

File No. 180356

Committee Item No. 1

Board Item No. 21

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date July 12, 2018

Board of Supervisors Meeting

Date July 31, 2018

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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Completed by: Linda Wong Date July 5, 2018
 Completed by: Linda Wong Date July 18, 2018

1 [Contract Amendment - Western Area Power Administration - Low-Cost Power and
2 Scheduling Coordinator Services - Treasure Island and Yerba Buena Island - Not to Exceed
3 \$28,370,000]

4 **Ordinance approving the third amendment to the contract between the City and County**
5 **of San Francisco through its Public Utilities Commission (PUC) and the United States,**
6 **through the Department of Energy Western Area Power Administration, for delivery of**
7 **low-cost power and scheduling coordinator services to Treasure Island and Yerba**
8 **Buena Island to extend the term by four years and three months from October 1, 2020,**
9 **through December 31, 2024, and increasing the maximum amount of the agreement to**
10 **\$28,370,000; approving the City indemnifying and holding the United States harmless**
11 **against claims arising from the activities of the City under the contract; waiving**
12 **Administrative Code requirements, as defined herein, that a City contract contain a**
13 **statement of guaranteed maximum costs, and contain a statement regarding liability of**
14 **claimants for submitting false claims; and waiving certain other Administrative Code**
15 **and Environment Code requirements, as defined herein, upon findings made by the**
16 **General Manager of the PUC.**

17
18 NOTE: Additions are *single-underline italics Times New Roman*;
19 Deletions are *strike-through italics Times New Roman*.
20 Board amendment additions are double-underlined;
21 Board amendment deletions are ~~strikethrough normal~~.

22 Be it ordained by the People of the City and County of San Francisco:

23 Section 1. Findings.

24 (a) The City, through its Public Utilities Commission (PUC), is currently providing
25 electric utility service at Treasure Island and Yerba Buena Island (TI/YBI) under a multi-year
Cooperative Agreement with the United States Navy.

1 (b) The City is the local reuse authority for Naval Station Treasure Island under the
2 Federal Base Closure and Realignment Act (BRAC), and as a result is entitled to purchase
3 low-cost electricity from the federal government.

4 (c) The City has previously approved three agreements with the Western Area
5 Power Administration ("WAPA") of the United States Department of Energy for low-cost
6 electric services to TI/YBI. The contract was initially approved for a period of five years from
7 September 1, 2005, through September 30, 2010, pursuant to Ordinance No. 17-05. The
8 First Amendment was approved pursuant to Ordinance No. 276-07, and extended the contract
9 from October 1, 2010 through September 30, 2015. The Second Amendment was approved
10 pursuant to Ordinance No. 256-11, and extended the contract from October 1, 2015 through
11 September 30, 2020.

12 (d) The contract between the City and WAPA includes delivery of low-cost power
13 and scheduling coordinator services.

14 (e) On October 16, 2017, WAPA asked all its customers to amend the contract with
15 an extension through December 31, 2024, so that WAPA could procure power and related
16 services for periods beyond the current contract expiration date.

17 (g) The extension of the contract, through December 31, 2024, would increase the
18 total estimated costs from ~~\$12,358,486~~ by \$12,419,112 to \$28,370,000. The actual cost will
19 be determined by the quantity of power used at TI/YBI, but will not exceed \$28,370,000.

20 (h) The contract is a standard form used by the United States for power services.
21 Indemnification of the United States is a required element of the contract. In addition, WAPA
22 will not agree to modify the contracts to include the statements required by Administrative
23 Code Sections 21.19 and 21.35, regarding guaranteed maximum costs and liability of
24 claimants for filing false claims.
25

1 (j) The PUC approved this third amendment to the contract at a public meeting on
2 February 27, 2018, in Resolution 18-0035, a copy of which is on file with the Clerk of the
3 Board of Supervisors in File No. 180356.

4 Section 2. Authorization of Third Amendment to Contract.

5 The General Manager of the PUC is hereby authorized to execute the third amendment
6 to the contract for full load service with WAPA. A copy of this third amendment to the contract
7 is on file with the Clerk of the Board of Supervisors in File No. 180356. The duration and cost
8 of this contract resulting from this third amendment is stated in Section 1(g) of this ordinance.

9 Section 3. Waiver of Certain Municipal Code Requirements.

10 For the purpose of this contract, the Board of Supervisors finds that it is reasonable
11 and in the public interest to grant the waivers specified below.

12 (a) The requirement of Administrative Code § 21.19 that every contract include a
13 statement regarding guaranteed maximum costs is hereby waived.

14 (b) The requirement of Administrative Code Section 21.35 that every contract include a
15 statement regarding liability of claimants for submitting false claims to the City is hereby
16 waived.

17 (c) Where the General Manager finds and documents in writing both that the
18 transaction represents the best opportunity available to the City to obtain essential services
19 and products in a manner beneficial to the City, and that it is not feasible to add all standard
20 City contract provisions to the agreement, the following standard contract provisions are
21 hereby waived to the extent found necessary, reasonable, and in the public interest by the
22 General Manager:

23 (1) Implementing the MacBride Principles (Admin. Code Chapter 12F);
24
25

1 (2) Increased participation by small and micro local businesses in City
2 contracts (Admin. Code Chapter 14B);

3 (3) The competitive bidding requirement (Admin. Code Section 21.1);

4 (4) First source hiring requirements (Admin. Code Chapter 83); and

5 (5) The tropical hardwood and virgin redwood ban (Environ. Code
6 Chapter 8).

7 Section 4. Appropriation of Funds.

8 The costs under the third amendment to this contract will be recovered through the
9 electric utility rates at TI/YBI, and will be included in the annual budgets for the PUC's Power
10 Enterprise.

11 Section 5. Effective Date.

12 This ordinance shall become effective 30 days after enactment. Enactment occurs
13 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
14 sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the
15 Mayor's veto of the ordinance.

16 APPROVED AS TO FORM:
17 DENNIS J. HERRERA, City Attorney

18
19 By: 
20 Margarita Gutierrez
21 Deputy City Attorney

22
23
24
25 n:\legana\as2018\1800259\01290082.doc

REVISED LEGISLATIVE DIGEST

(Amended in Board, 7/24/2018)

Ordinance approving the third amendment to the contract between the City and County of San Francisco through its Public Utilities Commission (PUC) and the United States, through the Department of Energy Western Area Power Administration, for delivery of low-cost power and scheduling coordinator services to Treasure Island and Yerba Buena Island to extend the term by four years and three months from October 1, 2020, through December 31, 2024, and increasing the maximum amount of the agreement to \$28,370,000; approving the City indemnifying and holding the United States harmless against claims arising from the activities of the City under the contract; waiving Administrative Code requirements, as defined herein, that a City contract contain a statement of guaranteed maximum costs, and contain a statement regarding liability of claimants for submitting false claims; and waiving certain other Administrative Code and Environment Code requirements, as defined herein, upon findings made by the General Manager of the PUC.

Amendments to Current Law

This ordinance would approve waivers of those requirements in a contract amendment with the Western Area Power Administration (WAPA) for services to ensure reliable delivery of low-cost electric power for use at Treasure Island and Yerba Buena Island (TI/YBI). The ordinance would also indemnify the United States against claims resulting from acts of the City under the contract amendment.

Background Information

Under the Federal Base Closure and Realignment Act, the City is the local reuse authority for the Treasure Island Naval Station, under the auspices of the Treasure Island Development Authority (TIDA). The Public Utilities Commission manages the Treasure Island utilities for TIDA, including water, sewerage, natural gas, and electricity.

Currently, the City has a power purchase agreement, previously approved by the Board of Supervisors, with the U.S. Department of Energy Western Area Power Administration (WAPA), effective from January 1, 2005 through 2015. Under this existing power purchase agreement between the City and WAPA, WAPA guarantees that TIDA receives the amount of electricity needed by TIDA to meet TIDA's electricity needs and provides scheduling coordination services, coordinating the scheduling of electricity through the California Independent System Operator, the not-for-profit public benefit corporation operating the State's wholesale power grid.

