



Legislation Text

File #: 16-410, **Version:** 1

AUTHORIZATION TO ENTER INTO A MUNICIPAL BILL-CREDITING AGREEMENT WITH SALT RIVER PROJECT FOR HOOVER POWER BILL CREDITING

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Purpose and Recommended Action

This is a request for City Council to authorize the City Manager to enter into a Municipal Bill-Crediting Agreement with Salt River Project Agricultural Improvement and Power District (SRP) to provide a credit to Glendale for power generated at Hoover Dam. The contract term covers the period through September 30, 2020.

Background

The City of Glendale received an allocation of Hoover power from the Western Area Power Authority (Western). Glendale's allocation of Schedule D1 power from Western is 426 kW of contingent capacity, with 650,591 kWh of firm summer energy and 279,359 kWh of firm winter energy for a total of 930,050 kWh.

Analysis

Hoover power allottees in Arizona receive their energy allocation through contracts with the Arizona Power Authority (APA). The APA in turn contracts with Western on behalf of the Arizona customers as a whole. As a condition of contracting with the APA, customers must make arrangements for the scheduling, transmission, and delivery of their allocation from the Mead Substation, near Hoover Dam. APS and/or SRP can provide these services to the City through programs in which they receive the Hoover power and provide a billing credit for the value of the energy received.

Glendale must execute two contracts to utilize the allocation. The first contract is a Power Sales Contract with the APA which will allow Glendale to receive its Hoover power allocation. The second contract is a bill crediting agreement between Glendale and one of its host electricity providers, Salt River Project (SRP).

This council action is limited to the contract between Glendale and SRP governing the bill crediting arrangement for the first three years of the 50-year allocation period. A separate council action is required to approve the Power Sales Contract with the APA.

Previous Related Council Action

On August 2, 2016, the City Council held a Workshop regarding Glendale's Hoover power allocation and bill crediting arrangement.

Community Benefit/Public Involvement

Sustainable, renewable hydroelectric power is a helpful resource that assists in the production of drinking water and the treatment of effluent. The 2017 Hoover power allocation will be a sustainable resource that allows Glendale to stay green and serve its mission to its citizens

Budget and Financial Impacts

Having access to low-cost hydroelectric power from Hoover Dam will reduce the amount of money that Glendale will pay for electricity. Costs associated with the power will be offset by value received from the SRP bill crediting arrangement.

The total net bill credit to the City is estimated at \$13,248 annually over the three year SRP contract. It is expected that the value of the power received from the bill crediting arrangement will result in a net income to Glendale of \$662,400 over the fifty year APA contract period.

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?