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COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

April 9, 2013

Erie County Legislature
92 Franklin Street, Fourth Floor
Buffalo, New York 14202

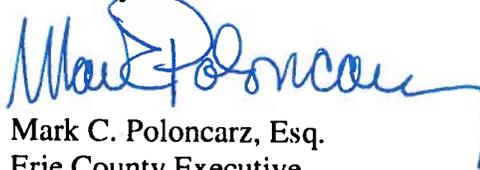
Re: Erie County Utilities Aggregation – Management Contract – Fluent Energy

Dear Honorable Members:

On behalf of the Erie County Utilities Aggregation, which includes 39 municipal members, the Erie County Department of Public Works is requesting authorization to award a professional services contract to Fluent Energy (formally LepCorp) to manage the Erie County Utilities Aggregation Program which purchases energy directly on the wholesale power and natural gas market.

If you have any questions, please contact Commissioner John C. Loffredo of the Department of Public Works. Thank you for your consideration of this matter.

Sincerely,



Mark C. Poloncarz, Esq.
Erie County Executive

MCP/tcc
Enclosure

cc: Commissioner John Loffredo

MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Department of Public Works
Re: Erie County Utilities Aggregation – Management Contract – Fluent Energy
Date: April 5, 2013

SUMMARY

This resolution is seeking your Honorable body's authorization to award a contract to Fluent Energy (formally LepCorp) to manage the Erie County Utilities Aggregation Program.

FISCAL IMPLICATIONS

The fiscal implications are minimal since Fluent Energy's expense is being paid for by all members of the Aggregation, proportionately, according to their use.

REASONS FOR RECOMMENDATION

In 1997, Department of Public Works representatives attended numerous meetings with town, village and other Government entities to determine if substantial saving could be obtained by jointly, purchasing utilities (natural gas and electricity) on the wholesale markets. It was determined that this would allow the County to avoid the typical markups associated with retail procurements resulting in savings. In order to accomplish this, the Erie County Utilities Aggregation was formed with members designating Erie County, Department of Public Works as administrator of the Aggregation and Fluent Energy as the manager. This arrangement was subsequently approved by the Legislature and has remained in effect since the inception of the Aggregation.

From 1997 to date, Erie County and its aggregation members have saved approximately \$27.52 million and Erie County alone, \$5.09 million versus retail costs.

Fluent Energy's latest contract has expired. The members of the Aggregation have been polled and they voted to issue Fluent Energy a new contract.

CONSEQUENCES OF NEGATIVE ACTION

The Department of Public Works will not be able to comply with the Aggregation's wish to retain Fluent Energy as managers of the Utility Fund. The operation of the Erie County Utilities Aggregation will no longer be run as per the Aggregation's original intent.

STEPS FOLLOWING APPROVAL

The Department of Public Works will work with the Law Department to prepare and issue a contract to Fluent Energy.

**A RESOLUTION SUBMITTED BY
DEPARTMENT OF PUBLIC WORKS**

RE: Erie County Utilities Aggregation – Management Contract – Fluent Energy

WHEREAS, in 1997 the Erie County Utilities Aggregation was formed by a number of towns, villages and other local government entities to purchase utilities on the open market, and

WHEREAS, the Erie County Department of Public Works was designated as administrator of this alliance, and Fluent Energy was designated as managers of the alliance, and

WHEREAS, Fluent Energy's (formally LepCorp) current contract has expired, and

WHEREAS, the members were polled and wish to retain the services of Fluent Energy as manager of the Aggregation and issue them a new contract with no increase in fee rate except for Utility Bill Processing and Electronic input of same.

NOW, THEREFORE, BE IT

RESOLVED, that the Commissioner of Public Works be authorized, and is hereby directed to execute a contract between Erie County/Erie County Utilities Aggregation and Fluent Energy for management services of the Aggregation; and be it further

RESOLVED, that Fluent Energy's fee rate shall be as follows,

Electric: \$0.00033/kWh
Natural Gas: \$0.05786/Mcf
PACE Natural Gas: \$0.85791/account per month
Fuel Oil: \$0.00413/gallon

Utility Bill Processing: \$3.75/Bill
Electronic Input: \$2.00/Bill

and be it further

RESOLVED, that the length of the new contract shall be for five (5) years duration with two (2), one (1) year renewals, and be it further

RESOLVED, that certified copies of this resolution will be forwarded to the County Executive, the Office of the Comptroller, the Division of Budget and Management, and the Department of Public Works.