



## Legislation Text

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**File #:** 16-415, **Version:** 1

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### **RESOLUTION NO. 5152 NEW SERIES**

#### **A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE ENTERING INTO OF A POWER SALES CONTRACT WITH ARIZONA POWER AUTHORITY.**

Staff Contact: Craig Johnson, P.E., Director, Water Services

#### **Purpose and Recommended Action**

This is a request for City Council to waive reading beyond the title and adopt a resolution authorizing the City Manager to enter into a contract with the Arizona Power Authority (APA) to purchase power generated at Hoover Dam. The contract term covers the period from October 1, 2017 through September 30, 2067 (50 years).

#### **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 and pay for their energy allocation through contracts with the 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 bill 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 for the bill crediting agreement between Glendale and one of its host electricity providers, Salt River Project (SRP).

This Council action is limited to the Power Sales Contract between Glendale and the APA. A separate Council action is required to approve the bill crediting arrangement.

#### **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 a separate bill crediting arrangement.

An up-front capital charge will be paid to the APA in a one-time payment not to exceed \$40,000 in FY2017-18. The annual power charges will be paid to the APA. Based on the current APA budget, it is estimated that power charges will average \$22,085 per year. Water Services will annually request the approval of expenditure of funds for these charges.

It is expected that the amount received from the bill crediting arrangement will result in a net income to Glendale once the capital and annual power charges are paid. The total savings to the City are estimated at \$662,400 over the fifty years.

Funding for the annual expenditure will be available in the Water Services operating budget contingent upon Council approval.

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?