath- asked Mayor about the timing for the legislation to be introduced and voted on because it has to be file with the Board of Elections by August 7th.

Mayor- stated that the legislation would have to be introduced at committee on July 29th, then on August 5th it would have to be an emergency or waive the two day

Mr. Rath- stated that the legislation would have to be an emergency because if we waived the two day it wouldn't take effect for 30 days.

Mr. Rath- asked the Mayor if we were going to be re-negotiating the City's electric rates in the near future

Mayor- yes we are in to some contracts with our personal consumption from prior administration which is offering us a savings and we have done a lot of consulting with our own consumption on the past several months and looking at future savings with that, talking about City consumption.

Mr. Rath- is there an option for citizens if you negotiate the rate to be able to opt in to that program?

Mayor- I can't answer that Director Rhodes who is not here this evening has been spear heading that. Obviously at the end of the day the opt out is more desirable because you have more participants and can then buy more to get a better rate. The opt in would never provide enough participation to get as good of a rate as opt out because you have a lot of people who set it aside and don't opt out, I'm not saying that they are being miss guided, I am just saying if you don't opt out you have a bigger buying power. The savings is 25% to your supply bill not your total bill that is important for people to know.

Brenda Coffee- as far as your citizens not knowing they are in the program that certainly does occur. We will give them an opt out notice, giving them 21 days to opt out at the end of that period then we submit their enrollment to AEP. AEP then sends them a notice which states that they are in this program are you sure you want to be if you don't you can resend your participation within 7 business days. After the 7 days Integrys sends out a letter stating Welcome to the City's program if you don't want to be in it let us know and we will take you out of the program. So they have three opportunities to get out of the program. We feel as though we do as much as we can to make sure they know they are in the program.

Mr. Rath- my reservation personally is that I remember when we did this before the person who came to us preached about how they would education, education and it failed 44 to 56 which is pretty significant. Feedback that we heard from the citizens was pretty much that they just don't want to be told who they are going to go with. A 21 day opt out period is relatively small.

Brenda Coffee- said that it is a 21 day minimum so if your community wanted a longer period I think that we could do that but I would have to check with the PUCO.

Mrs. Loomis- do the bills look the same

Brenda Coffee- they will have one special line item that states your supply is provided by Integrys Energy at a rate of...

Brenda Coffee- offered to provide references if they would like some to check with.

Mrs. Loomis- RD Energy out of Granville then Integrys, who is the umbrella?

Brenda Coffee- Integrys is the supplier; RD Energy is like our marketing arm in this area.

Mr. Cost- if a citizen was just not sure about the program and decided to opt out but then 2 or 3 months down the road decided it looks like this might be ok is there a frame work where they could come in or do they have to wait until the term of the contract?

Brenda Coffee- explained that when they establish the program and go out and purchase the electricity for the program we do it based on average usages, we will provide a little leeway. Basically if they have bought enough electricity they will allow them into the program.

Mr. Diebold- I was here when the first attempt failed, education is first and marketing is part of it. I f I could answer a question, if someone would ask will I save money and I say yes that resolves a lot of issues. You are going to save money it is a mathematical certainty. That is part of it and I think secondly, saying that it is the City's plan, if it said it was Newark's Community Plan and not from municipal Government I

think that kind of helps soften it because if people think it's Municipal Government there is some incentive for this Council or the people in this facility or in this Government to do this. There is no incentive other than would like to save money too as much as we would like to share it with the community. That has to be obvious because the people I spoke to thought that there was some kick back that Newark was getting an incentive for picking this company.

Mrs. Floyd- asked how much this will cost to put on the ballot, does this cost the City?

Mayor- stated that it does cost the City but the Board of Elections would be the ones to ask.

Mr. Frost- asked if they have any estimation as to what their profit margin will be based on the number of participants they have estimate with opt out and stay in the program

Brenda Coffee- stated that they have not estimated a profit that they don't really know what the rates will be next year in March or April and we will make sure the City saves money. If we have to take a lesser margin to save the City money we will do that. She said that there are some communities that they have been nearly nothing to establish the program and that community will be a good reference for us.

Mr. Frost- stated this question is probably for the Law Director but asked if they were able to reimburse the City for their costs of putting it on the ballot, so we don't put it on the ballot and get killed than we have to eat that cost and it gets passed on to the taxpayer.

Brenda Coffee- stated that it is illegal for them to do that.

Mr. Frost- asked if she could provide the resolution and contract she mentioned for them to look at as soon as possible.

Mr. Cost- why are we so pressed, why do we have to have this answer so quickly, would it be another entire year we would have to wait?

Brenda Coffee- explained that the cost to put it on the ballot is minimal for a General Election; the costs are significantly more for a Special Election and for a Primary Election.

Mrs. Floyd- I would like to do whatever we can to help save the citizens in Newark money because face it times are tough for a lot of people, on the other hand I don't think tonight I am ready to make any kind of decision. I can see it being discussed in Service Committee at the end of the month. I realize that puts a bind time wise. I think it would be beneficial, those of us up here got all of this information but the other 5 members of Council did not; any additional information if you could email or send that to the other members of Council so it can be discussed. We talk to citizens and they could read an article in the newspaper and say what is this all about? The more people who know the better idea we have.

Brenda Coffee- offered to have a public meeting with citizens before Council voted whether to put it on the ballot or not

Mr. Rath- tonight all we have to decide is whether we want to discuss this again at the next Service Committee Meeting on the 29th and if we do discuss it on the 29th then the opportunity for you to advertise that meeting and fill this room with citizens is there. What am I not asking that I should be?

Brenda Coffee- what happens if a small business owner if they go out of business and they are aggregation program? Well it is null and void, no penalty no nothing.

Mr. Rath- asked for a voice vote if they want to discuss this again on July 29th

The committee did agree to discuss this issue again on July 29th provided that the resolution is submitted to the Law Director's office for review and approve to form in order for that resolution to come before the Service Committee for a vote whether to send it on to full Council for the agenda of the August 5th meeting.

2. **Ordinance No. 13-20** approving the editing and inclusion of certain ordinances and a resolution as part of the various component codes of the codified ordinances; providing for the adoption of new matter in the updated and revised codified ordinances; repealing ordinances and resolutions in conflict therewith; and declaring an emergency was considered.

Motion to send to full Council by Mrs. Floyd, second by Mr. Frost

Motion passed by a vote of 5-0.