WAPA is the City's Scheduling Coordinator and supplemental power provider to TI/YBI. A Scheduling Coordinator is responsible for submitting schedules to the California Independent

System Operator (CAISO) for all buyers and sellers transmitting electricity on the ISO controlled grid. The ISO requires a Scheduling Coordinator to meet extensive financial, operational, equipment, software, and security requirements, including maintaining an operations center 24 hours a day, 7 days a week. WAPA also provides additional power to serve the City's TI/YBI load that is unmet by the amount of generation the City has already contracted to receive from WAPA under its base resource Power Purchase Agreement. The supplemental power provided by WAPA may include long-term, short-term, day-ahead, and hour-ahead purchases, and/or other arrangements. The City's current contract with WAPA for these services expires on September 30, 2020.

The proposed ordinance would approve an amendment to the WAPA contract effective, September 30, 2011 through September 30, 2024, which would modify the terms of the agreement with respect to supplemental power and scheduling coordinator services. On July 26, 2011, WAPA requested the City amend the current contract because WAPA must begin purchasing power beyond the current contract termination date. WAPA's standard contract for these services does not include the City's required false claims provision or the guaranteed maximum amount provision. In addition, WAPA's standard agreement indemnifies and holds WAPA harmless for claims arising out of the City's activities under the contract.

It is estimated that the amendment would increase the maximum amount of the contract from \$12,419,112 to 28,370,000.

Item 1
File 18-0356

Department:
Public Utilities Commission (PUC)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance approves a third amendment to the existing contract between the San Francisco Public Utilities Commission (SFPUC) and the U.S. Department of Energy's Western Area Power Administration (WAPA) for WAPA to supply electricity to the Treasure Island Development Authority (TIDA). The proposed third amendment (1) extends the term by four years and three months from September 2020 through December 2024, and (2) increases the contract amount by \$12,419,112 from \$15,950,888 to \$28,370,000. All other contract terms remain unchanged.

Key Points

- SFPUC has two contracts with WAPA, including (1) a power purchase agreement to supply a base allocation of electricity to TIDA, and (2) the subject contract to provide supplemental electricity and electricity scheduling coordinator services to TIDA. The SFPUC proposes an increase in the contract for WAPA to supply supplemental electricity to TIDA due the forecasted increase in electricity demand from future development on Treasure Island, as well as increases over time to the per-unit cost of electricity.

Fiscal Impact

- The base electricity allocation under the power purchase agreement between SFPUC and WAPA is 10,436 megawatts per hour (MWh) per year. SFPUC estimates supplemental electricity purchases, in addition to the base allocation, ranging from 30,948 MWh to 43,064 MWh per year, with an estimated cost of \$12,419,118 in the four-year period from January 2021 through December 2024.
- SFPUC only pays for the electricity it actually purchases. Electricity purchases and other costs of the WAPA contract would be paid by SFPUC's Power Enterprise and recovered through electricity rates charged to residential and commercial customers on Treasure Island and Yerba Buena Island.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

The San Francisco Public Utilities Commission (SFPUC) entered into a power purchase agreement with the U.S. Department of Energy's Western Area Power Administration (WAPA) for WAPA to supply electricity to the Treasure Island Development Authority (File 00-2191). Under the power purchase agreement, WAPA supplies a base allocation of electricity to TIDA for the 20-year period from January 1, 2005 to December 31, 2024.¹

Subsequently, SFPUC entered into a contract with WAPA to provide supplemental electricity², and electricity scheduling coordinator services³ to TIDA for a contract amount of \$3,320,000 and a term from January 2005 to September 2010 (File 04-1351). The Board of Supervisors approved two amendments to this contract extending the term through September 2020, and increasing the contract amount to \$15,950,888 (File 07-1458 and File 11-1096). According to Mr. Randall Smith, SFPUC Acting Manager of Origination and Power Supply, each of the amendments was proposed at WAPA's request, as WAPA typically seeks certainty from its customers to make advanced energy purchases and avoid spikes in the market.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would approve the third amendment to the contract between SFPUC and WAPA to supply supplemental electricity and electricity scheduling coordinator services to TIDA. The third amendment extends the contract term by four years and three months from September 2020 through December 2024 and increases the contract by \$12,419,118 from \$15,950,888 to \$28,370,000. All other contract terms would remain unchanged.

According to Mr. Smith, the increase in the contract amount is due to the forecasted increase in electricity demand from future development on Treasure Island, as well as increases over time to the per-unit cost of electricity. The source of the electricity is unspecified (whether fossil fuel or renewable), as WAPA must purchase power at the lowest available price.

¹ The power purchase agreement was effective in 2000 but the date of initial electricity service was January 1, 2005. SFPUC had a prior power purchase agreement with WAPA in effect from 1998 through 2004.

² Under the 1998-2004 power purchase agreement between SFPUC and WAPA, WAPA guaranteed that TIDA's electricity requirements in excess of the base allocation would be met through a supplemental agreement with PG&E. The subsequent 2005-2024 power purchase agreement did not have a guarantee for supplemental electricity.

³ Scheduling Coordinator Services are required for all electricity transmitters by the California Independent Systems Operator, which operates California's wholesale power grid. The Scheduling Coordinator is needed to meet financial, operational, equipment, software, and security requirements, and to maintain a 24-hour operations center.

FISCAL IMPACT

The base electricity allocation under the power purchase agreement between SFPUC and WAPA is 10,436 megawatts per hour (MWh) per year. SFPUC estimates supplemental electricity purchases, in addition to the base allocation, ranging from 30,948 MWh to 43,064 MWh per year. Table 1 below shows the estimated cost of \$12,419,118 for supplemental electricity purchases in the four-year period from January 2021 through December 2024.

Table 1: Estimated Supplemental Electricity Purchases, 2021 through 2024

Year	Supplemental Electricity (MWh)	Estimated Price per MWh	Total Supplemental Electricity Cost	Electricity Scheduling Coordinator	Total Cost
2021	30,948	\$78.00	\$2,413,944	\$34,000	\$2,447,944
2022	35,074	\$81.00	2,841,009	34,000	2,875,009
2023	39,067	\$84.00	3,281,636	34,000	3,315,636
2024	43,064	\$87.00	3,746,529	34,000	3,780,529
Total	147,435	\$82.90	\$12,283,118	\$136,000	\$12,419,118

SFPUC only pays for the electricity it actually purchases. Electricity purchases and other costs of the WAPA contract would be paid by SFPUC’s Power Enterprise and recovered through electricity rates charged to residential and commercial customers on Treasure Island and Yerba Buena Island. According to Mr. Smith, Treasure Island residential customers are not individually metered, but receive a uniform utility fee that bundles water, electricity, and natural gas, averaged across the occupied residential inventory. SFPUC’s electricity rate used to calculate this fee, using WAPA power, is \$0.143 per kilowatt hour (kWh), less than PG&E’s 2018 retail rate of \$0.191 per kWh.

RECOMMENDATION

Approve the proposed ordinance.

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 3
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE
WITH

CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 3
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE

WITH

CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

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UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 3
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE

WITH

CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

1. PREAMBLE:

This Amendment 3 to Contract 04-SNR-00723 (FLS Contract) is made this _____ day of _____, 2016, between the UNITED STATES OF AMERICA, DEPARTMENT OF ENERGY, WESTERN AREA POWER ADMINISTRATION (WAPA) and the CITY & COUNTY OF SAN FRANCISCO, HETCH HETCHY WATER & POWER (CCSF), also hereinafter referred to individually as Party and together as Parties, pursuant to the same authorities as the FLS Contract.

2. EXPLANATORY RECITALS:

2.1 The Parties entered into the FLS Contract on August 13, 2004. Under the FLS Contract, WAPA provides Supplemental Power and Portfolio Management Services to CCSF.

///
///

1 2.2 The Parties entered into Amendment 2 to the FLS Contract on
2 January 13, 2012. This, among other things, extended the termination date of
3 the FLS Contract to September 30, 2020.

4
5 2.3 WAPA is considering making Supplemental Power purchases extending
6 beyond September 30, 2020, which is the current term of the FLS Contract.

7
8 2.4 In order to provide Supplemental Power from purchases extending
9 beyond the FLS Contract termination date to CCSF, the Parties must agree to
10 extend the term of the FLS Contract.

