

## AGENDA REPORT

DATE October 18, 2005

**ITEM** Ord. 2925, Amending Title 5, OCCGF, to include Chapter 20, Authorizing and Approving the Creation of Electric City Power, Inc. Pursuant to the Montana Nonprofit Corporation Act in Order to Secure and Provide Reliable and Economic Supplies of Electricity for the City of Great Falls, Its Residents and Other Consumers

**INITIATED BY** Coleen Balzarini, Fiscal Services Director

**ACTION REQUESTED** Adopt Ord. 2925 on first reading and set public hearing and final reading for November 1, 2005

**PRESENTED BY** Coleen Balzarini, Fiscal Services Director

**RECOMMENDATION:** It is recommended that the City Commission accept Ord. 2925 on first reading and set public hearing and final reading for November 1, 2005.

**MOTION:** I move the City Commission accept Ord. 2925 on first reading and set final reading **and public hearing** for November 1, 2005.

**SYNOPSIS:** This is a proposed ordinance amendment to allow the City to provide for creation and organization of a nonprofit corporation to be known as "Electric City Power, Inc." to own, operate and take all other actions necessary or desirable in connection with the municipal electric utility of the City, including the provision of electricity supply services to consumers and others located within or outside of the City.

The non-profit corporation will operate for the primary purpose of securing and providing reliable, long-term supplies of electricity to the City, its residents and electric consumers. The proposed ordinance identifies and defines the duties and obligations conveyed to the non-profit Board as well as the duties and obligations retained by the City Commission. It includes items such as the purpose, powers, rules of operation, and tax-exempt obligations of the non-profit corporation and its board. The proposed ordinance, Articles and By Laws are attached for review and comment. It is anticipated there will be changes from the first reading to the final reading in order to incorporate suggestions received from the Commission and the public.

The proposed ordinance was carefully crafted to ensure that ultimate authority for ratemaking, and the appointment and removal of governing board members lies with the elected City Commission.

**BACKGROUND:** Creation of the non-profit corporation enables the City Commission to establish a board of directors comprised of individuals with the expertise deemed valuable to the successful operations of Electric City Power. It will also enable Electric City Power to develop a comprehensive financing package which may include a negotiated revenue bond component. The amended ordinance will continue the current Electric City Power operations including the purchase of electricity in wholesale markets and the distribution of that electricity to serve its own needs, the needs of other governmental users, large commercial users, and to small commercial and residential customers at sometime in the future, when the appropriate licenses are in place to do so.