

Village of Shawnee Hills Special Council Meeting Minutes

January 11, 2016

Mayor Monahan called the meeting to order at 6:30 p.m.

Council in Attendance: Mahesh Dalvi, James Gauldin, Douglas Gil, Dan Mathews, Mike McVan and Josh Vidor

Also Present: Fiscal Officer Shirley Roskoski and Solicitor Brian Zets

Absent: Administrator Ed Swanson

Agenda

It was moved by Gauldin, seconded by Mathews to approve the agenda. Following vote on the motion is recorded: yea, 6; Dalvi, Gauldin, Gil, Mathews, McVan and Vidor. Nay, none. Chair declared the motion passed by a 6-0 vote.

Jay Sell from Aspen Energy said he has been helping the village out with the aggregation program. We put it on the ballot and it passed in November and now we are at a point where it is time to implement the program. We just want to see it through, make sure it is done right. That we do it through the PUCO's rules and regulations and that we get a program in place that saves residents money that ultimately works out well for everyone. Aspen Energy was in Shawnee Hills for eleven years and we just moved into Dublin because we outgrew the building we were in. The new office is really nice and we are growing very well.

Mayor Monahan asked Jay to spell out what this means to the residents and the opt in or out program.

Jay said this is an opt out program so everybody is going to be automatically opted in after the PUCO goes through. Let me start at the beginning. You guys have put in effect the Plan of Operation and Governance tonight and you voted through and say yes. We will then submit it to the PUCO on your behalf. We do that online, it is pretty basic. The PUCO takes thirty days to review the Plan of Operation and Governance just to make sure that everything is standard and that they agree to it and that it is legal by their rules. Once they give the go ahead and accept it then we will go to Columbia Gas of Ohio for data, for eligible customer data. Anybody that is not with a supplier, that is on Columbia Gas standard choice offer, which is the basic offer from them, will all be automatically rolled into the program. We will pick pricing and which supplier it is later on. Once a resident is automatically enrolled into the program through the opt out municipal aggregation if they want to get out at any time they can at no fee. So if for some reason you just don't like the program and want to go elsewhere, you want to go back to Columbia, you can, however keep in mind that through this program you are not going to see any change in billing at all. It is still going to come through Columbia Gas. The only difference is

going to be the actual cost of the gas supply and the supplier itself. Rather than be in the standard choice up for auction which I believe has five winning suppliers so they just divvy up everyone between these five suppliers, you have one supplier. One bill straight from Columbia Gas, opt out at any time at no cost.

Mayor Monahan asked Jay if the opt out was normal. Jay said yes, it is called an opt out aggregation program. That is what we put on the ballot in November. This is basically pulling everyone's volumes together to get everybody a better deal.

Mayor Monahan asked what do you see in the way of savings for the residents. Jay said there are a couple of different ways to go. You can go guaranteed savings program off of Columbia Gas of Ohio standard choice offer. That is one program that one supplier offers. I think it is a seven percent savings off of the Columbia Gas of Ohio standard choice offer. This wouldn't really minimize risk of prices jumping in the winter because it is such a heat load and you guys basically only use gas for heat here in the community. It wouldn't protect you from high prices in the winter because it would just be a discount off of the variable rate which changes each month based on the imex. You could also do an index with a cap, where there would be a cap at the top. I don't know what that number would be, probably somewhere in the fifty cent range or you can do a fixed price and lock in everyone. Again if the fixed price turns south and people want to opt out individually they can at no cost. So you guys have options and you can talk about it and I will give my recommendation but really it is up to you guys at the end of the day what you want to do with it. Right now just to tell you we just came off record lows mid-December. Prices hit literally fifteen year lows on the imex so we were sitting at a buck seventy two a dekatherm. We are up to two forty today so prices have moved basically due to producers freezing production. They are basically saying gas is so cheap right now that it doesn't make any sense for us to pull it out of the ground. That is kind of where we are at. It is kind of an interesting point in the supply and demand model. It is going to be very interesting to see what happens as we transition from coal to natural gas for power generation over this next year to five, ten years and how that will affect pricing. Through fracking there is so much gas right now that we just don't know what to do with it at this point.

