



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Susan Ackerman, Chief Energy Officer; Mike McCann, Generation Manager;
Patty Boyle, Principal Project Manager
DATE: June 4, 2019
SUBJECT: Potential Disposal of EWEB's Interest in the Foote Creek I Wind Project
OBJECTIVE: Consent Calendar – Action on Resolution #1908

Issue

Resolution #1908 is scheduled for the June 4th Board Meeting seeking authorization for the General Manager enter into binding agreements to dispose of EWEB's ownership position in the Foote Creek I Wind Plant to PacifiCorp and related Power Purchase Agreement with the Bonneville Power Administration.

Background

In early October, staff provided a synopsis of the proposed transaction, which was subsequently discussed at the November 6, 2018 and December 4, 2018 executive sessions. Based on the terms of the transaction, EWEB would be better off to sell the plant now under the current proposal than to retain ownership.

At the June 2018 Board meeting, Staff presented the 2018 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.

The Foote Creek I project, located near Laramie, Wyoming, has 68 turbines of which 62 are currently operating. Each turbine is capable of producing 0.6 MW. EWEB owns a 21.21% interest in the project, which began commercial operation in April 1999. PacifiCorp owns the balance of the project and is interested in repowering the site for its own purposes. Of the total output share that EWEB owns, 26% has been sold to the Bonneville Power Administration under a 25-year power purchase agreement that expires in 2024.

Discussion

The Purchase and Sale Agreement that establishes the binding terms of the agreement are well aligned with the Indicative Offer Agreement executed in December. The termination of the Power Sale Agreement has also been completed. There are certain conditions to closing the transaction that are expected to be resolved in early summer.

TBL Assessment

As described above, from an economic perspective, this transaction is an improvement to EWEB's ratepayers over retaining ownership of the project. From the social and environmental perspective, the sale of Foote Creek I will positively impact EWEB's overall power supply portfolio, which aligns with EWEB's strategic priority to better synchronize resources used to serve customer load. EWEB's power portfolio will have slightly less wind generation but the plant will likely be rebuilt with modern equipment. Outside of the process to repower, this transaction has no impacts to the climate other than to help ensure the ongoing production of wind power at the Foote Creek I site.

Recommendation

Management recommends approval of Resolution #1908 authorizing the General Manager to enter into the Purchase and Sale Agreement with PacifiCorp and to terminate the Power Sales Agreement with the Bonneville Power Administration.

Requested Board Action

Approval of Resolution #1908.

**RESOLUTION 1908
JUNE 2019**

**RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A
PURCHASE AND SALE AGREEMENT AND TERMINATION OF A POWER
PURCHASE AGREEMENT
FOR FOOTE CREEK WIND I**

WHEREAS, EWEB holds a 21.21% ownership interest in the physical assets of the Wyoming Windpower Energy Facility, a.k.a., the Foote Creek I Project, in Carbon County, Wyoming, in the name of the City of Eugene, Oregon, acting by and through the Eugene Water & Electric Board.

WHEREAS, per the 2018 IERP update the Project is not needed to serve load;

WHEREAS, the Board declared the Project surplus in August 2017 and the City of Eugene declined to pursue any interest in the Project

WHEREAS, under the terms of the potential transaction EWEB's financial position regarding the project is expected to improve significantly,

WHEREAS, The EWEB Board of Commissioners discussed the potential transaction during executive sessions on November 4, 2018, December 4, 2018 and June 4, 2019.

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

- (i) The Board does hereby authorize the General Manager to enter into a Purchas and Sale Agreement for the project with PacifiCorp and terminate the Power Purchase Agreement with the Bonneville Power Authority consistent with the terms discussed during the executive sessions referenced above.

Adopted at a meeting of the Eugene Water & Electric Board on June 4, 2019.

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

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 June 4, 2019 Regular Board Meeting.

Assistant Secretary