

ORDINANCE NO. 188582 As Amended

*Authorize a Power Purchase and Sales Agreement with Portland General Electric Company for the sale of hydroelectric power generated by the Portland Hydroelectric Project (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City of Portland's Hydroelectric Project (Project) is located on the Bull Run River, approximately ten miles northeast of the City of Sandy, Oregon. The Project falls under the jurisdiction of the Federal Energy Regulatory Commission (FERC).
2. In 1982 the City of Portland entered into a Power Sales Agreement (PSA) with Portland General Electric Company for thirty-five years. The PSA expires on August, 31 2017. Operating under the PSA, Portland General Electric Company has purchased all power generated from the Project to date.
3. In 2015 the Bureau of Hydroelectric Power approached Portland General Electric Company to renew the PSA. Portland General Electric Company informed the Bureau of Hydroelectric Power that it was interested in purchasing the power from the facility but did not want to continue with the operations and maintenance, or scheduling and dispatching operations that was under the original PSA.
4. Based on this the Bureau of Hydroelectric Power evaluated options for generating and selling the power generated by the Project, both to Portland General Electric Company and to other agencies. After evaluation of the options available, the Bureau of Hydroelectric Power determined that a new Power Purchase and Sales Agreement (PPA) with Portland General Electric Company is the most economically advantageous to the City.
5. The Bureau of Hydroelectric Power desires to enter into a new PPA with Portland General Electric Company to purchase the power generated by the Project. City Code allows the Bureau of Hydroelectric Power to enter this agreement with Portland General Electric Company under the conditions described in Code Section 3.110.010, Ordinance No. 147822.
6. Revenue generated by this agreement will be variable and is influenced by mechanical availability of the generating facilities, hydrologic conditions, and power market fluctuations.
7. During the first two to three fiscal years there will be additional transitional costs as the Project's operation moves from Portland General Electric Company to third parties.
8. The PPA will have an effective date of September 1, 2017 and will end June 30, 2032. The PPA will be utilized to fund the Project's operations and maintenance agreement, power scheduling agreement, transmissions services and maintenance agreement, and all future capital improvements of the Project.


NOW, THEREFORE, the Council directs:

- a. That the Water Bureau Administrator is authorized to execute on behalf of the City a Power Purchase and Sales Agreement with Portland General Electric Company to sell the electricity generated at the Portland Hydroelectric Project, in a form substantially in accordance with the attached Exhibit A and as approved by the City Attorney's Office.
- b. No-Cost amendments to the Power Purchase and Sales Agreement may be agreed to and executed by the Portland Water Bureau Administrator upon legal sufficiency review and approval of the City Attorney.
- c. The Water Bureau, on behalf of the Bureau of Hydroelectric Power, is authorized to accept funds from Portland General Electric Company for the sale of electricity generated at the Portland Hydroelectric Project.
- d. That all revenues, including excess annual revenues, beginning balances, and surplus fund distributions from the Portland Hydroelectric Project accounts and operations, shall remain in the Hydroelectric Power Fund to ensure sustainable financial management of the Portland Hydroelectric Project until such time as the City's Chief Financial Officer, in consultation with the Water Bureau, has determined that distributions from the Fund can be made and are in the best interests of the City.

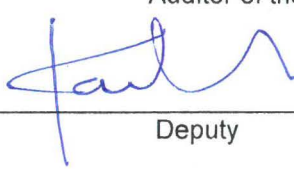
Section 2. The Council declares that an emergency exists because the public welfare would be harmed by delay in having the authorized agreement go into effect before existing contracts for the Portland Hydroelectric Project expire on September 1st; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council, **AUG 30 2017**

Commissioner Nick Fish
Glenn Pratt
August 2, 2017

Mary Hull Caballero
Auditor of the City of Portland
By  Deputy

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<p>INTRODUCED BY Commissioner/Auditor: Commissioner Nick Fish</p> <p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance & Administration - Wheeler</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Eudaly</p> <p>BUREAU APPROVAL</p> <p>Bureau: Water</p> <p>Bureau Head: Michael P. Stuhler, P.E.</p> <p>Prepared by: David Peters Date Prepared: August 2, 2017</p> <p>Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter</p> <p>Council Meeting Date August 16, 2107</p>	<p>CLERK USE: DATE FILED <u>AUG 08 2017</u></p> <p style="text-align: right;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By:  Deputy</p> <p>ACTION TAKEN:</p> <p>AUG 16 2017 PASSED TO SECOND READING As Amended AUG 30 2017 9:30 A.M.</p>
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AGENDA 363
<p>TIME CERTAIN <input checked="" type="checkbox"/></p> <p>Start time: 10:30am</p> <p>Total amount of time needed: 30 mins (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz <input checked="" type="checkbox"/>	
2. Fish	2. Fish <input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman <input checked="" type="checkbox"/>	
4. Eudaly	4. Eudaly <input checked="" type="checkbox"/>	
Wheeler	Wheeler <input checked="" type="checkbox"/>	