11
12 **3. AGREEMENT:**

13 The Parties agree to the terms and conditions set forth herein.
14

15 **4. TERM OF AMENDMENT:**

16 This Amendment shall become effective upon execution and shall remain in effect
17 concurrently with the FLS Contract.
18

19 **5. MODIFICATION OF SECTION 4 (EFFECTIVE DATE AND TERM OF**
20 **CONTRACT) OF THE FLS CONTRACT:**

21 The following subsection of Section 4 of the FLS Contract is hereby modified as shown
22 below:

23 4.1 This Contract shall become effective upon execution by the Parties
24 and shall remain in effect through December 31, 2024; except as
25 otherwise provided for herein.

26 ///

27 ///

28 ///

1 | 6. FLS CONTRACT TO REMAIN IN EFFECT:

2 | Except as expressly modified by this Amendment, said FLS Contract shall remain in full
3 | force and effect, and this Amendment shall be subject to all provisions of the FLS
4 | Contract, except as herein amended.

5 |
6 | 7. AUTHORITY TO EXECUTE:

7 | Each individual signing this Amendment certifies that the Party represented has duly
8 | authorized such individual to execute this Amendment that binds and obligates the
9 | Party.

10 |
11 | **IN WITNESS WHEREOF**, the Parties have caused this Amendment to be
12 | executed the day and year first above written.

13 |
14 | WESTERN AREA POWER ADMINISTRATION

15 | By: _____
16 | Sonja A. Anderson
17 | Title: Vice President of Power Marketing for
18 | Sierra Nevada Region
19 | Address: 114 Parkshore Drive
20 | Folsom, California 95630

21 | CITY & COUNTY OF SAN FRANCISCO
22 | HETCH HETCHY WATER & POWER

23 | By: _____
24 | Name: _____
25 | Title: _____

26 | (Attest)

27 | By: _____ Address: _____
28 | Title: _____

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO.: 18-0035

WHEREAS, The San Francisco Public Utilities Commission ("SFPUC") purchases low-cost electricity and other services from the federal government, through the Western Area Power Administration ("WAPA"), in order to provide electric service to Treasure Island and Yerba Buena Island ("TI/YBI"); and

WHEREAS, The Board of Supervisors, pursuant to Resolution 0056-01, authorized the General Manager of the SFPUC to execute a Full Load Service contract ("FLS Contract") with the WAPA for electric service to TI/YBI effective January 1, 2005, for a period of five years and nine months until September 30, 2010; and

WHEREAS, Amendment No. 1 to the FLS Contract extending the term from September 30, 2010 to September 30, 2015, and increasing the contract amount by \$4,240,000 was approved by the Commission by Resolution No. 07-0178, and by the Board of Supervisors by Ordinance 0276-07; and

WHEREAS, Amendment No. 2 to the FLS Contract extending the term from September 30, 2015 to September 30, 2020 and increasing the contract amount by \$9,650,000 was approved by the Commission by Resolution No. 11-0153, and by the Board of Supervisors by Ordinance 256-11; and

WHEREAS, Under the FLS Contract, WAPA provides Portfolio Management Services and Supplemental Power Purchases to ensure that load at TI/YBI would be reliably served; and

WHEREAS, Amendment No. 3 to the FLS contract extends the term by four years and three months from September 30, 2020 to December 31, 2024, and increases the contract amount by \$12,360,000 for a total not-to-exceed amount of \$28,370,000, subject to Board of Supervisors approval ; and

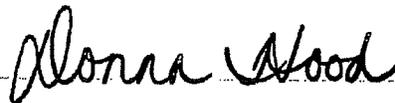
WHEREAS, The FLS contract allows the City to continue providing low cost federal power for all the anticipated electric power needs to TI/YBI; and

WHEREAS, The cost of the extended FLS contract will be recovered through the electric utility rate at TI/YBI and paid for by the SFPUC's Power Enterprise; now therefore, be it

RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is hereby authorized to execute Amendment No. 3 to the FLS contract with WAPA extending the term by four years and three months to December 31, 2024, and increasing the previously authorized contract amount by \$12,360,000 for a total not to exceed amount of \$28,370,000, subject to the approval of the Board of Supervisors pursuant to Charter Section 9.118; and be it

FURTHER RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is authorized to seek approval of Amendment No. 3 to the FLS contract by the Board of Supervisors.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of February 27, 2018.



Secretary, Public Utilities Commission



Department of Energy
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, California 95630-4710

COPY

OCT - 6 2017

Ms. Barbara Hale
Assistant General Manager, Power
San Francisco Public Utilities Commission
Power Enterprise
525 Golden Gate Avenue, 7th Floor^s
San Francisco, CA 94102

Dear Ms. Hale:

The City and County of San Francisco (CCSF) and the Western Area Power Administration (WAPA) are parties to Full Load Service (FLS) Contract 04-SNR-00723 which provides for WAPA to furnish Supplemental Power and Portfolio Management Services to CCSF. The FLS Contract is scheduled to terminate on September 30, 2020.

It is time for WAPA to begin purchasing Supplemental Power for periods extending beyond the FLS Contract termination date. In order for WAPA to purchase long-term Supplemental Power for the FLS Customers, we must have a commitment from all customers for which we will be making the purchase. Therefore, we have amended the FLS Contract to extend the term to December 31, 2024, which is also the last day we will be operating under the current marketing plan.

Enclosed are two originals of Amendment 3 to the FLS Contract. Customers who wish to continue taking Full Load Service from WAPA beyond September 30, 2020, must execute the amendment by November 30, 2016.

If the terms and conditions of the amendment are acceptable, please have the appropriate official sign both originals, have the signatures attested, and return both originals with a CCSF Board Resolution to Ms. Ruth Nye, mail code N6205, at this office. Once we have executed the amendments, one original will be returned to you for your files. If you have any questions with regard to the above, please feel free to contact Mr. Hiroshi Kashiwagi at (916) 353-4477 or hkashi@wapa.gov.

Sincerely,

ORIGINAL SIGNED BY

Sonja A. Anderson
Vice President of Power Marketing for
Sierra Nevada Region

Enclosure (2)

FILE NO. 041351

ORDINANCE NO. 17-05

1 [Contract for Electric Services]
2

3 **Ordinance approving two contracts between the City and County of San Francisco and**
4 **the United States, through the Department of Energy Western Area Power**
5 **Administration, for electric services required to ensure reliable delivery of low cost**
6 **electric power for use at Treasure Island on file with the Clerk of the Board of**
7 **Supervisors in File No. 041351; and approving indemnifying and holding harmless the**
8 **United States against claims arising from the activities of the City under the contract;**
9 **and waiving requirement of Section 21.35 of the San Francisco Administrative Code**
10 **that every contract contain a statement regarding liability of claimants for submitting**
11 **false claims; and waiving requirement of Section 21.19 of the San Francisco**
12 **administrative code that every contract contain a statement regarding guaranteed**
13 **maximum costs.**

14
15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. FINDINGS. The Board of Supervisors hereby finds and declares that:

17 (1) The City is currently providing operations and maintenance services at Treasure
18 Island and Yerba Buena Island (TI/YBI) under a multi-year Cooperative Agreement with the
19 Navy.

20 (2) The City is the local reuse authority for Naval Station Treasure Island under the
21 Federal Base Closure and Realignment Act (BRAC).

22 (3) The San Francisco Public Utilities Commission is providing the utilities portion of
23 these operations and maintenance services to TI/YBI on behalf of the City.

24 (4) The Board of Supervisors has previously approved a contract ("Power Purchase
25 Agreement" or "PPA") between the City and County of San Francisco and the Western Area

Supervisor Ma
Public Utilities Commission
BOARD OF SUPERVISORS

1 Power Administration for the delivery of low cost electric power for use at TI/YBI pursuant to
2 Ordinance No. 001795 on file with the Clerk of the Board of Supervisors.

3 (5) The PPA between the City and WAPA contemplated additional electricity services
4 that would be needed by the City to effectuate service at TI/YBI.

5 (6) The Western Area Power Administration (WAPA), makes available other services
6 including Scheduling Coordinator Services and Supplemental Power Purchases to ensure that
7 loads at TI/YBI would be served reliably.

8 (7) These services will allow the City to provide reliable low cost federal power for all
9 anticipated electric power needs of TI/YBI.

10 (8) Funds for the purchase of these services are available in the TI/YBI project budget.

