



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Dave Churchman, Operations and Power Trading Manager,  
Patty Boyle, Principal Project Manager  
DATE: December 18, 2014  
SUBJECT: Smith Creek Hydro Project Surplus Property Declaration  
OBJECTIVE: Board Action: Resolution No. 1402

---

## **Issue**

The 2013 EWEB Operating Plan includes an initiative to explore the possibility of selling one or more of EWEB's power generation assets. Staff in the Power and Strategic Planning Department have determined that due to load loss and the IERP objective to meet future load growth with conservation, the Smith Creek Hydro Project is not required for EWEB to meet its projected short and long term power needs and that EWEB should explore offering this asset to the market. One of the first steps in this process is to declare the real property at the site as surplus to utility needs.

## **Background**

The Smith Creek Hydro Projects is a 38 MW plant located on Smith Creek in the Kaniksu National Forest near the Canadian Border in Idaho. EWEB acquired the license to operate the plant in 2000 and manages it predominately through contracted labor. It is a spring peaking resource that is operational between April and July and then again in the late fall until Smith Creek freezes. The plant itself is in good condition and based on informal discussions with potential buyers there is interest in the market for this plant.

At the most recent Board discussion regarding the IERP in April, staff provided information regarding the long term load forecast and resource sufficiency. EWEB's power portfolio is approximately 35-40aMW surplus on an annual firm basis and up to 80-100aMW long on a firm monthly basis during the spring when Smith Creek generates most of its energy.<sup>1</sup> This makes Smith Creek an ideal target for a sale that would help to reduce EWEBs firm surplus on a long term basis.

## **Discussion**

Over the past several months, EWEB has been preparing a process to offer the plant for sale. Because the utility has not found itself in a position to sell a resource in the past, we are taking steps to ensure that we design and utilize a process that will provide Commissioners confidence in what ultimately will be a Board decision. Although not legally required, staff intends to utilize an RFP

---

<sup>1</sup> These assumptions are calculated on a "planning basis", ignoring short term hedging activities that have been undertaken to reduce EWEBs short term portfolio risk.

process that is intended to ensure that the process results in a broadly advertised solicitation for bids, transparent information to bidders, and a comprehensive evaluation resulting in a staff recommendation to either sell the project or to retain the project until market conditions are more favorable. Additionally, staff has contracted for consulting services to get a third party perspective on the physical condition of the plant and independent valuation.

In order to initiate the sales process, the real property needs to be declared surplus to utility needs. Subsequent to that declaration, the City of Eugene will be officially notified via the RFP in the unlikely event they have interest in acquiring the property. Attached to these materials is Resolution #1403 that, if approved, will declare 4 parcels surplus to the utilities need. The sale of the Project will include these properties as well as certain structures, equipment and license rights to produce power.

### **Recommendation & Requested Board Action**

Staff recommends approval of Resolution #1402 declaring the property described in attachment A excess to utility needs.

**RESOLUTION 1402**  
**January 2014**

**RESOLUTION DECLARING SURPLUS**  
**FOR CERTAIN REAL PROPERTY NO LONGER NEEDED FOR UTILITY PURPOSES**  
**EUGENE WATER & ELECTRIC BOARD**

**WHEREAS**, EWEB holds title to 4 parcels of land associated with Eugene Water & Electric Board's Smith Creek Hydropower Project in the name of the City of Eugene, Oregon, acting by and through the Eugene Water & Electric Board, Granted by that certain WARRANTY DEED Recorded July 27, 2001 in Book 143 Page 140, as Instrument Number 202794, Boundary County Recorder, Boundary County, Idaho;

**WHEREAS**, the Project is no longer a benefit to the utility;

**WHEREAS**, Eugene Code, Section 2.195 provides:

"The Water Board [EWEB] shall have entire control of the water and electric utilities of the city, and all property connected therewith";

**WHEREAS**, The EWEB Board of Commissioners, desires to dispose of the property and improvements.

**NOW, THEREFORE, BE IT RESOLVED** by the Eugene Water & Electric Board that:

- (i) The Board does hereby declare surplus the property described as:

**See the attached Exhibit A**

Adopted at a meeting of the Eugene Water & Electric Board on January 7, 2014.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
EUGENE WATER & ELECTRIC BOARD

\_\_\_\_\_  
President

I, TARYN M. JOHNSON the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its January 7, 2014 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary

202794

**EXHIBIT A**

**Premises**

See attached.