We will get together again to talk about opportunities once it comes time to proceed with the pricing and the supplier and if at that point in time if it doesn't make sense to proceed I will tell you guys. If it makes sense to keep everyone on the standard choice offer right now and not move forward I will tell you. I will be upfront with you guys about it and not just try to get you into whatever program you can. We will talk about it and try to find the right solution because frankly right now gas is so cheap that on the standard choice offer we can't find anything better, right now.

Jay said at the same point in time to get the PUCO process started, get the Plan of Operation and Governance is key, it is absolutely necessary to be able to get the program in place and do what the voters wanted.

Council member Dalvi said is there a time limit on this that it has to be an emergency. Jay said because you want to start the PUCO certification as quickly as possible because all the different steps along the way take a lot of time. The PUCO certification process from a Plan of Operation and Governance is thirty days. When you get the data from Columbia Gas of Ohio that is a couple of weeks. The opt out notice after you get pricing is a couple of weeks. So at earliest right

now if we were to pass everything emergency tonight we would be looking at maybe an April or May start. The whole thing just takes time.

Council member Dalvi said one of the best practices we have here is not to do emergencies so unless there is a reason that I have to submit it by a certain date that I don't see than I will ask my fellow council members that there is nothing that tells me that I have to do it today. Jay said he understands completely. Mayor Monahan said we had that conversation earlier today. Some things you have to do as an emergency and some you don't.

Council member Mathews asked how often do rates change. Jay said every day, every minute of every day we are watching it.

Brian said that the quicker you do this the quicker you can secure a price probably the better you are because literally when you get a quote they are good until Tuesday at 2. That's it then the prices change. So the quicker you can get to market and secure a price the better off you are.

Jay said with the fact that we are coming off of these fifteen year lows and with the market being so low and Columbia's adder being so low they are about to have an auction in February where they do that annual auction and we are hoping that the adder is higher because it is just so low right now that we literally can't compete. That is why I don't think there is a huge rush to get it done today because we don't have a very viable option right now.

Council member Dalvi asked how many village and cities have an aggregation program. Jay said over 300 communities in Ohio. Ohio is the hotbed for aggregation in the whole country. It started out in New England, the Massachusetts area I think. Here in Northeast Ohio specifically is really where it picked up steam and where hundreds of communities have pooled together their resources and their volumes to get a better offer for the community and to stabilize pricing.

Council member Dalvi said what is the difference between people who opt in versus people who opt out. Jay said if you do an opt in program you don't need to take it to the ballot. It is basically a mailer and it might get five percent of the available load which to me doesn't really help that much. An opt out captures more like ninety, ninety five percent. He said the amount of people that leave and opt out of the program is small, maybe five to ten percent across all of the municipalities. As far as savings goes that is a huge variable because we don't know what product we are doing. We don't know what the market is going to be like at that point in time.

If someone wants to opt out they can at any time with no fee and you will go back to Columbia Gas of Ohio standard choice offer. After that at some point in time you want to opt back in there will be a number for you to call for the Shawnee Hills Aggregation and you can opt in to a mirror program. The pricing on that I don't know what it will be because it will be at a different time from when we actually hedged pricing for this aggregation pool. You have options; you are not stuck into anything.

Legislative Actions

First Reading- Resolution 01-2016 – A Resolution to adopt a Plan of Operation and Governance for Natural Gas Governmental Gas Aggregation

Adjournment

There being no further business, it was moved by Gauldin, seconded by Vidor to adjourn. Following vote on the motion is recorded: yea, 6; Dalvi, Gauldin, Gil, Mathews, McVan and Vidor. Nay, none. Chair declared the meeting adjourned.

Fiscal Officer

Mayor