

**A G E N D A   R E P O R T**

**DATE** August 20, 2002

**ITEM:** Montana League of Cities and Towns – Agency Agreement to Negotiate for Electric Power Supply

**INITIATED BY:** Montana League of Cities and Towns

**ACTION REQUESTED:** Ratify Agreement

**PRESENTED BY:** Cheryl Patton, Assistant City Manager

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**RECOMMENDATION:**

Staff recommends the City Commission approve the following motion:

**MOTION:** I move the City Commission ratify the attached Agency Agreement with Montana League of Cities and Towns authorizing MLCT to negotiate for the purchase of electric supply.

**SYNOPSIS:** The City of Great Falls has purchased electricity through the agreements negotiated by Montana League of Cities and Towns since deregulation began. The most recent contract was negotiated by MLCT with NorthWestern Energy for the term July 1, 2002 to June 30, 2007. Estimated savings for the City of Great Falls over the default rate exceeds \$50,000 a year. The City has been supplied by electricity under the terms of the most recent MLCT contract since July 1, 2002. A formal contract between the City and MLCT is being drafted and will be brought to the Commission soon. This agreement authorized MLCT to negotiate on behalf of the City and was signed by acting City Manager last November.

**BACKGROUND:** Montana League of Cities and Towns has been the negotiator for purchase of electricity supply for Montana’s communities and several school districts for several years. In November of 2001 the league sent the attached agreement asking for permission to again negotiate on behalf of the City. The City Commission was notified of the agreement but formal Commission action was not taken on the agreement since a price had not been established. The City Clerk requests that the agreement be ratified by the City Commission. A final contract between the City and MLCT is being drafted and will come to the City Commission in the near future.

MLCT notified the City on June 27, 2002 that they had reached agreement on a 5- year contract with NorthWestern Energy for electricity at \$33.11 per megawatt hour. The final agreement with the Montana League of Cities and Towns resulted in the City qualifying for an electricity price that is over \$4.00 less per megawatt hour than the current default rate.

Attachments: Agency Agreement  
June 27, 2002 Memorandum from Alec Hansen