



**Purchasing Modification  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 31  
AGENDA DATE: Thu 12/15/2005  
PAGE: 1 of 2**

**SUBJECT:** Authorize execution of Amendment No. 4 to the supply contract for spot coal supply with ARCH COAL SALES INC., St. Louis, MO, CABALLO COAL COMPANY, St. Louis, MO, DUKE ENERGY MERCHANTS LLC, Houston, TX, FOUNDATION ENERGY COMPANY, Gillette, WY, MIDAMERICAN ENERGY COMPANY, St. Louis, MO, WESTERN FUELS ASSOCIATION, Westminster, CO, and WESTERN RESOURCES INC., Topeka, KS, to increase the annual authorization in an amount not to exceed \$13,400,000, for a revised annual contract amount not to exceed \$25,500,000.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$13,400,000 will be provided through the Electric Fuel Charge revenue.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Purchasing                      **DIRECTOR'S**  
**DEPARTMENT:**for Austin Energy;        **AUTHORIZATION:** Vickie Schubert

**FOR MORE INFORMATION CONTACT:** Carole M. Martindale, Purchasing Mgr./322-6155

**PRIOR COUNCIL ACTION:** 12/11/96, Approved Original Contract; 12/10/97, Approved Amendment No 1; 11/18/99, Approved Amendment No. 2; 6/27/02, Approved Amendment No. 3

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** N/A

**MBE / WBE:** This contract was awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

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The City of Austin owns an undivided one-half interest in Units I and II of Fayette Power Project (FPP) with the Lower Colorado River Authority (LCRA). The Spot Coal Purchasing program is used to meet the portion of FPP's coal supply requirements not covered under long-term supply agreements. The program consists of Master Coal Purchase Contracts with coal producers and marketers who meet the program's experience, credit and performance qualifications. The contracts are executed jointly with LCRA and allow the purchase of coal on an as needed basis. The agreements set forth standard terms and conditions but do not obligate the parties to buy or sell coal. Specifics regarding each agreed to purchase are contained in the individual purchase order. The volume of coal to be purchased will vary depending on the needs of FPP.

Currently seven companies participate in the program. As new qualified market participants emerge, they are added to the program.

The requested Amendment 4 will increase the annual funding from \$12,100,000 to \$25,500,000. The increase is needed to address higher coal market prices that have more than doubled in recent months.



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<u>Action</u>	<u>Description</u>	<u>Total Annual Amount</u>
Original contract award	3-year term	\$5,122,839.67
Amendment No. 1	Added two new vendors and authorized AE to add suppliers as they became available	\$5,122,839.67
Amendment No. 2	To continue program Until terminated and increase annual amount by \$372,640.33	\$5,495,480.00
Amendment No. 3	Increase annual amount for higher market prices by \$6,604,520	\$12,100,000.00
Proposed Amendment No. 4	Increase annual amount for higher market prices by \$13,400,000	\$25,500,000.00