

**MINUTES OF A SPECIAL MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, FEBRUARY 24, 2011
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Zay at 5:45 P.M.

Commissioners in attendance: R. Furstenau, D. Loftus, J. Pruyn, D. Russo, F. Saverino (by teleconference), M. Scheck, J. B. Webb, and J. Zay

Commissioners absent: L. Crawford, T. Cullerton, C. Janc, W. Murphy, and P. Suess

Also in attendance: T. McGhee, M. Crowley, and C. Johnson

EXECUTIVE SESSION

Commissioner Furstenau moved to go into Executive Session to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2). Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote.

Ayes: R. Furstenau, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, J. B. Webb, and J. Zay

Nays: None

Absent: L. Crawford, T. Cullerton, C. Janc, W. Murphy, and P. Suess

The Board went into Executive Session at 5:46 P.M.

Commissioner Furstenau moved to come out of Executive Session at 6:00 P.M. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

GENERAL MANAGER APPOINTMENT

Commissioner Russo moved to appoint the individual discussed in Executive Session to serve as General Manager of the DuPage Water Commission subject to the advice and consent of the DuPage County Board and contingent on the satisfactory outcome, as determined by Chairman Zay in consultation with the Commission's special labor counsel and Staff Attorney, of a background check and a post-offer body substance drug and alcohol test. Seconded by Commissioner Furstenau and unanimously approved by a Roll Call Vote:

Ayes: R. Furstenau, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, J. B. Webb, and J. Zay

Nays: None

Absent: L. Crawford, T. Cullerton, C. Janc, W. Murphy, and P. Suess

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Commissioner Russo moved authorize Chairman Zay to execute an Employment Contract with the General Manager, containing the special terms and conditions discussed in Executive Session and such other employment terms and conditions as are customary and appropriate under the circumstances and approved by the Commission's special labor counsel and Commission's Staff Attorney, upon satisfaction of the conditions precedent to the appointment. Seconded by Commissioner Loftus and unanimously approved by a Roll Call Vote:

Ayes: R. Furstenau, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, J. B. Webb, and J. Zay

Nays: None

Absent: L. Crawford, T. Cullerton, C. Janc, W. Murphy, and P. Suess

RESOLUTION NO. R-11-11

Commissioner Pruyn moved to adopt Resolution No. R-11-11: A Resolution Approving and Authorizing the Execution of a Firm Service Level Rider CLR Election under Commonwealth Edison Company's Capacity-Based Load Response & System Reliability Program. Seconded by Commissioner Russo.

Acting General Manager McGhee explained that the Commission's new back-up generation facility gives the Commission the ability to interrupt its load at anytime as necessary and, as a result, the Commission was eligible to participate in the Commonwealth Edison Company's Capacity-Based Load Response & System Reliability Program. Acting General Manager McGhee added that by participating in the program, the Commission could receive an annual payout of just under \$340,000 under current pricing (less a 0.05% administrative fee). Acting General Manager McGhee noted that by electing to participate in the program, the election would be irrevocable for a 12-month period and the Commission would have to drop its load to not more than 200 kW, upon not less than 30 minutes advance notice, for no more than 15 events consisting of up to eight hours each during weekday hours of 11:00 A.M. to 7:00 P.M. CPT, or risk possible penalties. Acting General Manager McGhee concluded his summary by stating that he had verified with the design engineers and staff that the Commission could to drop its load within five minutes.

Commissioner Webb questioned how compliance would be verified. Acting General Manager advised that the compliance would be determined from meter readings.

Commissioner Pruyn asked if the Commission had ever participated in this type of program before and whether non-compliance penalties could outweigh the potential payout. Acting General Manager McGhee replied that this would be the Commission's first year participating in the program and the penalties would not outweigh the potential payout. Staff Attorney Crowley cautioned that even though staff had been assured that penalties would not be (and historically had never been) assessed if there was a good

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faith attempt to comply as opposed to free-loading, there was no contractual guaranty that non-compliance penalties would not exceed the potential payout.

Commissioner Russo questioned whether the cost of complying could outweigh the potential payout. Acting General Manager McGhee responded that the cost of complying would be significantly less and the calculation, based upon current diesel gas prices, could be provided to the Board. Staff Attorney Crowley added that based upon the strike price—or cost of compliance—previously negotiated by staff in connection with a similar program offered by Constellation NewEnergy was \$1.00 per kW. After Acting General Manager McGhee noted that using the previously negotiated strike price, the differential was in the range of \$1.00 per kW versus \$40.16 per kW, the motion was unanimously approved by a Roll Call Vote:

Ayes: R. Furstenau, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, J. B. Webb, and J. Zay

Nays: None

Absent: L. Crawford, T. Cullerton, C. Janc, W. Murphy, and P. Suess

RESOLUTION NO. R-12-11

Commissioner Pruyn moved to adopt Resolution No. R-12-11: A Resolution Approving and Authorizing the Execution of A New Pricing Schedule to the Master Electricity Supply Agreement with Constellation NewEnergy, Inc. Seconded by Commissioner Russo.

Acting General Manager McGhee explained that staff was still negotiating the terms of the agreement with the new service provider and that the Commission's agreement with the current service provider would be expiring on March 24th. Acting General Manager McGhee added that by adopting Resolution No. R-12-11, discretionary authority would be delegated to the Acting General Manager to sign the contract so long as the energy price component of the total electric cost did not exceed 5.70 cents per kWh and the term of the agreement was limited to 12 months. Acting General Manager McGhee noted that the form of the agreement with the new service provider should be no less favorable to the Commission than that attached to Resolution No. R-12-22 and that, to provide additional negotiating time, a one-month extension with the Commission's current provider was in process.

Staff Attorney Crowley advised that the most significant stumbling block with the agreement with the new service provider was its refusal to include allowances for the Commission to generate its own power in emergencies and under load curtailment programs, even though such allowances were included in a version of the agreement previously provided by Constellation NewEnergy. Staff Attorney Crowley provided to Commissioner Furstenau a copy of the relevant excerpts from the version of the agreement previously provided by Constellation NewEnergy and noted that, even if the

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new service provider remained steadfast in its refusal to acknowledge such potential generator usage, the Board could determine as a matter of policy that the cost savings justified the risk during a one year contract period. After Commissioner Scheck referred to the back page of the Constellation NewEnergy Agreement, noting that the supplier did not include their contact information, including alternates, and suggesting obtaining that information before the agreement is signed, the motion was unanimously approved by a Roll Call Vote:

Ayes: R. Furstenau, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, J. B. Webb, and J. Zay

Nays: None

Absent: L. Crawford, T. Cullerton, C. Janc, W. Murphy, and P. Sues

Commissioner Loftus moved to adjourn the meeting at 6:20 P.M. Seconded by Commissioner Furstenau and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

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