

May 25, 2006

Board Member:

RE: ANALYSIS OF ENERGY COST PROPOSALS**Electricity**

In an effort to provide further clarity to the decision making process of choosing an electricity provider for Township High School District 211, an analysis was completed showing a **historical** perspective of costs. The analysis covered invoices paid during the current fiscal year and includes the 10-month period beginning June, 2005 and extending through March, 2006. Comparative data beyond March, 2006 from other school districts was not available at the time the calculations were completed. We chose to compile actual electricity rate information from existing school customers of Constellation New Energy (CNE) and the Illinois Energy Consortium (IEC) as verification and did not use rate quotes from either vendor.

The analysis began with research determining the actual peak and non-peak kilowatt usage of the five high schools in District 211 for the historical period. In addition, we factored in the "demand charges" associated with each site. Peak rates refer to the kilowatt use during times of the day when electricity use is at its highest throughout the system. Non-peak rates apply to times of lower use throughout the electric system, and demand charges reflect the highest electric use for each building during any part of a day. Transmission charges, taxes, and administration fees were not included. The next step was to gather information on actual rates charged by Constellation New Energy and the Illinois Energy Consortium to school customers. Information was received from Indian Prairie CUSD 204 and Township High School District 214. In each case, data from the districts was for a comparable kilowatt use category and provided the most accurate cost comparison.

The following electricity analysis chart provides comparative monthly cost estimates calculated for each provider (ComEd, CNE & IEC) based on available information gathered from our own billing statements and records provided by District 214 and CUSD 204. Monthly rates from each source were multiplied by the specific kilowatt usage for District 211's five high schools. Total monthly costs for each vendor were then added to provide a comparison. That comparison showed that District 211 would have spent approximately \$112,000 less had we purchased our electricity from the IEC rather than ComEd. Conversely, we would have paid approximately \$60,000 more if CNE were the provider. Thus, the effective cost difference between the IEC and CNE estimates were over \$173,000.

The three vendors of electricity, Constellation New Energy (CNE), Illinois Energy Consortium (IEC) & Exelon Energy (ComEd), submitted proposals that **projected** costs from June 1, 2006 through December 31, 2006. None of the providers were willing to go beyond December due to the expiration of price controls imposed by the Illinois legislature. Those rate freezes are set to expire on 1/2/07. To date, the ICC and energy providers have no guidelines established for limiting rate increases for the commercial market. The chart below shows those projected costs. Of note is the fact that CNE projected that they could not save District 211 any money for six of the eight sites for the remainder of this calendar year and proposed waiting until January, 2007 to enroll PHS, FHS, CHS, SHS, Administration Center and District Academy North.

On the other hand, IEC showed projections over the seven months to save the district over \$103,000 in comparison to Exelon/ComEd and over \$144,000 above CNE's estimates. Our recommendation is to approve the Illinois Energy Consortium as the provider of electricity for District 211 because of the projected cost savings and their willingness to enroll our sites immediately.

PROJECTED ELECTRICITY COST
JUNE, 2006 - DECEMBER, 2006

	COMED/ EXELON*	CNE**	IEC
June-06	\$198,600	**	\$196,100
July-06	\$194,700	**	\$177,200
August-06	\$174,000	**	\$161,700
September-06	\$224,800	**	\$203,800
October-06	\$232,000	**	\$198,800
November-06	\$177,100	**	\$165,000
December-06	\$173,200	**	\$168,700
TOTALS:	\$1,374,400	\$1,415,310	\$1,271,300

Projected Cost Difference
From IEC Proposal

\$103,100

\$144,010

*Bundled Rates

**Did not provide monthly projections – Would not enroll buildings 1, 2, 3, 4, Ad. Center and Aca-North until January, 2007 saying they could not save \$ for District 211 when compared to Exelon/ComEd Bundled Rates.

Natural Gas

The same three vendors supplied a historical analysis of their pricing structure for a twelve month period beginning on April 1, 2005 and ending March 31, 2006. None were willing to project future pricing. The market is too volatile to predict with any certainty.

Utilizing District 211's consumption over that time period and multiplying by the price per therm provided from the suppliers, gave the results depicted in the chart below. The information on the chart is based on data for the five high schools and does not reflect the six smaller natural gas uses in other district facilities. Exelon did not want to include the smaller sites, and CNE would consider adding them if we made costly modifications to the metering at each of those sites. CNE projected that it would be cost prohibitive to add those modifications. IEC will include them.

The historical analysis shows both CNE and IEC would have saved the district more than \$216,000 when compared to the actual results achieved from Exelon. IEC has a slight advantage in total costs and their willingness to include our six smaller accounts adds to the overall advantage they possess. Based on those two factors, Illinois Energy Consortium is recommended as the provider of natural gas.

**NATURAL GAS COMPARISON
BASED ON ACTUAL DISTRICT 211 USE
APRIL, 2005 - MARCH, 2006**

	EXELON	CNE	IEC
April-05	\$77,110	\$78,400	\$66,740
May-05	\$49,560	\$50,340	\$44,000
June-05	\$22,680	\$23,000	\$20,590
July-05	\$20,160	\$20,280	\$19,680
August-05	\$22,510	\$22,880	\$21,950
September-05	\$47,230	\$48,160	\$42,060
October-05	\$104,830	\$94,520	\$86,960
November-05	\$169,540	\$147,190	\$136,910
December-05	\$220,040	\$175,990	\$185,090
January-06	\$254,380	\$207,580	\$223,390
February-06	\$197,220	\$143,130	\$164,220
March-06	\$176,400	\$122,540	\$132,340
TOTAL GAS \$	\$1,361,660	\$1,134,010	\$1,143,930
TOTAL ADMIN \$	\$600	\$12,900	\$1,800
GRAND TOTAL:	\$1,362,260	\$1,146,910	\$1,145,730
Projected Cost Difference From IEC Proposal	<u>\$216,530</u>	<u>\$1,180</u>	