



(Board Copy)
Washington Metropolitan Area Transit Authority
**METRO ELECTRONIC ACTION
DOCUMENT**

IDENTIFICATION			
MEAD ID:	99275	ACTION:	Initiate & Award
AWARD VALUE:	(Not yet awarded)	CONTRACT: (Proposed)	
FUND SOURCES: (View)	Operating Funds	CONTRACTOR:	
LAST MODIFIED:	03/29/2006		

DESCRIPTION	
SUBJECT:	Electric Supply Procurement for all WMATA facilities.
PURPOSE:	To request Board approval to initiate and award a one-year base contract with three one-year options by competitive procurement for the supply of electricity to all WMATA's facilities.

ORIGINATION					
INITIATOR			DEPARTMENTAL APPROVAL		
LEE ROBINSON on 01/26/2006			Not Approved Yet		
PHONE:	202-962-2412	OFFICE:		DEPT:	RAIL RENG Reliability S A

COORDINATION (ROUTING)		
OFFICE	NAME	ACTION/DATE
(3431)	BARKER, CHRIS	Re-assigned 03/20/2006
AUDT (7210)	STEWART, JAMES	Re-assigned 03/21/2006
(3311)	FEIL, STEVE	Approved 03/23/2006
CFO1 (2110)	WOODRUFF, HARRY	Approved 03/29/2006
COUN (1410)	O'KEEFFE, CAROL	Approved 03/29/2006
OPAS (3161)	HUGHES, JAMES	Approved 03/29/2006

FINAL APPROVALS	
OFFICE	NAME/ACTION
OPER_CMTE	Approved for OPAS by JAMES HUGHES on 03/23/2006
OPER_CMTE	Approved for OPAS by JAMES HUGHES on 03/29/2006
BEMR	Approved for by Emeka Moneme on 03/31/2006
GM	Approved for GMGR by GMGR CEO on 04/07/2006
BOARD	BOARD WMATA (Not Yet Approved)



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NARRATIVE

In June 2004, WMATA awarded a two-year contract to PEPCO Energy Services (PES) for the supply of electricity to WMATA facilities in Maryland (MD). The present supply contract, which is not extendable, ends June 30, 2006. WMATA must take action to secure a new power supply contract in this jurisdiction or risk paying fixed PEPCO rates which are 50-55% higher than the existing contract rates.

This contract will include the Virginia (VA) facilities in an attempt at lowering WMATA's cost in that jurisdiction. In previous contracts, third party suppliers could not beat the standard-offer-service (SOS) rates offered by Virginia-Dominion Power due to surcharges approved by the VA State Corporation Commission allowing the recovery of stranded capital investment. These surcharges have diminished over time and third-party suppliers may be able to beat the SOS rates.

In December 2002, WMATA awarded a five-year contract to BGE-Home which is now Constellation-New Energy for the supply of electricity to WMATA facilities in the District of Columbia (DC). This contract which is not extendable will end December 31, 2007. Existing DC rates are roughly 90% lower than the SOS rates offered by PEPCO.

This RFP will contract for the supply portion of WMATA's electric bill which contains the generation and transmission components. These components account for approximately 70% of the total electric bill. The distribution component of the bill will continue to be regulated and the local electric companies, PEPCO, BGE and Dominion-Virginia Power will continue to bill WMATA for this component. WMATA will be subject to rate increases for this component as approved by the Public Service Commission (PSC) in DC and MD or the State Corporation Commission in VA.

Under the existing power supply contract for MD, WMATA has realized an annual cost savings of \$2,000,000 when compared to PEPCO's present standard offer for service rates. The present SOS rates offered by PEPCO for WMATA's customer class are hourly rates which means WMATA will be subjected to various rates according to the volatility of the electricity market each hour. This will not provide WMATA with any cost certainty and in this time of increasing energy costs. It is in WMATA's best interest to secure a contract with a fixed price that will provide some cost certainty.

WMATA is seeking a one-year base contract with three one-year options that will enable WMATA to incorporate the DC electricity requirements when that contract expires.

ALTERNATIVES

Allow the current supply contract to expire and defer solicitation of bids for power supply in Maryland. Under this alternative, WMATA would return to PEPCO's SOS rates which will certainly be 20-30% higher than rates a third party supplier could provide WMATA. In VA, WMATA would remain on Dominion-Virginia Power's regulated rates. The FY 2007 power budget does accommodate a 10% rate increase in the MD jurisdiction and a 3% increase in the VA jurisdiction.

IMPACT ON FUNDING

Project Title: Operating Budget

Budget Information: FY 2007-FY 2010

Budget Amount: \$60,373,598 (Pending Board Approval)

This Action: \$ 24,500,000

	Fiscal 2007 Base Period	Fiscal 2008 Option Year 1	Fiscal 2009 Option Year 2	Fiscal 2010 Option Year 3	Total Contract Cost
Total Cost	\$24,500,000	\$33,000,000	\$43,500,000	\$45,000,000	\$146,000,000

Remarks: The proposed duration of the contract is a one-year base with three one-year options. Funding for FY 2007 is budgeted pending Board approval. Funding for the option years is subject to Board approval of budget and the availability of funds.

Affirmative Action Requirements

Pursuant to Board Resolution #2005-30, DBE goals are not set on operationally funded contracts.

Recommendation

It is recommended that the Board approve this action to initiate and award a one-year base contract with three one-year options subject to availability of funding in the operations budget.