11 (9) The San Francisco Public Utilities Commission approved the contracts for
12 Scheduling Coordinator Services and for Full Load Service on September 14, 2004. The
13 contracts are a standard form used by the United States for purchase of WAPA power and
14 services. Indemnification of the United States is a required element of the contracts. WAPA
15 would not agree to modify the contracts to include the statements required by San Francisco
16 Administrative Code Sections 21.35 and 21.19.

17 (10) Without these contracts, the City would be required to obtain these services from
18 a third party, such as PG&E, at a higher cost.

19 (11) The term of the contracts is from September 1, 2004, and will remain in effect until
20 September 1, 2010.

21 Section 2. The General Manager of the Public Utilities Commission is hereby
22 authorized to execute the Contracts for Scheduling Coordinator Services Contract and Full
23 Load Service with WAPA. Copies of the contracts are on file with the Clerk of the Board of
24 Supervisors in File No.041351.

25 Section 3. WAIVERS. For the purpose of these contracts:

Supervisor Ma
Public Utilities Commission
BOARD OF SUPERVISORS

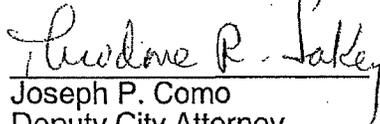
1 (1) The Board of Supervisors hereby waives the requirement of San Francisco
2 Administrative Code Section 21.35 that every contract include a statement regarding liability
3 of claimants for submitting false claims to the City.

4 (2) The Board of Supervisors hereby waives the requirement of San Francisco
5 Administrative Code Section 21.19 that every contract include a statement regarding
6 guaranteed maximum costs.

7
8 Section 4. The value of the scheduling coordinator services and California
9 Independent System Operator charges should not exceed \$1,200,000 and the value of the
10 supplemental power should not exceed \$2,120,000.

11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA, City Attorney

13 By:


14 Joseph P. Como
15 Deputy City Attorney



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Ordinance

File Number: 041351

Date Passed:

Ordinance approving two contracts between the City and County of San Francisco and the United States, through the Department of Energy Western Area Power Administration, for electric services required to ensure reliable delivery of low cost electric power for use at Treasure Island on file with the Clerk of the Board of Supervisors in File No. 041351; and approving indemnifying and holding harmless the United States against claims arising from the activities of the City under the contract; and waiving requirement of Section 21.35 of the San Francisco Administrative Code that every contract contain a statement regarding liability of claimants for submitting false claims; and waiving requirement of Section 21.19 of the San Francisco administrative code that every contract contain a statement regarding guaranteed maximum costs.

January 4, 2005 Board of Supervisors — PASSED ON FIRST READING

Ayes: 10 - Alioto-Pier, Ammiano, Dufty, Elsbernd, Gonzalez, Ma, Maxwell,
McGoldrick, Peskin, Sandoval
Excused: 1 - Daly

January 11, 2005 Board of Supervisors — FINALLY PASSED

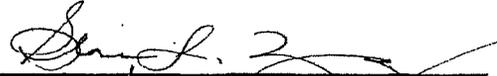
Ayes: 10 - Alioto-Pier, Ammiano, Dufty, Elsbernd, Ma, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval
Absent: 1 - Daly

File No. 041351

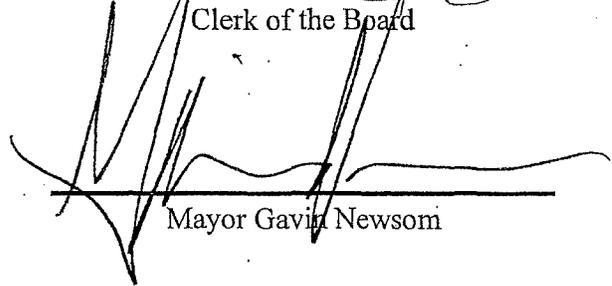
I hereby certify that the foregoing Ordinance
was **FINALLY PASSED** on January 11, 2005
by the Board of Supervisors of the City and
County of San Francisco.

JAN 11 2005

Date Approved



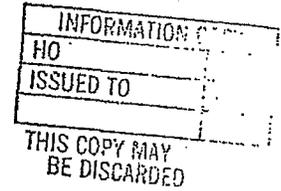
Gloria L. Young
Clerk of the Board



Mayor Gavin Newsom



Department of Energy.
Western Area Power Administration
Sierra Nevada Customer Service Region
114 Parkshore Drive
Folsom, California 95630-4710



DEC 29 2000

Ms. Laurie Park
Water and Power Resources Manager
City and County of San Francisco
1155 Market Street
San Francisco, CA 94103

Dear Ms. Park:

Enclosed please find one fully executed original of Contract 00-SNR-00347 between the City and County of San Francisco and Western Area Power Administration. This contract provides the City and County of San Francisco a right to purchase a percentage of the Base Resource under the 2004 Power Marketing Plan. Please contact Mr. Hiroshi Kashiwagi at (916) 353-4477, if you have any questions regarding the above.

Sincerely,

Howard Hirahara
Power Marketing Manager

Enclosure
(Sent Certified Mail)

RECEIVED

JAN 2 2000

H.H.W.P.

Contract 00-SNR-00347

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR ELECTRIC SERVICE
BASE RESOURCE
WITH
CITY AND COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER AND POWER

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR ELECTRIC SERVICE
BASE RESOURCE
WITH
CITY AND COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER AND POWER

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SIGNATURE CLAUSE
RESOLUTION/CERTIFICATE

SCHEDULE OF RATES

GENERAL POWER CONTRACT PROVISIONS

EXHIBIT A – BASE RESOURCE PERCENTAGE AND POINT(S) OF DELIVERY

EXHIBIT B – EXCHANGE PROGRAM

EXHIBIT C – SCHEDULING PROCEDURES AND PROTOCOLS

EXHIBIT D – REGULATION AND RESERVES

APPENDIX A – GREEN BOOK

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UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
CENTRAL VALLEY PROJECT, CALIFORNIA

CONTRACT FOR ELECTRIC SERVICE
BASE RESOURCE

WITH
CITY AND COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER AND POWER

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1. PREAMBLE: This Contract is made this 29th day of December, 2000, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388); August 26, 1937, (50 Stat. 844); August 4, 1939, (53 Stat. 1187); and August 4, 1977, (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts; between the UNITED STATES OF AMERICA (United States), acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called Western, represented by the officer executing this Contract, or a duly appointed successor, hereinafter called the Contracting Officer; and CITY AND COUNTY OF SAN FRANCISCO, HETCH HETCHY WATER AND POWER, a municipal corporation, hereinafter called the Contractor or CCSF, its successors and assigns; each sometimes hereinafter individually called the Party, and both sometimes hereinafter collectively called the Parties.

///
///

1 2. **EXPLANATORY RECITALS:**

2 2.1 Western markets the surplus generation from, and operates a high-voltage
3 transmission system as a part of, the Central Valley Project (CVP).

4
5 2.2 Western and the U.S. Department of the Interior, Bureau of Reclamation
6 (Reclamation); have agreed to work together to efficiently serve Project Use and
7 preference loads.

8
9 2.3 On June 25, 1999, Western's final 2004 Power Marketing Plan (Marketing
10 Plan) was published in the Federal Register (64 FR 34417). The Marketing Plan
11 sets forth how Western's Sierra Nevada Region will market the power generated
12 from the CVP and Washoe Project.

13
14 2.4 Western has an existing purchase power contract to supplement CVP and
15 Washoe Project generation.

16
17 2.5 Western is willing to provide and CCSF desires to purchase a percentage
18 of the Base Resource consistent with the Marketing Plan.

19
20 2.6 Under the Marketing Plan, Western requires that all Western power be
21 scheduled in accordance with the applicable control area operator requirements.
22

23 3. **AGREEMENT:**

24 The Parties agree to the terms and conditions set forth herein.
25

26 4. **TERMINATION OF AMENDMENT FOR RIGHT TO PURCHASE AFTER 2004:**

27 Amendment 1 to Contract 98-SNR-00091, between CCSF and Western shall terminate
28 upon the effective date of this Contract.

1 5.

