

Special City Commission Meeting

Mayor Winters presiding

CALL TO ORDER: 1:00 PM

PLEDGE OF ALLEGIANCE

ROLL CALL: City Commissioners present: Michael Winters, Bob Jones, Bill Bronson and Fred Burow. Commissioner Kelly was excused. Also present were the City Manager and Deputy City Manager; City Attorney; Director of Fiscal Services; and the City Clerk.

**** Action Minutes of the Great Falls City Commission. Please refer to the audio/video recording of this meeting for additional detail. ****

NEW BUSINESS

1. CITY OF GREAT FALLS REQUEST FOR PROPOSALS – ELECTRICITY SUPPLY.

City Manager Greg Doyon reported that this item is a consideration of proposals for electric supply. The City solicited requests for proposals to get the best and most competitive rate for electric supply. The other choice the City had was to default back to NorthWestern Energy. Manager Doyon commented that the long term goal was to get the best rate to reduce the City's electric charges and help the City's financial stability. He thinks that can be accomplished with the proposal that was received. The proposal is a multi-year proposal that allows opportunity for stability and planning.

Energy Consultant Bill Pascoe reported that the name of the proposing company and proposed terms of the contract will be discussed, but the pricing won't be reported for two weeks as set forth in the RFP. Consultant Pascoe explained that there are a limited number of suppliers who would be serious contenders to serve a retail choice load like the City's. When the process began, he identified four potential suppliers and had significant discussions with them. Two indicative proposals were received from PPL and Morgan Stanley. Only one final proposal was received from PPL. PPL submitted pricing for one-year to five-year contracts. Consultant Pascoe recommended that the City Commission accept the five-year contract proposed by PPL. Although he can't discuss specific prices today, in his estimation looking at what it would have cost if the City stayed with Southern or defaulted to NorthWestern Energy, this contract will result in savings north of \$2 million dollars over the five-year term.

Commissioner Jones moved, seconded by Commissioner Bronson, that the City Commission accept a proposal from PPL Montana for a period of five years for electricity supply to the City of Great Falls and authorize the City Manager to execute the necessary supply agreements.

Mayor Winters asked if there was any discussion amongst the Commissioners.

Commissioner Burow commented that, although he doesn't like that the price information cannot be immediately made public, he understands the competitive nature and concerns of the electric suppliers.

Commissioner Bronson commented that PPL has indicated a desire to sell its large hydropower portfolio, and NorthWestern has offered to purchase it. Commissioner Bronson inquired if Consultant Pascoe saw this as an issue if PPL decides to exit the state over the next couple of years.

Consultant Pascoe responded that the contract that PPL offered is not tied to a particular generating plant. PPL would have a legal obligation to fulfill the contract regardless of whether or not they continue to own power plants in Montana.

Commissioner Jones thanked Consultant Pascoe for his due diligence to this complex situation.

Mayor Winters asked if there were any comments from the public.

Kathy Gessaman, 1006 36th Avenue NE, inquired if PPL's distribution costs, in addition to the supply costs, would be in the \$40 per megawatt hour range.

Consultant Pascoe responded that the electricity bill is made of three components: supply, transmission and distribution. Going forward, the NorthWestern distribution charges will be the same regardless of who supplies the City. There will be savings from PPL's supply and transmission charges compared to Southern's and NorthWestern's rates.

Ron Gessaman, 1006 36th Avenue NE, commented that the agenda report sets forth Southern's rates inclusive of transmission charges, but only the default supply rate for NorthWestern. The numbers provided are not on the same basis. He further objected to the City's electric supply RFP process compared to that of the Great Falls Public School District.

Consultant Pascoe commented that the final pricing will be able to be compared in a straight forward manner in two weeks.

There being no further comments, Mayor Winters called for the vote.

Motion carried 4-0.

OLD BUSINESS

2. DISCUSSION OF PROFESSIONAL SERVICES AGREEMENT- PASCOE ENERGY CONSULTING, LLC.

City Manager Greg Doyon reported that Consultant Pascoe will discuss the process and time commitment that has been involved with this project.

Consultant Pascoe reported that the original contract he signed in July was for \$4,500, plus \$1,500 for travel expenses. He thought of the contract as a way to be retained. As he has gone through the process it has turned out to be more than he anticipated initially. He explained that two RFP's were issued instead of one single RFP as initially thought, and he explained why the electricity process turned out to be much more complex than gas. The trips to Great Falls have also added to the costs. The original contract was for about 25 hours at his regular rate of \$195/hour. After today, he will be at about 90 hours. There will also be some time finalizing the NorthWestern transmission arrangement, and work on the pricing data release in two week. Consultant Pascoe offered to reduce his rate from \$195 per hour to \$150 per hour in consideration of the additional hours needed

for the project.

Mayor Winters asked if there was any discussion amongst the Commissioners.

Commissioner Burow expressed concerns about the amount being more than double the original contract amount.

Commissioner Bronson expressed that he understands and appreciates the services Consultant Pascoe provided. He concluded that he thinks it to be a fair price to pay given what he anticipates the savings to be over the next several years.

Commissioner Jones noted the process was very complicated and will pay for the professional services received.

Mayor Winters noted that he can't help but wonder where the City would be without this consultant's due diligence and expertise.

Manager Doyon noted that he would discuss the billing with Mr. Pascoe and then submit a proposal at the next Commission meeting.

PETITIONS AND COMMUNICATIONS

3. MISCELLANEOUS REPORTS AND ANNOUNCEMENTS.

- A. Kathy Gessaman**, 1006 36th Avenue NE, commented that she thinks the amount of Consultant Pascoe's services is a good deal compared to the services and fees paid to consultants Burns and McDonnell.
- B. Ron Gessaman**, 1006 36th Avenue NE, commented that he also thinks Consultant Pascoe did an excellent job. He suggested that City staff should have been able to bring up the meter data on a computer for the consultant. With regard to fulfilling contracts, Mr. Gessaman commented that the local refinery still has an obligation to abide by its 16 year contract.

Commissioner Jones clarified that a couple of weeks ago he used the words "that it complicated things" in speaking about having an agreement with MRC and having to now negotiate with the subsequent owner, Calumet.

ADJOURNMENT

There being no further business to come before the Commission, **Commissioner Bronson moved, seconded by Commissioner Jones, to adjourn the special meeting of October 24, 2013, at 1:43 p.m.**

Motion carried 4-0.

Mayor Michael J. Winters

City Clerk Lisa Kunz

Minutes Approved: November 5, 2013