202794

## PROPERTY DESCRIPTION

### Parcel I

Lot One (1) of Smith Falls Subdivision, as recorded in Book 2 of Plats at page 37, being a tract of land in the West Half of the Northeast Quarter (W ½ NE ¼) of Section Twenty-six (26), Township Sixty-five (65) North, Range Two (2) West, B.M., Boundary County, Idaho; more particularly described as follows:

Beginning at a point on the north line of the Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼) of said Section Twenty-six (26), which is North 89°46'32" East, 571.22 feet from the Northwest corner of said Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼); thence North 00°13'23" West, 298.50 feet; thence North 89°46'32" East, 228.94 feet; thence South 09°04'05" East, 302.09 feet; thence South 12°40'05" East, 49.70 feet, to the center of Smith Creek; thence, up the center of Smith Creek, South 28°20'26" West, 127.92 feet; thence, leaving the creek centerline, South 89°46'32" West, 224.95 feet; thence North 00°13'23" West, 160.90 feet, to the TRUE POINT OF BEGINNING.

TOGETHER WITH an easement for an access road and an electrical transmission line through the Northwest Quarter of the Northeast Quarter (NW ¼ NE ¼) of said Section Twenty-six (26); more particularly described as follows:

Beginning at the intersection of the westerly right of way of the County Road known as the West Side Road and the north line of said quarter, which point is South 89°37'58" West, 212.76 feet from the northeast corner of said quarter; thence along said right of way on a curve to the left with a radius of 1005.06 feet and a central angle of 02°40'26" (chord South 09°58'32" East, 46.90 feet), for an arc distance of 46.90 feet; thence South 41°53'08" West, 427.16 feet; thence South 01°26'53" West, 650.56 feet; more or less, to the northeast corner of Lot One (1) of Smith Falls Subdivision (Book 2 of Plats at page 37); thence along the north line of said Lot One (1) South 89°46'32" West, 228.94 feet; thence continuing South 89°46'32" West, 211.70 feet; thence North 438.31 feet; thence North 46°31'32" East, 838.88 feet, more or less, to the north line of the Northwest Quarter of the Northeast Quarter (NW ¼ NE ¼); thence along said north line North 89°37'58" East, 125.39 feet to the westerly right of way of said county road and the TRUE POINT OF BEGINNING.

TOGETHER WITH an easement 100 feet in width for a pipeline through the Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼) of said Section Twenty-six (26); said strip being 50 feet on each side of the following described centerline:

Beginning at a point on the west line of the Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼) of said Section Twenty-six (26), which is South 00°18'07" East, 249.21 feet from the northwest corner of said Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼); thence North 69°29'36" East, 523.99 feet; thence on a curve to the right with a radius of 267.89 feet and a central

angle of 17°23'51", for an arc distance of 81.34 feet, more or less, to the west boundary of Lot One (1) of Smith Falls Subdivision (Book 2 of Plats, page 37), with the sidelines of said easement to be extended or shortened to intersect adjacent boundaries.

## Parcel II

Lot Two (2) of the Smith Falls Subdivision, according to the plat thereof on file with the Boundary County, Idaho Recorder.

SUBJECT TO an easement for an access road and an electrical transmission line through the Northwest Quarter of the Northeast Quarter (NW ¼ NE ¼) of Section Twenty-six (26), Township Sixty-five (65) North, Range Two (2) West more particularly described as follows:

Beginning at the intersection of the westerly right of way of the County Road known as the West Side Road and the north line of said Quarter, which point is South 89°37'58" West 212.76 feet from the northeast corner of said Quarter; thence along said right of way on a curve to the left with a radius of 1005.06 feet and a central angle of 02°40'26" (chord South 09°58'32" East, 46.90 feet) for an arc distance of 46.90 feet; thence South 41°53'08" West 427.16 feet; thence South 01°26'53" West 650.56 feet, more or less, to the northeast corner of Lot One (1) of Smith Falls Subdivision; thence along the north line of said property South 89°46'32" West 228.94 feet; thence continuing South 89°46'32" West 211.70 feet; thence North 438.31 feet; thence North 46°31'32" East 838.88 feet, more or less, to the north line of the quarter; thence along said north line North 89°37'58" East 125.39 feet to the westerly right of way of said county road and the TRUE POINT OF BEGINNING.

SUBJECT TO an easement 100 feet in width for a pipeline through the Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼) of said Section Twenty-six (26), Township Sixty-five North, Range Two (2) West, B.M., Boundary County, Idaho; said strip being 50 feet on each side of the following described centerline:

Beginning at a point on the west line of the Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼) of said Section Twenty-six (26), which is South 00°18'07" East 249.21 feet from the northwest corner of said Southwest Quarter of the Northeast Quarter (SW ¼ NE ¼); thence North 69°29'36" East 523.99 feet; thence on a curve to the right with a radius of 267.89 feet and a central angle of 17°23'51" for an arc distance of 81.34 feet, more or less, to the west boundary of Lot One (1) of Smith Falls Subdivision, with the sidelines of said easement to be extended or shortened to intersect adjacent boundaries.

