

OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: Board of Trustees
FROM: Douglas Treadway
DATE: December 14, 2005
SUBJECT: Ratification of Electricity Contract Extension with Constellation New Energy (AES)

The District's current contract for electricity with Constellation NewEnergy (AES) expires December 31, 2005. For the past month, the Community College League and its consultants have been carefully monitoring pricing for electricity in anticipation of extending the contract for six-twelve months. During this time, staff also had meetings with Pacific Gas and Electric (PG&E) representatives and was sharing the information the District received from the Community College League.

Because of the volatility of the energy marketplace, the Community College League recommended that the member districts of the Electricity Consortium only extend our current contracts for six months beginning January 1, 2006.

Although the direct access price is approximately 11% above the PG&E bundled service price, the District would be subject to pay spot market prices for six months before becoming eligible for the bundled price. The League has recommended that the Districts remain on direct access for at least another 6 months before considering a return to PG&E bundled service.

Staff met with representatives from PG&E. They affirmed that spot pricing could be considerably more costly than the direct access prices and could not guarantee that the District would receive better pricing in the long run. PG&E representatives also stated that it is unknown if we would be able to return to Direct Access after the three-year commitment expired.

The California Community College League has arranged for an extension to this interim contract to continue until June 30, 2006. To take advantage of the best pricing available, staff had less than one day to agree to and to sign the extension contract. The contract was signed on December 1, 2005.

The price locked in for electricity during this extension period is \$0.091 per kilowatt hour (kWh) for the high voltage accounts and \$0.09525 per kWh for the low voltage accounts. This represents a 26.49% increase in kWh charges over the last extension period for high voltage and a 20.05% increase for low voltage accounts.

A copy of the extension contract has been provided for your review.

Staff will continue to work with the Community College League and with our local PG&E representatives to determine if it is in the District's best interest to continue with direct access or to return to bundled service.

RECOMMENDATION:

The President/Superintendent recommends that the Board of Trustees ratify an extension to the Direct Access electricity contract with Constellation NewEnergy, Inc allowing our current contract to continue until June 30, 2006.

PRIVATE AND CONFIDENTIAL

**AMENDMENT TO THE
CONSTELLATION NEWENERGY ELECTRICITY SERVICE AGREEMENT**

Constellation NewEnergy, formerly known as AES NewEnergy ("CNE") and the undersigned customer of record ("Customer") hereby enter into this Extension Agreement ("Extension") to the AES NewEnergy Electricity Service Agreement dated August 22, 2002, as modified by: Contract Amendment I dated May 29, 2003; by Contract Amendment dated November 15, 2004; and by Contract Amendment dated May 21, 2005 with an effective date of July 1, 2005 (collectively the "Agreement"). This Extension shall be effective January 1, 2006.

WHEREAS, NewEnergy and Customer entered into the Agreement with respect to the sale of electricity supply.

WHEREAS, NewEnergy and Customer have an interest in extending the Agreement.

WHEREAS, pursuant to section T3.6 of the General Terms and Conditions incorporated in the Agreement the Parties hereto now desire to amend certain provisions of the Agreement as more particularly set forth herein. Unless otherwise indicated, all terms used herein shall have the same meaning as in the Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to modify the Agreement as follows:

1. **Extension Period:** The Term of the Agreement shall be extended to June 30, 2006 ("Extension Term").
2. **Extension Price:** For the Extension Term, for each account number listed on Schedule A, the contract price shall be as follows:

"High Voltage Rate Schedule Maximum TOU Pricing" means that the Extension TOU Price for those Account(s) with a High Voltage Rate Schedule shall never be more than the following:

a.	TOU Price On-peak Summer (\$/kWh):	0.091
b.	TOU Price Off-peak Summer (\$/kWh):	0.091
c.	TOU Price On-peak Winter (\$/kWh):	0.091
d.	TOU Price Off-peak Winter (\$/kWh):	0.091
e.	TOU Price Start Date:	1/1/06
f.	TOU Price End Date:	06/30/06

"Low Voltage Rate Schedule Maximum TOU Pricing" means that the Extension TOU Price for those Account(s) with a Low Voltage Rate Schedule shall never be more than the following:

a.	TOU Price On-peak Summer (\$/kWh):	0.09525
b.	TOU Price Off-peak Summer (\$/kWh):	0.09525
c.	TOU Price On-peak Winter (\$/kWh):	0.09525
d.	TOU Price Off-peak Winter (\$/kWh):	0.09525
e.	TOU Price Start Date:	1/1/06
f.	TOU Price End Date:	06/30/06

"Low Voltage Rate Schedules" means the rate schedules for those Account(s) located within the following UDC areas (a) the PG&E rate schedules: A1, A6, A10, E19S, E20S, and LS1; or (b) SCE rate schedules: LS3, GS1, GS2, OL1, PA1, PA2, and TOU8S.

PRIVATE AND CONFIDENTIAL

"High Voltage Rate Schedules" means the rate schedules for those Account(s) located within the following UDC areas (a) PG&E rate schedule: E19P and E20P; or (b) SCE rate schedule TOU8P.

3. Except as specifically modified herein, the Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment IV has been duly executed as of the day and year first above written.

Constellation NewEnergy

Customer:

By: _____
Authorized Representative

By: Deanna Walston
Authorized Representative

Aaron Thomas,
Vice President

Its: Deanna Walston
(Please print name of Authorized Representative)

Ohlone Community College
(Please print name of district) District