

IMPACT STATEMENT

188530

Date: May 9, 2017

Council Date: July 5, 2017

Legislation Title: Authorize an Intergovernmental Agreement with Energy Northwest in the amount of \$8,000,000 for the Operations and Maintenance of Portland Hydroelectric Project (Ordinance)

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Presenter Name: David Peters, P.E.

Purpose of proposed legislation and background information:

In 1982 the City of Portland began the commercial operation of the Portland Hydroelectric Project (Project). The power generated from this facility was purchased by Portland General Electric (PGE) under a Power Sales Agreement (PSA) that was signed in 1979. Under the terms of this PSA, PGE also operated, maintained, and distributed the power generated and have done so since the beginning of commercial operations. The PSA expires on August 31, 2017.

When the Bureau of Hydroelectric Power approached PGE about renewing the agreement, PGE informed the City that they would be interested in purchasing the power from the facility but would no longer be willing to operate and maintain the facility. Based on this decision the Bureau of Hydroelectric Power evaluated options for generating and selling the power generated by the Project. The selected option requires the City to develop three separate agreements: 1) a Power Purchase Agreement with PGE; 2) an Intergovernmental Agreement (Agreement) with Energy Northwest to provide Operations and Maintenance, and; 3) a Transmission Maintenance Agreement with PGE.

City Code allows the Bureau of Hydroelectric Power to work directly with Energy Northwest under the conditions described in Code Section 3.110.010, Ordinance No. 147822.

Energy Northwest is a non-profit governmental agency in the State of Washington, set up under Revised Code of Washington (RCW) Chapters 43.52, as a joint operating agency to provide energy services. Energy Northwest provides operating and maintenance services for generating facilities owned by other utilities.

Energy Northwest will be required to comply with City of Portland standard operating procedures covering work in the Bull Run Watershed. Energy Northwest will operate the Project on the City's behalf, doing all things (directly or with contracted services) required to ensure the safe and reliable operations, in accordance with requirements and limitations set forth by the City, subject to applicable laws, applicable permits, and prudent utility practices.

Energy Northwest will provide and make available on-site operators on a daily basis, 365 days a year for the term of the Agreement. This will include labor, supervisory and managerial personnel as required to perform the daily operations and maintenance, as well as the yearly services. All Energy Northwest personnel will be qualified and experienced, possess the appropriate licenses and certifications and be trained in the duties to which they are assigned.

Energy Northwest will prepare and submit to the City an annual maintenance schedule, covering the following calendar year during the life of the Agreement. The annual maintenance schedule will include an estimate of all Project timelines for the coming year with a specific emphasis on the dates which require generator outages. Work release orders (WRO) will be used to authorize services, amend services or add services. A WRO will include the scope, schedule (including any operational outage or curtailment periods), budget and outside contractor's estimate for the services to be completed, and will reference the source of funding in the authorized annual budget for the Project. Consistent with Prudent Utility Practice, Energy Northwest will attempt to schedule generator outages during periods of low flow or otherwise in deference to the scheduling wishes of the City.

Financial and budgetary impacts:

The not to exceed amount of the Agreement will be \$8,000,000 for the five-year term. The first-year costs are estimated to be \$2,000,000. The total cost for subsequent years may fluctuate per fiscal year. Funding for the Agreement is available in the FY 2017-18 Budget and additional funding will be requested in the future Bureau of Hydroelectric Power Budgets.

Community impacts and community involvement:

There are no impacts to the community.

Budgetary Impact Worksheet

Does this action change appropriations?

- ☐ YES: Please complete the information below.
☒ NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount


Michael Stuhr, P.E., Administrator


Date

Fish Amendment

7-20-17

188530

The Council declares that an emergency exists to allow continuous and uninterrupted operation of the City's Hydroelectric Project in compliance with its FERC license; therefore this ordinance shall be in full force and effect from and after its passage by Council.