



INTEROFFICE MEMO

EUGENE WATER & ELECTRIC BOARD
Power Resources Division

Rely on us.

TO: Commissioners Farmer, Brown, Cassidy, Cunningham and Ernst

FROM: Brenda Sirois

July 29, 2009

RE: Transmission Service Agreement with PacifiCorp for Stateline Wind Transmission

Issue Statement

EWEB has a power purchase agreement (PPA) for 25 MW of wind capacity from the Stateline Wind Project. The PPA continues in effect until 2026. EWEB also has a separate Integration and Exchange Agreement for the transmission of the power it purchases from Stateline to the McNary Substation. These transmission services terminate as of December 31 2011. EWEB does not have transmission services secured for this project after December 31, 2011.

Background

The only transmission services available from the Stateline Wind project are owned by PacifiCorp. Earlier this year EWEB submitted a request to PacifiCorp for long term firm point to point transmission services from Stateline Wind Project at the Wallula substation to McNary. Staff was initially informed by PacifiCorp that a feasibility study was needed to assess if they could accommodate this request. On July 15th staff was notified that PacifiCorp could accommodate our needs for transmission without a costly study.

Transmission in this area of the grid is currently constrained. PacifiCorp is planning to upgrade the transmission line from Wallula to McNary with additional transmission available starting in 2012. The transmission service offered by PacifiCorp to EWEB will be contingent on PacifiCorp's completion of the transmission line upgrade. Given the limited options available to EWEB, however, we believe that securing these transmission services is EWEB's best and perhaps only alternative for moving the power from this facility to EWEB's load center.

The transmission service will be offered under PacifiCorp's standard service agreement. The transmission services would begin January 1, 2012 and terminate December 31, 2026.

The projected annual cost of the transmission is about \$ 607,500 per year with a total cost for the contract term of 15 years of a \$9.1M.

Staff Recommendations

Staff recommends that the Board sign Resolution 0920 on August 2, 2009, that provides the General Manager the authority to sign a transmission service agreement with PacifiCorp for 25 MW of firm point to point transmission from the Wallula substation to the McNary substation.

RESOLUTION NO 0920
AUTHORIZING TRANSMISSION SERVICES CONTRACT
WITH PACIFICORP

WHEREAS, the Eugene Water & Electric Board (“EWEB”) is a municipal utility formed and operated pursuant to ORS Chapter 225, the Eugene City Charter and Eugene City Code;

WHEREAS, EWEB entered into a Power Purchase Agreement with PacifiCorp Power Marketing May 11, 2002 for up to 25 MW of capacity of the Stateline Wind Project;

WHEREAS, the Stateline Wind Project is located in Walla Walla County, Washington and in Umatilla County, Oregon;

WHEREAS, the Power Purchase Agreement term is through 2026;

WHEREAS, the current provisions for transmission services are contained in a separate agreement, which terminates on December 31, 2011;

WHEREAS, prior to the expiration of the current transmission agreement, EWEB needs to secure future transmission services from the Project to its load center;

WHEREAS, PacifiCorp is the only entity that has transmission facilities serving the Stateline Wind Project, and EWEB has the opportunity to purchase long-term, firm transmission service from PacifiCorp pursuant to certain standardized terms as set forth in PacifiCorp’s FERC approved Open Access Transmission Tariff;

WHEREAS, EWEB believes it is in the best interests of its customers to enter into a long-term, firm transmission service agreement with PacifiCorp for the remaining term of the Power Purchase Agreement.

NOW, THEREFORE BE IT RESOLVED, that the General Manager is authorized to negotiate and execute an agreement or agreements with PacifiCorp as necessary to acquire 25 MW of firm, long-term transmission services.

Dated this 4th day of August 2009.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, DEBRA J. SMITH 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 August 4, 2009 Regular Board Meeting.

Assistant Secretary