TOGETHER WITH an easement for ingress and egress situated in the Northwest Quarter of the Northeast Quarter (NW ¼ NE ¼) and the Northeast Quarter of the Northeast Quarter (NE ¼ NE ¼) of Section Twenty-six (26), Township Sixty-five (65) North, Range Two (2) West of the Boise Meridian, Boundary County, Idaho, being Twenty (20) feet in width and lying Ten (10) feet on each side of the following described centerline:

202794

Commencing at a point on the south line of the NE  $\frac{1}{4}$  NE  $\frac{1}{4}$  of said Section 26 which is North 89 degrees 46' 32" East, 246.38 feet from the southwest corner of said NE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ; thence, leaving said south line in a perpendicular direction North 00 degrees 13' 28" West, 26.45 feet to the intersection with the southwesterly right of way of the County Road No. 18, also known as the West Side Road, being also the TRUE POINT OF BEGINNING; thence, leaving said right of way and along the centerline of road as it was found to exist June 7, 2001 the following Nine (9) courses: South 86 degrees 55' 50" West, 43.73 feet; thence, North 78 degrees 10' 46" West, 48.97 feet; thence, North 68 degrees 16' 04" West, 35.46 feet; thence North 51 degrees 13' 53" West, 45.55 feet; thence North 30 degrees 04' 51" West, 78.84 feet; thence, North 41 degrees 55' 20" West, 59.08 feet; thence North 52 degrees 19' 23" West, 148.04 feet; thence, North 56 degrees 36' 16" West, 87.83 feet to the southeasterly end of a bridge lying across Smith Creek; thence along the centerline of said bridge North 57 degrees 38' 35" West, 19.00 feet to the centerline or thread of Smith Creek and the terminus of this easement, with the sidelines extended or shortened to intersect adjacent boundary.

### Parcel III

A tract of land in the Southwest Quarter of the Northeast Quarter (SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ) and the West Sixty (60) feet of the Southeast Quarter of the Northeast Quarter (SE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ) of Section Twenty-six (26), Township Sixty-five (65) North, Range Two (2) West, B.M., Boundary County, Idaho, more particularly described as follows:

Beginning at the Southwest corner of the Southwest Quarter of the Northeast Quarter (SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ) of said Section Twenty-six (26); thence, North 00 degrees 18' 07" West, along the West line of the Southwest Quarter of the Northeast Quarter (SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ), 1001.83 feet; thence, North 84 degrees 33' 51" East, 665.57 feet, to the center of Smith Creek; thence, along the center of Smith Creek, North 56 degrees 52' 56" East, 158.32 feet; thence, North 28 degrees 20' 26" East, 127.92 feet; thence, North 33 degrees 29' 56" East, 58.38 feet to the North line of the Southwest Quarter of the Northeast Quarter (SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ); thence, along said North line, North 89 degrees 46' 32" East, 484.58 feet; thence, South 00 degrees 23' 42" East, 1312.58 feet; thence, along the South line of the Southwest Quarter of the Northeast Quarter (SW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ) and the Southeast Quarter of the Northeast Quarter (SE  $\frac{1}{4}$  NE  $\frac{1}{4}$ ), South 89 degrees 55' 04" West, 1376.46 feet to the TRUE POINT OF BEGINNING.

### Parcel IV

A tract of land in the Southeast Quarter of the Southwest Quarter (SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ) of Section Thirty-five (35), Township Sixty-two (62) North, Range One (1) East, B.M. Boundary County, Idaho; more particularly described as follows:

Commencing at the point of intersection of the west line of the Southeast Quarter of the Southwest Quarter (SE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ) of said Section Thirty-five (35) and the northerly right of way of County Road 21-C, which is North 00 degrees 02' 37" West, 25.00 feet from the southwest corner of said Quarter; thence North 00 degrees 02' 37" West, along said west line, 200.00 feet to the TRUE POINT OF

202794

BEGINNING of this description; thence North 00 degrees 02' 37" West, along said west line, 215.05 feet; thence South 89 degrees 03' 59" East, 407.08 feet; thence South 00 degrees 56' 01" West, 215.02 feet to the BPA Brass Cap; thence North 89 degrees 03' 59" West, 403.42 feet to the TRUE POINT OF BEGINNING.

LESS THE FOLLOWING DESCRIBED PROPERTY:

Beginning at a point which is South 88 degrees 50' 24" East, 137.34 feet from the west line of the Southeast Quarter of the Southwest Quarter (SE ¼ SW ¼) of said Section Thirty-five (35), which is North 00 degrees 02' 07" West, 200 feet from the intersection of said west line and the northerly right of way of the County Road 21C, thence North 00 degrees 02' 07" West, 88.32 feet, thence South 89 degrees 30' 13" East, 265.04 feet, thence South 00 degrees 02' 07" East, 91.39 feet; thence North 88 degrees 50' 24" West, 265.06 feet to the point of beginning.