



Legislation Text

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Participation in a Design and Development of a Strategic Alliance to Serve Regional/National Accounts (B)
GRU has participated in preliminary discussions to form a Strategic Alliance to provide energy services to National Accounts. A National Account is defined as "any company that is served by GRU, but that also has facilities outside our service area served by another energy provider." For example, one of our largest customers, Shands Hospital, has several facilities in Gainesville, but also has multiple facilities outside Gainesville served by other energy providers.

Municipal utilities participating in the design and development of this Strategic Alliance include the same utilities that make up The Energy Authority (TEA): JEA (Jacksonville), MEAG (Municipal Electric Authority of Georgia), Santee Cooper (South Carolina), NPPD (Nebraska Public Power District), City of Springfield (Missouri) and GRU.

We determined several years ago that National Accounts were our most "at risk" customers because of their ability to aggregate their energy and also because of our lack of a national presence that would allow us to efficiently and effectively serve these customers. In our 1998 customer segmentation model, National Accounts made up about 17 percent of our electric revenue or about \$21 million. We believe that this number is much higher now and we are in the process of updating this model to determine the current "at risk" revenue for National Accounts. In spite of the fact that deregulation has occurred in only 20 states, national accounts are already aggregating energy and other ancillary services, such as billing, under a single energy company. Office Depot recently selected an Atlanta-based energy management firm to manage its energy procurement and usage for the next five years. This includes services such as contract negotiation for natural gas and electricity, energy usage and expenditure monitoring, utility payment consolidation and energy efficiency recommendations.

To protect as much of this "at risk" revenue as possible, and also to have the ability to compete for future customers, we have had preliminary discussions with the Strategic Alliance partners mentioned above and would like to participate in the design and development phase of this program. The cost to GRU to participate in design and development is \$40,000. All six Strategic Alliance partners will contribute equally, a breakdown is provided.

In addition, GRU will assign staff representatives to assist in the design and development work. Once the Strategic Alliance has fully developed a business model, each utility would then make a recommendation for full participation. This would come to the City Commission for approval.

The City Commission authorize the General Manager, or designee, to participate in design and development of a Strategic Alliance to provide utility services to Regional/ National Accounts (herein referred to as National Accounts).

Funds are available in the FY00 budget.

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