



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



**TO:** Commissioners Helgeson, Brown, Mital, Simpson and Carlson  
**FROM:** Patty Boyle, Principal Project Manager  
**DATE:** August 1, 2017  
**SUBJECT:** Declaration of Surplus Property in Support of the Potential Sale of Two Generation Assets – Harvest Wind Project and Foote Creek I Wind Project  
**OBJECTIVE:** Approval of Resolutions 1716 and 1719

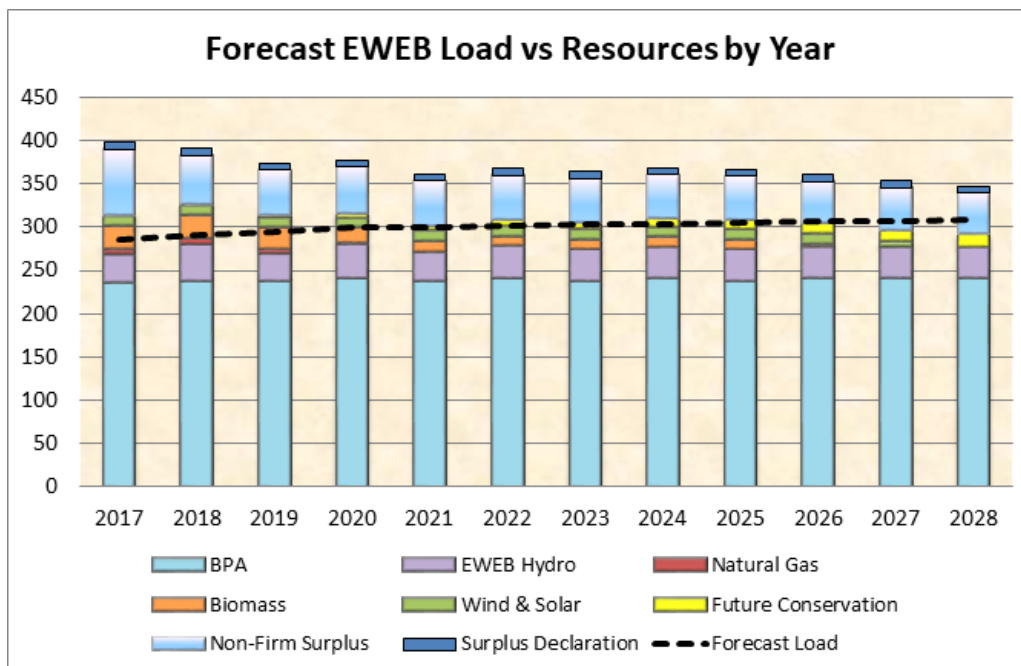
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## Issue

Management recommends the approval of Resolutions 1716 and 1719. These resolutions declare EWEB’s ownership interest in the Harvest Wind Project and the Foote Creek I Wind Project as surplus and initiate the offer to negotiate with the City of Eugene. The City will then have 30 days to respond to the opportunity to obtain those interests for other municipal purposes.

## Background

At the June 6, 2017 Board meeting, Staff presented the 2017 update to the 2011 IERP. As a part of that update, the analysis of generation supply concluded that on an annual basis, EWEB has more than sufficient resources to serve its customers’ energy requirements, even under drought conditions, for the next 10 years. As shown below, the recommended surplus declaration has a small impact on the EWEB Load vs Resource balance over the next 10 years.



In 2016, EWEB successfully negotiated the sale of the Smith Creek Hydro project as an initial effort to better balance the amount of generation EWEB has in its power supply portfolio with its need to serve load. In this case, we have been approached to consider the sale/transfer of the Harvest Wind and Foote Creek I projects.

Based on a review of EWEB's ownership interests in these two projects, EWEB's general legal counsel has recommended that pursuant to the Eugene Code 2.195 and 2.196, EWEB declare its interest in the above-referenced assets as being surplus to its needs, and offer the City the opportunity to obtain those interests for other municipal purposes. The City will have 30 days to respond to the offer to negotiate, and, if interested, up to 5 years to complete the negotiations. We do not anticipate that the City will be interested in either of these projects.

