

RESOLUTION NO. 2003- 146 R

A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE AN ELECTRIC SUPPLY AGREEMENT PURSUANT TO THE CONTRACT TO BE SIGNED BY SOUTH TEXAS AGGREGATION PROJECT, INC. (STAP) FOR DELIVERIES OF ELECTRICITY EFFECTIVE JANUARY 1, 2004; AUTHORIZING ELIGIBLE DESIGNEES TO INCLUDE THE CHAIRMAN OF SOUTH TEXAS AGGREGATION PROJECT, INC.; AND DECLARING AN EFFECTIVE DATE.

The City of Victoria, Texas (City) is a member of South Texas Aggregation Project, Inc. (STAP), a nonprofit political subdivision corporation dedicated to securing electric power for its members in the competitive retail market; and

STAP negotiated favorable contract terms and a reasonable commodity price for delivered electricity in 2002 and 2003 for its members; and

STAP anticipates preserving current contract terms and achieving commodity prices in a contract for a 12 to 24 month period effective January 1, 2004 that continue to produce savings over the regulated price to beat (PTB); and

STAP believes that the pricing opportunity window for favorable 2004-2005 deliveries will be short-lived (in the October to mid-November time period) and that STAP members must be able to commit contractually to prices within a 24-hour period in order to lock-in favorable prices; and

Experience during 2002-2003 has demonstrated that Retail Electric Providers demand immediate response to an offer and may penalize delay with higher prices; and

The deregulated electric market is complex, likely to penalize those unaware of its transmission constraints and likely to reward those who can improve the size and shape of a particular load to be served, and the City benefits from jointly shared experience and collective purchasing power through STAP; and

It is necessary for the City to contract for a supply of electricity in 2004 or at least partially revert to price to beat rates (PTB); and

STAP's current delivered energy prices provide savings when measured against PTB, and PTB rates likely will continue to remain higher than prices STAP can achieve on behalf of the City.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VICTORIA, TEXAS:

1.

The City Manager or his designee is hereby authorized to sign an electric power agreement pursuant to the contract approved and recommended by the STAP Board of Directors within 24 hours of said approval and recommendation. The designee may include the Chairman of STAP. The contract may be for a 12 to 24 month time frame, effective January 1, 2004.

2.

A copy of this resolution shall be sent to Geoffrey Gay with Lloyd, Gosselink, Blevins, Rochelle, Baldwin & Townsend, at 111 Congress Avenue, Suite 1800, Austin, Texas 78701 before October 10, 2003.

3.

This resolution shall become effective immediately upon adoption.

PASSED, this the 16th day of September, 2003.

AYES: 5

NAYS: 0

ABSTENTIONS: 0

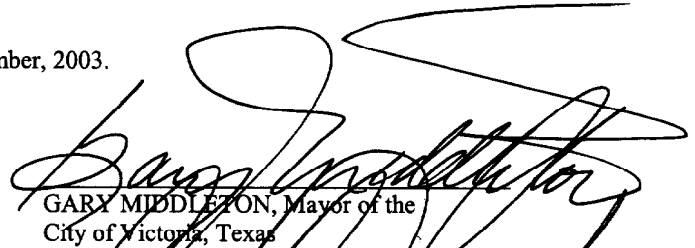
APPROVED AND ADOPTED, this the 16th day of September, 2003.



ATTEST:


SCARLET SWOBODA, City Secretary

Distribution: Legal Department


GARY MIDDLETON, Mayor of the
City of Victoria, Texas

APPROVED AS TO LEGAL FORM:


DAVID ATMAR SMITH, City Attorney

Copies Sent: **SEPTEMBER 17, 2003**