EFFECTIVE DATE AND TERM OF CONTRACT:

2

5.1 This Contract shall become effective on the date of execution and shall remain in effect until midnight of December 31, 2024, subject to prior termination as otherwise provided for herein.

3

4

5

6

5.2 The date of initial service under this Contract is January 1, 2005.

7

8 6.

DEFINITION OF TERMS:

9

As used herein, the following terms whether singular or plural, or used with or without initial capitalization, shall have the following meanings:

10

11

6.1 "Base Resource" means CVP and Washoe Project power output and any purchases made under the Enron Contract, as determined by Western to be available for marketing, after (1) meeting the requirements of Project Use and First Preference Customers, and (2) any other adjustments required for maintenance, regulation, reserves, transformation losses, and ancillary services.

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6.2 "Base Resource Operating Capability" means that portion of the Maximum Operating Capability that Western determines to be available to Customers in any hour.

18

19

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21

6.3 "Capacity" means the instantaneous electrical capability of a generator, transformer, transmission circuit, or other equipment.

22

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24

6.4 "Central Valley Project" means the multipurpose Federal water and power project extending from the Cascade Range in northern California to the plains along the Kern River, south of the City of Bakersfield.

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1 6.5 "Custom Product" means a combination of products and services,
2 excluding provisions for load growth, which may be made available by Western
3 per Customer request, using the Customer's Base Resource and supplemental
4 purchases made by Western.

5
6 6.6 "Customer" means an entity that is qualified under Reclamation law to
7 receive Western Power and has a Base Resource Contract with Western.

8
9 6.7 "Enron Contract" means Contract 87-SAO-30002, as amended, which
10 provides for Western to purchase power from Enron Power Marketing, Inc., to
11 supplement CVP and Washoe Project generation. The Enron Contract
12 terminates December 31, 2014.

13
14 6.8 "Energy" means the actual electrical output of a generator over a specified
15 period of time; electric energy is usually measured in kilowatthours or
16 megawatthours.

17
18 6.9 "First Preference Customer" means a Customer wholly located in Trinity,
19 Calaveras, or Tuolumne Counties, California, as specified under the Trinity River
20 Division Act (69 Stat. 719) and the New Melones provisions of the Flood Control
21 Act of 1962 (76 Stat. 1173, 1191-1192).

22
23 6.10 "FERC" means the Federal Energy Regulatory Commission or its
24 successor.

25
26 6.11 "Hourly Base Resource Schedule" means that portion of the Base
27 Resource Operating Capability that Western declares as the final scheduled
28 Base Resource energy for CCSF for each hour of the operating day.

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6.12 "ISO" means the California Independent System Operator or its successor.

6.13 "NERC" means the North American Electric Reliability Council or its successor.

6.14 "Marketing Plan" means Western's final 2004 Power Marketing Plan for the Sierra Nevada Region.

6.15 "Maximum Operating Capability" means the maximum electrical capability from CVP generation and the Enron Contract available to produce energy and/or provide ancillary services in any one or more hours.

6.16 "Minimum Base Resource" means the amount of Base Resource energy generated each hour as a result of CVP minimum water release plus purchases under the Enron Contract.

6.17 "Operating Reserves" means the combination of spinning and non-spinning reserves required to meet WSCC, NERC, and the control area operator's requirements for reliable operation of the power system.

6.18 "Primary Marketing Area" means the area which generally encompasses northern and central California extending from the Cascade Range to the Tehachapi Mountains, and west-central Nevada.

6.19 "Power" means electric capacity and energy.

///
///

1 6.20 "Project Use" means the power used to operate CVP or Washoe Project
2 facilities in accordance with authorized purposes and pursuant to Reclamation
3 law.

4
5 6.21 "RTO" means regional transmission organization, which is an organization
6 that meets the minimum characteristics and performs the minimum functions
7 specified in FERC Order 2000, as that order may be amended or superseded.

8
9 6.22 "Regulation" means the service provided by generating units equipped
10 and operating with automatic generation control which will enable such units to
11 respond to direct control signals in an upward or downward direction to match, on
12 a real time basis, demand and resources, consistent with WSCC, NERC, and the
13 control area operator's criteria.

14
15 6.23 "Scheduling Coordinator" means an entity that is responsible for providing
16 hourly load and resource schedules to the control area operator, in accordance
17 with a FERC-approved tariff.

18
19 6.24 "Washoe Project" means the Federal water project located in the
20 Lahontan Basin in west-central Nevada and east-central California, as described
21 in the Marketing Plan.

22
23 6.25 "WSCC" means the Western Systems Coordinating Council or its
24 successor.

25
26 7. **BASE RESOURCE ESTIMATES AND AVAILABILITY FORECAST:**

27 7.1 Appendix A describes the availability of the Base Resource in terms of
28 estimated energy and capacity production. Appendix A should be used for long-

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term planning purposes only. It should not be considered representative of actual operating conditions.

7.2 Beginning in 2004, on or before April 30th of each year, Western will provide to CCSF a forecast of the availability of the Base Resource for the applicable twelve-month period. The forecast will provide the following information concerning the Base Resource:

7.2.1 A declaration of the anticipated water year type;

7.2.2 Estimates of Base Resource Operating Capability and energy, for the period April 1st through September 30th of the current year, given the Enron Contract, actual reservoir levels, snow pack, and estimated runoff as of April 1st;

7.2.3 Estimates of the Base Resource Operating Capability and energy, for the period October 1st of the current year through March 31st of the following year, based on historic weather patterns, projected weather patterns, and existing conditions;

7.2.4 Maximum Operating Capability of the CVP for each month;

7.2.5 Purchases under the Enron Contract and generation from the CVP and Washoe Project for each month;

7.2.6 Energy required for estimated Project Use loads, First Preference Customers' loads, and any ancillary service requirements for each month. The forecast will also include the estimated amount of Base Resource energy not available due to scheduled maintenance.

1 7.3 By the end of each month, Western will provide to CCSF a monthly Base
2 Resource forecast that will contain the amounts of Base Resource Operating
3 Capability and energy estimated to be available for each month on a rolling
4 twelve-month basis, based on 90, 50, and 10 percent exceedence levels. The
5 monthly forecast will contain the following information:

6 7.3.1 Maximum Operating Capability of the CVP for each month;

7
8 7.3.2 Energy required for estimated Project Use loads, First Preference
9 Customers' loads, and any ancillary service requirements. The forecast
10 will also include the estimated amount of Base Resource energy not
11 available due to scheduled maintenance.

12
13 7.4 By Friday of each week, Western will provide to CCSF a weekly Base
14 Resource forecast that will contain estimated amounts of Base Resource
15 Operating Capability and energy to be available for the next week based on the
16 Enron Contact and anticipated CVP operations. The weekly forecast will set
17 forth the energy required for estimated Project Use loads, First Preference
18 Customers' loads, and any ancillary services requirements. The forecast will
19 also include the estimated amount of Base Resource energy not available due to
20 scheduled maintenance.

21
22 7.5 Western shall make all reasonable efforts within its control to ensure that
23 the forecasted Base Resource will be available.

24
25 8. **ELECTRIC SERVICE FURNISHED BY WESTERN:**

26 8.1 CCSF will be entitled to receive a percentage of the Base Resource as set
27 forth in Exhibit A, attached hereto and made a part hereof.

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8.2 The estimated amount of energy available to CCSF during any given time period shall be determined by multiplying its Base Resource percentage by the total amount of Base Resource energy available during that period.

8.3 The minimum amount of energy CCSF will be required to schedule for each hour shall be determined by multiplying its Base Resource percentage by the Minimum Base Resource, unless otherwise agreed to by Western. However, if CCSF does not have sufficient load to take its percentage of the Minimum Base Resource, any excess energy shall be made available to Western for the hourly exchange program as described later in this Contract under Section 11 and Exhibit B.

8.4 The maximum amount of energy CCSF may schedule in any hour shall be determined by multiplying its Base Resource percentage by the Base Resource Operating Capability. However, CCSF may schedule energy in excess of this maximum, if approved by Western, to accommodate purchases or exchanges from the seasonal or hourly exchange program.

8.5 CCSF will be entitled to the benefit of available regulation and operating reserves from the CVP in proportion to its Base Resource percentage. The method in which the benefits of regulation and operating reserves will be provided will be determined prior to the date of initial service and set forth in Exhibit D attached hereto.