### **Discussion**

Harvest Wind - In 2008 and 2009, and in partnership with three other northwest utilities, EWEB invested in the Harvest Wind Project to acquire a 20% ownership share. Harvest Wind is located in Roosevelt, WA and includes 43 Siemens 2.3 MW turbines for a total of 98.9 MW nameplate capacity. The plant has been operational since 2009 and has experienced few operational issues.

Three of the four owners are similarly situated as EWEB, with sufficient resources to serve load, and are considering a sale of the project. The Harvest Wind Ownership Committee collectively agreed to issue an 'Invitation to Propose' for purchase of the plant, and is currently considering those initial proposals. There has been strong interest in the project given that it's a comparatively new project with reliable equipment and stable management. The initial proposals from bidders reflect a wide range of pricing and qualifications of potential purchasers.

Foote Creek I - The Foote Creek I project has 68 turbines that are each capable of producing 0.6 MW and is located near Laramie, WY. EWEB owns a 21.21% interest in the project, which began commercial operation in April 1999. PacifiCorp owns the balance of the project. At this time, EWEB and PacifiCorp are discussing the possibility of EWEB divesting its interest in this asset. PacifiCorp has a potential interest in controlling the entire site for its own purposes.

Of the total output share that EWEB owns, 26% has been sold to the Bonneville Power Administration (BPA) under a 25-year power purchase agreement. If EWEB and PacifiCorp can come to agreement on sale of EWEB's project share, BPA's power purchase agreement would be assigned to PacifiCorp. PacifiCorp has similarly sold a portion of its output to BPA on essentially identical terms.

The balance of EWEB's share of the project output, about 2.5 aMW is designated to serve EWEB load under the Regional Dialogue Contract with BPA. Because this resource is designated to serve load, before any transaction can be finalized, EWEB will need to follow the process established by BPA consistent with the 5(b) 9(c) Policy on statutory discontinuance for permanent removal. This process ensures that regional utilities are provided an opportunity to express their interest in the resource, and requires EWEB to acquire replacement power from an alternative source. EWEB was similarly subject to this process when the Smith Creek Hydro plant was sold, and though we have committed to purchase the power from the plant until July 2019, upon termination of that agreement we remain obligated to rely on market purchases for replacement power if needed.

**TBL Assessment**

No TBL has been completed as these potential sales are in their introductory phases. If either sale effort results in a firm offer to transact that is clearly in EWEB's interest, management will return to the Board with a completed TBL, and request that the Board authorize the General Manager to enter into the necessary agreements to transfer ownership.

**Recommendation**

Management recommends that the Board approves Resolution number 1716 and 1719 declaring the Harvest Wind and Foote Creek Wind I projects as surplus.

**Requested Board Action**

Approval of resolution number 1716 and 1719 as consent calendar items at the August 1<sup>st</sup> Board Meeting.

**RESOLUTION NO. 1716  
AUGUST 2017**

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

**WHEREAS**, EWEB holds an ownership interest in the physical assets of the Harvest Wind Project in Klickitat County, Washington in the name of the City of Eugene, Oregon, acting by and through the Eugene Water & Electric Board, pursuant to the Amended and Restated Joint Ownership Agreement dated as of October 30, 2009.

**WHEREAS**, per the 2017 IERP update the Project is not needed to serve load;

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

“The 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 its ownership interest in the physical assets and all future interests in the project.

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

- (i) The Board does hereby declare surplus the physical property and ownership interests described in the:

**Amended and Restated Joint Ownership Agreement, dated October 30, 2009.**

Adopted at a meeting of the Eugene Water & Electric Board on August 1, 2017.

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

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President

I, ANNE M. KAH 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 1, 2017 Regular Board Meeting.

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Assistant Secretary