

SUMMARY OF RESOLUTION

Authorization to Enter into Agreements with Hess Corporation, Duquesne Light Energy, LLC , Liberty Power, and Constellation New Energy, Inc., for the Purchase of Electricity.

Port Authority of Allegheny County (Authority) spends approximately \$3 million annually on the purchase of electricity. Electrical customers in Pennsylvania are permitted to purchase electricity from either utilities or private suppliers. In some situations, it is less expensive to purchase electricity from the local utility. However, there are circumstances when purchasing from a private supplier could result in significant savings to the Authority.

The purchase of electricity differs from most other purchases due to the volatility of the marketplace. For example, a supplier can only hold its price for a period of up to 24 hours, making it impossible for the Authority, through an agreement, to “lock-in” a long term price.

In order to determine which firms may be interested in providing electricity to the Authority, a public notice was issued and all known suppliers were contacted. Four firms submitted proposals and all four firms were determined to be capable of providing electricity to the Authority. Negotiations were initiated on the terms and conditions of potential agreements. This resolution requests authorization to enter into these agreements for a five-year period and to lock in pricing at a later time when it is most advantageous to the Authority. The Authority will also maintain the ability to qualify additional interested suppliers throughout the duration of the five-year term. Additional suppliers will not be afforded a contracting opportunity exceeding the original five-year qualification term.

Accordingly, this resolution seeks permission to enter into agreements for a five-year period with several suppliers, in a form acceptable to counsel, without specific pricing. The agreements would outline the terms and conditions, and identify the process for locking in a price at a later date. At a point in time when pricing appears to be favorable, the Authority would be authorized to seek and receive quotes from the suppliers under agreement and lock in a price following receipt of the quotes to purchase the needed electricity.

11/23/11
J. Letwin

RESOLUTION

WHEREAS, Port Authority of Allegheny County (Authority) uses approximately 44.5 million kwh of electrical power annually in its daily operations; and

WHEREAS, electrical customers in Pennsylvania may purchase electrical power from either a public utility or a private supplier; and

WHEREAS, the purchase of electricity from a private supplier may result in a savings to the Authority depending on market prices at any given time; and

WHEREAS, in order to secure a supplier, the Authority requested proposals from firms interested in providing electrical power to the Authority; and

WHEREAS, four proposals were received from Hess Corporation, Duquesne Light Energy, LLC, Liberty Power, and Constellation New Energy, Inc., all of which have been determined to be qualified to provide the electrical power requirements of the Authority; and the Authority will have the ability to qualify additional interested suppliers throughout the authorized period of this agreement (not to exceed the five-year period); and

WHEREAS, negotiations have been successful with Hess Corporation, Duquesne Light Energy, LLC, and Liberty Power in reaching an agreement on the terms and conditions for supplying electricity to the Authority and negotiations are underway with Constellation New Energy, Inc., in an effort to reach an agreement on the terms and conditions for supplying electricity to the Authority; and

WHEREAS, these agreements will include all the necessary terms and conditions for providing electrical power, exclusive of pricing; and

WHEREAS, the electrical marketplace is very volatile and suppliers will only hold their prices for up to 24 hours; and

WHEREAS, the Authority wishes to have the flexibility to purchase electricity from any one of these suppliers based on the lowest price solicited and received from these suppliers at a particular time.

NOW, THEREFORE BE IT RESOLVED, that the chief executive officer and/or chief financial officer be, and they hereby are, authorized to enter into agreements for a five-year term with Hess Corporation, Duquesne Light Energy, LLC, Liberty Power, and Constellation New Energy, Inc., in a form approved by counsel, for the supplying of electrical power to the Authority and to take all such other actions as may be necessary and proper to carry out the intent of this resolution.

FURTHER RESOLVED, that the chief executive officer and/or chief financial officer be, and they hereby are, authorized, following execution of such agreements, to request quotes from said suppliers to provide electricity at times favorable to the Authority, to lock in the lowest price received from these firms if the prices are determined to be in the Authority's best interest and, as needed, to purchase electricity from said suppliers.