8.6 Western's obligation to provide CCSF's Base Resource is limited to the actual CVP generation and imports under the Enron Contract available on a real-time basis. Western shall have no obligation to replace any Base Resource that is unavailable due to scheduled maintenance, system emergencies, forced

1 outages, or other constraints. Any costs incurred by either Party as a result of
2 deviations between actual and scheduled Base Resource energy shall be the
3 responsibility of CCSF. Western will notify CCSF as soon as reasonably
4 practicable of any situation that will impact the availability of the Base Resource,
5 and will modify schedules accordingly, on a pro-rata basis.
6

7 8.7 Due to the variable nature of the Base Resource, Western may provide a
8 Custom Product upon Customer request. Any Custom Product will be the
9 subject of a separate contractual arrangement.
10

11 9. **DELIVERY ARRANGEMENTS:**

12 9.1 Western will make CCSF's Base Resource available at the generator bus
13 or such other point(s) as the Parties may mutually agree, as specified in Exhibit
14 A. If requested by CCSF, Western will deliver that portion of CCSF's Base
15 Resource energy from CVP generation that is directly connected to Western-
16 owned transmission facilities, to CCSF's facilities that are directly connected to
17 Western-owned transmission facilities. The rates and terms of this service shall
18 be in accordance with Western's then-current open access transmission tariff.
19

20 9.2 CCSF must provide written notification to Western by July 1, 2004,
21 demonstrating that it has arranged for delivery of its Base Resource energy to its
22 load. Such notification shall include both transmission and distribution level
23 arrangements, as applicable. Western shall have no obligation to make Base
24 Resource available to CCSF if delivery arrangements are not in effect. However,
25 CCSF shall not be relieved of its obligation to pay its percentage share of the
26 Base Resource during the time in which delivery arrangements are not in effect.

27 ///

28 ///

1 10. **SCHEDULING PROCEDURES AND PROTOCOLS:**

2 10.1 All energy furnished by Western to CCSF will be provided on a scheduled
3 basis. CCSF agrees to abide by the FERC-approved scheduling procedures and
4 protocols, as set forth in Exhibit C herein. The Parties recognize that the
5 scheduling procedures and protocols may require modification from time-to-time
6 to reflect updated operating procedures that may become applicable to the
7 Parties. In such event, the Parties shall mutually agree to make the appropriate
8 modifications to Exhibit C.

9
10 10.2 In the event that CCSF does not abide by the protocols and procedures
11 made effective by FERC and applicable to Western, and Western incurs costs as
12 a result, CCSF agrees to pay all such costs.

13
14 11. **EXCHANGE PROGRAM:**

15 11.1 Western will establish and manage an exchange program to allow all
16 Customers to fully and efficiently use their Base Resource percentage. The
17 exchange program is a mechanism to:

18 11.1.1 Make available to Western, for provision to other Customers, any
19 Base Resource energy a Customer cannot use on a pre-scheduled basis
20 due to insufficient load;

21
22 11.1.2 Help mitigate the costs incurred by a Customer for the power it is
23 obligated to pay for, but may not be able to use.

24
25 11.2 The exchange program will consist of a seasonal exchange program and
26 an hourly exchange program.

27 11.2.1 Under the seasonal exchange program, CCSF may elect to make
28 available to Western that portion of its Base Resource percentage that it is

1 unable to use due to insufficient load. CCSF; through Western, will be
2 able to exchange its unusable Base Resource percentage with other
3 Customers. Any Customer may submit a request to Western to exchange
4 or purchase energy through the seasonal exchange program.
5

6 11.2.2 Under the hourly exchange program, all Base Resource energy in
7 excess of a Customer's load will be retained by Western and offered by
8 Western for sale to other Customers. Any Customer may submit a
9 request to Western to purchase energy that is made available to the
10 hourly exchange program.
11

12 11.3 The exchange program procedures are set forth in Exhibit B, attached
13 hereto, and such procedures shall apply to all Customers that participate in the
14 exchange program.
15

16 11.4 Exchanges of the Base Resource between CCSF and others, outside of
17 the Western-managed exchange program, or other Western-managed program,
18 is prohibited.
19

20 12. INDEPENDENT SYSTEM OPERATOR OR REGIONAL TRANSMISSION

21 ORGANIZATION:

22 The Parties understand that Western may join the ISO or an RTO. In the event
23 Western either joins or is required to conform to the protocols of an ISO or RTO, the
24 Parties shall mutually agree to make any protocol changes to Exhibit C to this Contract
25 to conform to the terms and conditions required by an ISO or RTO and made effective
26 by FERC. In the event that CCSF does not abide by the protocols made effective by
27 FERC and applicable to Western, and Western incurs costs as a result, CCSF agrees to
28 pay all such costs.

1 13. WESTERN RATES:

2 13.1 The Base Resource will be provided on a take-or-pay basis. CCSF will be
3 obligated to pay its Base Resource percentage share of Western's costs,
4 whether or not it uses its full Base Resource percentage.
5

6 13.2 CCSF shall pay for the electric service furnished hereunder in accordance
7 with the rates, charges, and conditions set forth in the CVP schedule of rates
8 applicable to the Base Resource, effective January 1, 2005, or any superseding
9 rate schedule.
10

11 14. INTEGRATED RESOURCE PLAN:

12 In accordance with the Energy Policy Act of 1992, CCSF is required to meet the
13 requirements of Western's Energy Planning and Management Program (EPAMP). To
14 fulfill the requirements of EPAMP, CCSF must develop and submit an integrated
15 resource plan or alternative report, as applicable. Specific EPAMP requirements are set
16 forth in the Federal Register at (64 FR 62604) and may be found on Western's website.
17 Failure to comply with Western's EPAMP requirements may result in penalties as
18 specified therein. CCSF understands that Western may re-evaluate its EPAMP
19 requirements and change them from time-to-time as appropriate. Such changes will be
20 subject to a public process and publication in the Federal Register.
21

22 15. ADJUSTMENT OF BASE RESOURCE PERCENTAGE:

23 15.1 Prior to the date of initial service, Western may adjust CCSF's Base
24 Resource percentage, as set forth in Exhibit A herein, if Western determines that
25 CCSF's extension contract rate of delivery is greater than its actual usage, as
26 specified in the Marketing Plan.

27 ///

28 ///

1 15.2 After the date of initial service, Western may adjust CCSF's Base
2 Resource percentage under any of the following conditions:

3 15.2.1 CCSF sells energy associated with its Base Resource percentage
4 to another entity for resale by that entity;

5
6 15.2.2 CCSF uses the energy associated with its Base Resource
7 percentage to serve loads outside of the Sierra Nevada Region's Primary
8 Marketing Area;

9
10 15.2.3 CCSF's annual energy associated with its Base Resource
11 percentage, is ten percent greater than its actual annual energy usage.

12
13 15.3 If Western determines that CCSF has met any of the conditions in
14 Section 15.2 above, Western will take the following steps:

15 15.3.1 Notify CCSF of the nature of the concern;

16
17 15.3.2 Analyze CCSF's usage of the energy associated with its Base
18 Resource percentage and determine if an adjustment is necessary on a
19 case-by-case basis, with due consideration of any circumstance that may
20 have temporarily altered CCSF's energy usage;

21
22 15.3.3 Provide a 90-day written notice of any adjustment, if an
23 adjustment is deemed necessary; and

24
25 15.3.4 Reduce or rescind CCSF's Base Resource percentage
26 permanently on the effective date specified in the notice.

