



CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 08/18/2016
Agenda Item: 5B15

ACTION: Approve a five-year Municipal Bill-Crediting Agreement with Salt River Project Agricultural Improvement and Power District. *(This item relates to agenda item 5C3)*

FISCAL IMPACT: To effectuate Tempe's Power Sales Contract with the Arizona Power Authority, Salt River Project Agricultural Improvement and Power District (SRP) will take delivery of Tempe's Hoover electric power and will provide power bill crediting for Tempe's use of this resource in-lieu of other energy supplies. Over the five-year term of this contract, the estimated cost to Tempe for delivery of Hoover power is \$83,390, and the estimated power bill credit from Salt River Project is \$104,668, for an approximate net benefit to Tempe of \$21,278.

RECOMMENDATION: Enter into a five-year Municipal Bill-Crediting Agreement with Salt River Project Agricultural Improvement and Power District.

BACKGROUND INFORMATION: As a condition of the Tempe's Power Sales Contract (PSC), Tempe must make arrangements for the delivery of electrical power. While the PSC has a 50-year term, Salt River Project Agricultural Improvement and Power District (SRP) would negotiate a Municipal Bill-Crediting Agreement for a period of only five years. The SRP Agreement is at will and must be re-negotiated after five years. Pursuant to the Municipal Bill-Crediting Agreement, Tempe's Hoover power allocation will be delivered by SRP, for a five-year period, from the Mead substation near Hoover Dam to the Pinnacle Peak Substation in the north valley then to the local electric grid for delivery to the Tempe J.G. Martinez Water Treatment Plant or the South Tempe Water Treatment Plant. SRP will provide Tempe with an average annual bill credit of approximately \$20,934 for the value of the Hoover hydro power energy source, the cost to the City for delivery of Hoover power will be approximately \$16,678/year, for an annual net benefit of approximately \$4,256 over the five year term.

ATTACHMENTS: Municipal Bill-Crediting Agreement with SRP

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Department Director: Don Bessler, Public Works Director
Legal review by: Chuck Cahoy, Deputy City Attorney
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