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191566

Ordinance

Authorize Intergovernmental Agreement with Energy Northwest for operations and maintenance services for the Portland Hydroelectric Project for \$8,161,810

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The City's Hydroelectric Project (Project) is located on the Bull Run River. The Project is regulated by the Federal Energy Regulatory Commission and the City holds the Project's energy generation rights.
2. The City does not have the capability to perform operations and maintenance services on the Project.
3. In September 2017, the Bureau of Hydroelectric Power entered into an intergovernmental agreement with Energy Northwest whereby Energy Northwest provides operations and maintenance services for the Project on the City's behalf in accordance with requirements and limitations set forth by the City.
4. Portland Water Bureau's current agreement with Energy Northwest expires June 30, 2024. The Portland Water Bureau would like to enter into a new Intergovernmental Agreement (Agreement) effective July 1, 2024, through June 30, 2029.
5. The total cost of the Agreement will not exceed \$8,161,810. The Bureau of Hydroelectric Power will pay Energy Northwest a yearly fee in the amount of \$1,600,000. The yearly fee will increase annually by 1% beginning on June 1 following the first anniversary of the effective date of the Agreement.
6. Funding is available in the Fiscal Year 2024 - 25 Budget and additional funding will be requested in future Bureau of Hydroelectric Power budgets.

Introduced by

[Commissioner Mingus Mapps](#)

Bureau

[Water](#)

Contact

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📞 [503-823-2003](tel:503-823-2003)

Requested Agenda Type

Regular

Date and Time Information


Requested Council Date

December 20, 2023

NOW, THEREFORE, the Council directs:

- A. The Portland Water Bureau Director is authorized to execute on behalf of the City an Intergovernmental Agreement with Energy Northwest, generally in accordance with Exhibit A.
- B. The Mayor and Auditor are hereby authorized to draw and deliver checks chargeable to the Water Fund when demand is presented and approved by the proper authorities.
- C. The Portland Water Bureau Director is authorized to execute amendments to the Agreement, including amendments increasing the total compensation up to 25% of the Agreement amount provided that such increase is available in an approved budget.
- D. The Agreement will be automatically renewed for successive terms of one year unless the Portland Water Bureau or Energy Northwest terminates the Agreement. Automatic renewal shall be based on funding availability.

Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/energy-northwest-agreement-ordinance-exhibit-a.docx\)](https://www.portland.gov/sites/default/files/council-documents/2023/energy-northwest-agreement-ordinance-exhibit-a.docx) 107.12 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
December 20, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

This ordinance will allow the Portland Water Bureau (Water Bureau) of Hydroelectric Power to enter into an Intergovernmental Agreement (Agreement) with Energy Northwest for operations and maintenance services for the Portland Hydroelectric Project (Project). This ordinance will allow Energy Northwest to continue to provide essential services that allow the City to generate clean energy and meet its contractual obligations.

The Project is located on the Bull Run River, approximately ten miles northeast of the City of Sandy, Oregon. Portland Water Bureau has the sole and exclusive rights to the energy. The Project operates under a license

from the Federal Energy Regulatory Commission (FERC). The Project is run by the Portland Water Bureau of Hydroelectric Power which reports to the Water Bureau.

Operations and maintenance are a critical daily operational and contractual element required to produce and send the hydroelectric power generated by the Project to PGE. The City of Portland (City) has an existing Power Sales Agreement with PGE. Under the Power Sales Agreement, PGE buys the power produced by the Project, but the City is responsible for the Project's operations and maintenance. Portland Water Bureau does not have the capability to perform the operations and maintenance services.

Portland Water Bureau of Hydroelectric Power has a current Agreement with Energy Northwest to perform these services. This allows the City to meet its contractual obligation to produce and send hydroelectric power to PGE. The existing Agreement will expire June 30, 2024.

Portland Water Bureau and Energy Northwest have a mutual desire to continue their working relationship and desire to enter into a new Intergovernmental Agreement for the Project's required operations and maintenance services. City Code allows Portland Water Bureau of Hydroelectric Power to enter this Agreement under the conditions described in Code Section 3.110.010, Ordinance No. 147822. The term of the Intergovernmental Agreement will be five years with an effective date of July 1, 2024. The Intergovernmental Agreement will be automatically renewed thereafter for successive terms of one year unless Portland Water Bureau or Energy Northwest terminates this Intergovernmental Agreement. Automatic renewal shall be based on funding availability.

Financial and Budgetary Impacts

Portland Water Bureau of Hydroelectric Power will pay Energy Northwest a flat yearly fee in the amount of \$1,600,000. The yearly fee will increase annually by 1% beginning on June 1 following the first anniversary of the effective date of the Intergovernmental Agreement. The total amount of the Agreement is \$8,161,810.

Funding is available in the fiscal year (FY) 2024 - 25 Budget and additional funding will be requested in future Portland Water Bureau of Hydroelectric Power budgets.

The Intergovernmental Agreement will not change the staffing levels at the Bureau of Hydroelectric Power.

Community Impacts and Community Involvement

There are no impacts to the community.

100% Renewable Goal

Energy Northwest's services are foundational to the PHP's ability to continue to produce and sell clean energy in the form of hydroelectric power to PGE for regional use. On average, the PHP produces enough electricity to power 10,000 households. Hydroelectric plants are an emissions-free generation resource. As it is fueled by water, the PHP does not produce air pollution or greenhouse gas emissions.

Budget Office Financial Impact Analysis

The bureau has an IGA with Energy Northwest to manage the City's Hydroelectric Project set to expire June 2024. This ordinance would extend the agreement until June 2029 to pay \$1.6 million per year with a 1% increase on July 1 following the first anniversary of the Effective Date. The bureau prioritizes and anticipates funding for this agreement in the FY 2024-25 budget for the PWB of Hydroelectric Power budgets.

Agenda Items

1044 Regular Agenda in [December 13, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/12/13)
(<https://www.portland.gov/council/agenda/2023/12/13>)

Passed to second reading

Passed to second reading December 20, 2023 at 9:30 a.m.

1077 Regular Agenda in [December 20, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/12/20)
(<https://www.portland.gov/council/agenda/2023/12/20>)

Passed

Commissioner Mingus Mapps Yea

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Absent