27 ///

28 ///

1 16. 2015 RESOURCE POOL:

2 Western will reduce CCSF's Base Resource percentage to establish the 2015 Resource
3 Pool. Western will recalculate the percentages for all Customers pursuant to the
4 Marketing Plan. The new Base Resource percentage will be set forth in a revised
5 Exhibit A, effective January 1, 2015.
6

7 17. METERING AND POWER MEASUREMENT RESPONSIBILITIES:

8 CCSF shall be responsible for electric power metering equipment requirements and
9 power measurement data associated with the use of Western power under this Contract
10 as follows:

11 17.1 Unless previously furnished and installed by Western, CCSF shall furnish,
12 install, operate, maintain, and replace, meters and associated metering
13 equipment as required by the appropriate jurisdictional authority for deliveries of
14 Western power scheduled to each delivery point on the Western grid, the ISO
15 controlled grid, a utility distribution company grid, or other electrical system as
16 may be applicable.
17

18 17.2 CCSF shall measure power deliveries and provide certified settlement
19 quality metering data to Western as requested. It is generally contemplated that
20 Western will require this data on a monthly basis.
21

22 18. CHANGES IN ORGANIZATIONAL STATUS:

23 18.1 If CCSF changes its organizational status or otherwise changes its
24 obligation to supply electric power to preference loads, Western reserves the
25 right to adjust Western's power sales obligations under this Contract, as Western
26 deems appropriate. Changes in organizational status include but are not limited
27 to:

28 18.1.1 Merging with another entity;

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18.1.2 Acquiring or being acquired by another entity;

18.1.3 Creating a new entity from an existing one;

18.1.4 Joining or withdrawing from a member-based power supply organization; or

18.1.5 Adding or losing members from its membership organization.

18.2 For the purposes of this Section 18, a member is any preference entity that is included in a membership, which has the responsibility of supplying power to the end-use consumer or customer. Memberships include but are not limited to:

18.2.1 Municipality;

18.2.2 Cooperative;

18.2.3 Joint powers authority; or

18.2.4 Governmental agency.

18.3 For purposes of this Section 18, participation in a State promulgated direct access program shall not be deemed to be a change in a Customer's organizational status or its obligation to supply electric power to preference loads.

1 18.4 Prior to making an organizational change, CCSF may request an opinion
2 from Western as to whether CCSF's proposed organizational change will result in
3 an adjustment of CCSF's Base Resource percentage under this Section 18.
4 CCSF shall provide Western with all relevant documents and information
5 regarding the proposed organizational change. Based on the documents and
6 information furnished, Western will provide CCSF with an opinion.
7

8 18.5 In addition to the above, if the change in organizational status results in a
9 proposed transfer of the Contract, or any portion thereof, Section 37 of the
10 General Power Contract Provisions (GPCP), "Transfer of Interest in Contract,"
11 generally requires the Customer to obtain prior written approval from Western's
12 Administrator. Organizational changes that typically propose transfer of the
13 Contract, or a portion of the Contract, and require prior written approval from
14 Western include but are not limited to:

15 18.5.1 Merging with another entity;

16
17 18.5.2 Acquiring or being acquired by another entity;

18
19 18.5.3 Joining an entity; and

20
21 18.5.4 Creating a new entity.
22

23 19. **BUSINESS PROTOCOLS:**

24 Western reserves the right to make process or procedural improvements in the efficient
25 and effective administration of this Base Resource Contract as needed.

26 ///

27 ///

28 ///

1 20. **ENFORCEABILITY:**

2 It is not the intent of the Parties that this Contract confer any rights on third parties to
3 enforce the provisions of this Contract except as required by law or express provision in
4 this Contract. Except as provided in this Section, this Contract may be enforced, or
5 caused to be enforced, only by Western or CCSF, or their successors or assigns.
6

7 21. **GENERAL POWER CONTRACT PROVISIONS:**

8 The GPCP, effective July 10, 1998, attached hereto, are hereby made a part of this
9 Contract, the same as if they had been expressly set forth herein; Provided, That, in the
10 event of a conflict between the GPCP and the provisions in the body of this Contract,
11 the Contract shall control. The usage of the term "Contractor" in the GPCP shall mean
12 CCSF. The usage of the term "firm" in Articles 17 and 18 of the GPCP shall be deemed
13 to be replaced with the words "Base Resource."
14

15 22. **APPENDIX MADE PART OF CONTRACT:**

16 A description of the CVP and its estimated output under certain hydrological conditions
17 are provided in Appendix A attached hereto. The information provided in Appendix A is
18 for planning purposes only. Western may revise Appendix A to reflect operational
19 changes, as necessary. Western will notify CCSF of any revisions to Appendix A as
20 soon as practicable.
21

22 23. **EXHIBITS MADE PART OF CONTRACT:**

23 Exhibit A (Base Resource Percentage and Point(s) of Delivery), Exhibit B (Exchange
24 Program), Exhibit C (Scheduling Procedures and Protocols), and Exhibit D (Regulation
25 and Reserves) existing under this Contract may vary during the term hereof. Each of
26 said exhibits shall become a part of this Contract during the term fixed by its provisions.
27 Exhibits A, B, C, and D are attached hereto, and each shall be in force and effect in
28

///

1 accordance with its terms until respectively superseded by a subsequent exhibit, as
2 allowed by the terms of each exhibit.

3

4 IN WITNESS WHEREOF, the Parties have caused this Contract to be executed the day
5 and year first above written.

6

7

WESTERN AREA POWER ADMINISTRATION

8

By: Howard Hinshaw

9

Title: Power Marketing Manager

10

Address: 114 Parkshore Drive

11

Folsom, CA 95630-4710

12

13

CITY AND COUNTY OF SAN FRANCISCO

14

HETCH HETCHY WATER AND POWER

15

(Attest)

By: Faurie Park

16

Title: Acting General Manager

17

By: [Signature]

Address: 1155 Market St.

18

Title: GM, SFPUC

San Francisco, CA 94103

19

20

21

Approved as to Form:

22

23

Louise H. Renne

24

City Attorney

25

26

By: [Signature]

27

Deputy City Attorney

28

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 00-0254

WHEREAS, The City is currently providing operations and maintenance services at Treasure Island and Yerba Buena Island ("TI/YBI") under a Cooperative Agreement with the Navy; and

WHEREAS, The City is the local reuse authority for TI/YBI under the Federal Base Closure and Realignment Act ("BRAC"); and

WHEREAS, The San Francisco Public Utilities Commission is providing the utilities portion of these operations and maintenance services to TI/YBI on behalf of the City; and

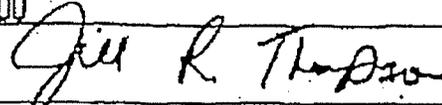
WHEREAS, The City has obtained an allocation of low cost Federal National Defense Authorization Act ("NDA Act") power to support economic development on TI/YBI; and

WHEREAS, The City's allocation of NDA Act for TI/YBI is contingent upon executing a power purchase agreement with the Western Area Power Administration ("WAPA"); and

WHEREAS, Funds for the purchase of power for TI/YBI are available in the TI/YBI Project budget; now, therefore, be it

RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is hereby authorized to execute the Federal NDA Act power purchase agreement with WAPA for a period 20 years expiring December 31, 2024, and for a value not to exceed \$20 million.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of NOV 14 2000



Secretary, Public Utilities Commission

EXHIBIT A

(Base Resource Percentage and Point(s) of Delivery)

1. This Exhibit A, to be effective under and as part of Contract 00-SNR-00347 (Contract), shall become effective upon execution of the Contract; and shall remain in effect until either superseded by another Exhibit A or termination of the Contract.
2. On the effective date of this Exhibit A, CCSF's percentage of the Base Resource is 0.17264%.
3. CCSF's Base Resource percentage may be adjusted by Western as specified in the Contract.
4. CCSF's Base Resource percentage will be adjusted effective January 1, 2015, in accordance with the Marketing Plan, to establish the 2015 Resource Pool for new power allocations.
5. The point(s) of delivery for CCSF's Base Resource shall be _____.
6. This Exhibit A shall be replaced by Western as necessary in accordance with Sections 9, 15, 16, and 18 of the Contract.

