

To: Portland Utility Board (PUB)
From: Melissa Merrell, PUB Analyst
Re: Update on Hydroelectric Power Contracts
On: July 22, 2017

At the July 11 meeting, David Peters outlined four contracts related to the hydroelectric power and expected timing for Council consideration:

- Operations and Maintenance Contract with Energy Northwest. There was a Council hearing July 5, 2017 and a vote was expected on July 20, 2017.
- Power Purchase Agreement with PGE. The first hearing at Council was scheduled to be July 26, 2017.
- Transmission Maintenance Agreement. The Council was hoped to be with the Power Purchase Agreement.
- Scheduling Agreement. The Council hearing date had not yet been set.

Several members expressed concern with the short-time frame for consideration and the lack of details for some of the contracts and how the package as a whole would fit together.

During the Council session on July 20, Director Stuhr and City Attorney Karen Moynahan addressed several of the concerns voiced by members. You can view that consideration here: <https://youtu.be/xpcSbw6sj3Y?list=PL4m94lCOY10kcH-ufAjNih1ntEICEIA4>. The video should begin around marker 1:11:00.

During the session, Director Stuhr states that the other contracts won't be brought to Council until August 16, 2017.

Prior to the Council session, Colleen and Mike talked with Todd Lofgren, Commissioner Fish's Senior Policy Advisor, about the project, in particular the O&M contract that was on the Council agenda that afternoon. Both spoke as individuals and made clear to Todd they were not representing the PUB since no statement concerning the project has been agreed to by the board.

Colleen summarized the meeting as follows:

- I said that I was concerned that approving the O&M contract would lead to a domino effect and require approval of the other contracts to follow. I also said that the process was problematic

since the PUB had just been briefed on the O&M contract at our July 11 meeting and now it was before the Council.

Todd then explained that the O&M contract needed to be finalized by the end of August, but that it could be terminated if circumstances warranted, e.g., other contracts failed to be approved, the decommission of the power plants, etc. However, even in those circumstances, there would still be a need for the IGA with Energy NW at least in the short run. He also mentioned that over the years, the PGE Hydro contract had yielded \$13-14m dollars in profit for the General Fund and that there currently was about \$1.9m in reserves to carry over until the outcome of the project is determined. He said that in the future any profit from hydro will go to a hydro fund, not the GF, to mitigate the risk over the longer term.

- Mike then explained his reservations on the contract and told Todd that he thought the City was getting a bad deal and that GMs from other utilities he had contacted were likewise skeptical of the contract details. He asked Todd if PWB knew about PURPA. Todd did say that PWB had hired a consultant to help negotiate the contract and it had been run by the City Attorney.
- Both Mike and I said that it would have been helpful if these details had been shared with PUB when PWB made the hydro presentation at our monthly meeting, which would have saved some anxiety.