



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

9F. Action

Date: July 16, 2007

SUBJECT: CONSIDER AND APPROVE SETTLEMENT AND RELEASE RELATED TO PAYMENT FOR ELECTRICITY USED IN ADD-ON METERS (INCREMENTAL LOAD)

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district's mission.

FISCAL NOTE: All funds are from the settlement.

Background Information:

- As reported in a Friday Update, The intergovernmental cooperative contract for electricity for those schools that were serviced by TXU has been in effect for the past 3 years.
- The intergovernmental contract is called Energy for Schools. This contract has saved the district from the escalating costs of energy through buying power and extended length contracts.
- A contract for electricity was with Strategic Energy.
- Terms of this contract allowed a district to add-on meters for new schools or additions (incremental load) for the same per kilowatt per hour cost.
- Strategic Energy did not honor the incremental load provision for our schools that were added after February of 2006. This would include Trinity Springs Intermediate, Trinity Meadows Intermediate, Independence Elementary and Friendship Elementary.

Administrative Considerations:

- This misunderstanding affected other districts in the Energy for Schools program. The intergovernmental cooperative on behalf of all of its districts resolved the issue.
- The resolution of the issue will be for 100% of the added costs that the district incurred including interest on that amount to be paid to the districts. The amount for Keller ISD will be for \$145,144.70.
- A letter of explanation from Energy for Schools is attached.

- The settlement will be paid once the district executes the attached release that was mentioned in the Friday Update.

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The administration recommends that the Board of School Trustees approve the settlement and release with Strategic Energy L.L.C.

Respectfully submitted,

Kent V. Morrison III
Chief Financial Officer