EXHIBIT B
(Exchange Program)

1. This Exhibit B, to be effective under and as a part of Contract 00-SNR-00347, (Contract) shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit B or termination of the Contract.
2. The Parties acknowledge that the exchange program procedures will change between the date the Contract is executed and the date of initial service hereunder. The Parties agree to work together collaboratively to develop exchange program arrangements which will maximize the benefits of CVP.
3. Prior to the date of initial service, Western shall replace this Exhibit B with Exhibit B, Revision 1. At such time as Western promulgates Revision 1 to this Exhibit B, CCSF shall have a one-time option of (1) executing Revision 1 to this Exhibit B within the time specified in the transmittal letter, or (2) terminating the Contract upon 30-days advance written notice. In the event CCSF fails to take either action within the specified time frame, Exhibit B, Revision 1, shall be deemed to become effective.
4. Western shall make subsequent revisions to Exhibit B, after consultation with its Customers.
5. Western will manage an exchange program to allow for Customers to fully and efficiently use their Base Resource percentage energy. The program consists of the following two elements:
 - 5.1 Seasonal exchange: a mechanism that allows a Customer with seasonal load variation to make that portion of its Base Resource percentage that it is unable to use due to insufficient load, available to the seasonal exchange program. In coordination with Western, CCSF will be able to exchange its unusable Base Resource percentage, through Western, with other Customers.
 - 5.2 Hourly exchange: a mechanism that provides for Western to retain all Base Resource energy in excess of a Customer's load on an hourly basis.
6. General Principles:
 - 6.1 Customers must take their percentage of the Base Resource.
 - 6.2 If a Customer's total load in any hour, as established in its day ahead schedule, is less than its Hourly Base Resource Schedule, then the energy in excess of the schedule is made available to the Western exchange program.

6.3 Western shall establish an estimated pool energy "rate" for the purpose of pool transaction settlements.

6.4 Customers with total load greater than their Base Resource percentage in any hour may request pool energy from Western, if available.

6.5 Exchange program suppliers shall have first priority for purchases from the pool, during hours when they are not depositing energy, up to the amount of energy previously deposited.

6.6 Western will allocate pool energy to Customers that have requested pool energy.

6.7 Pool takers are obligated to pay at the pool energy "rate."

6.8 Pool providers are credited funds at the pool energy "rate."

6.9 Western takes all remaining pool energy not taken by Customers and provides it into the open market(s).

6.10 Revenues collected by Western from the open market(s) will first be credited to the pool providers up to the pool energy "rate."

6.11 Any remaining revenue will be used to offset Western's overall costs.

EXHIBIT C
(Scheduling Procedures and Protocols)

1. This Exhibit C, to be effective under and as a part of Contract 00-SNR-00347 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit C or termination of the Contract.
2. Both Parties recognize that these scheduling procedures and protocols may require modification from time-to-time. In such event, Western shall make the appropriate modifications to this Exhibit C as mutually agreed to by the Parties. For more information on changes to scheduling protocols and procedures, refer to Sections 10 and 12 of this Contract.
3. Designation of Scheduling Coordinator (SC): CCSF shall notify Western of its designated Scheduling Coordinator not less than 60 days prior to the date of initial service. In the event that CCSF's Scheduling Coordinator arrangement changes, CCSF shall notify Western in writing, not less than 30 days prior to the change, unless a shorter notification period is agreed to by Western.
4. Scheduling Procedures:
 - 4.1 Western will determine the Maximum Operating Capability, total generation, and ramping rates for the Base Resource.
 - 4.2 Not less than 24 hours prior to the active day, Western will notify CCSF of its share of the Base Resource Operating Capability, Minimum Base Resource and total energy available for that day. Based on these criteria, CCSF shall notify Western of its preferred schedule for that day. Western will use a compilation of all Customers' preferred schedules as a basis for determination of the optimal generation schedule. Western will then notify CCSF of its Hourly Base Resource Schedule for that day.
 - 4.3 For weekdays, CCSF shall provide Western with a copy of its day ahead load and resource schedule, including the information listed in Section 4.5 below, by 9:00 a.m. of the business day prior to the day the schedule will be implemented, or at least two (2) hours prior to the submission time required by the ISO or control area operator, whichever is earlier. For weekends and holidays, as defined by the WSCC, CCSF shall provide Western with its day-ahead schedule by 9:00 a.m. of the business day, at least two days prior to the day the schedule will be implemented, or at least two (2) hours prior to the submission time required by the ISO or control area operator, whichever is earlier. The day-ahead schedule shall include megawatt values for each hourly period of each day and a megawatt-hour total for each day. The day-ahead schedule amounts shall be to the nearest tenth of a megawatt, with the day-

ahead schedule of Western power not to exceed CCSF's percentage of the Base Resource Operating Capability for any hour, as it may be adjusted to accommodate exchanges or purchases under the Western exchange program.

4.4 In the event of curtailments or emergencies, Western shall notify CCSF as soon as practicable so it may adjust its schedule in a timely manner.

4.5 The following information shall be included in the day ahead schedule:

4.5.1 Western power by hour;

4.5.2 Other power by hour [If Western is CCSF's SC];

4.5.3 CCSF's forecasted system load by hour [If Western is CCSF's SC].

4.6 CCSF's unscheduled Western power in any hour is not available to CCSF as an operating reserve or to meet any ancillary service requirements of the ISO or the control area operator for CCSF's load.

4.7 Schedules shall be transmitted by a communication link established between Western and CCSF or as otherwise agreed to by the Parties. The communication link shall be provided and paid for by CCSF. The data format shall be acceptable to both Parties and shall be in conformance with established WSCC protocol in effect at the time.

5. Schedule Changes:

5.1 CCSF may not adjust its Western power schedule after the final hour ahead schedules have been accepted by the ISO or control area operator as applicable.

5.2 Daily schedules shall be confirmed by CCSF and Western's dispatchers at the end of the active day, at which time CCSF and Western's dispatchers will attempt to resolve any scheduling conflicts.

5.3 No after-the-fact schedule change by either Party shall be allowed.

EXHIBIT D
(Regulation and Reserves)

1. This Exhibit D to be effective under and as a part of Contract 00-SNR-00347 (Contract), shall become effective upon execution of the Contract; and shall remain in effect until either superseded by another Exhibit D or termination of the Contract.
2. The Parties acknowledge that the protocols and procedures of the ISO relating to regulation and operating reserves will change between the date the Contract is executed and the date of initial service hereunder. The Parties agree to work together collaboratively to develop arrangements which will maximize the benefits of operating reserves and regulation capabilities of the CVP. The method in which Western provides these services to CCSF may be physical, financial, or both.
3. Prior to the date of initial service, Western shall replace this Exhibit D with Exhibit D, Revision 1. At such time as Western promulgates Revision 1 to this Exhibit D, CCSF shall have a one-time option of (1) executing Revision 1 to this Exhibit D within the time specified in the transmittal letter, or (2) terminating the Contract upon 30-days advance written notice. In the event CCSF fails to take either action within the specified time frame, Exhibit D, Revision 1, shall be deemed to become effective.
4. Western shall make subsequent revisions to Exhibit D, after consultation with its Customers.

WESTERN AREA POWER ADMINISTRATION
GENERAL POWER CONTRACT PROVISIONS

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WESTERN AREA POWER ADMINISTRATION
GENERAL POWER CONTRACT PROVISIONS

I. APPLICABILITY.

1. Applicability.

1.1. These General Power Contract Provisions shall be a part of the contract to which they are attached. These provisions set forth general conditions applicable to the contract. Specific terms set forth in the contract have precedence over any provision herein.

1.2. If the Contractor has member utilities which are either directly or indirectly receiving benefits from the contract, then the Contractor shall require such members to comply with Provisions 10, 17, 18, 19, 29, 30, 36, 42, 43, and 44 of these General Power Contract Provisions.

II. DELIVERY OF SERVICE PROVISIONS.

2. Character of Service.

Electric energy supplied or transmitted under the contract will be three-phase, alternating current, at a nominal frequency of sixty (60) hertz (cycles per second).

3. Use of Capacity or Energy in Excess of Contract Obligation.

The Contractor is not entitled to use Federal power, energy, or capacity in amounts greater than the Western contract delivery obligation in effect for each type of service provided for in the contract except with the approval of Western. Unauthorized overruns of contract delivery obligations shall be subject to charges specified in the contract or the applicable rate schedules. Overruns shall not establish any continuing right thereto and the Contractor shall cease any overruns when requested by Western, or in the case of authorized overruns, when the approval expires, whichever occurs first. Nothing in the contract shall obligate Western to increase any delivery obligation. If additional power, energy, or capacity is not available from Western, the responsibility for securing additional power, energy, or capacity shall rest wholly with the Contractor.

4. Continuity of Service.

Electric service will be supplied or transmitted continuously except for: (1) fluctuations, interruptions, or reductions due to uncontrollable forces, as defined in Provision 34 (Uncontrollable Forces) herein, (2) fluctuations, interruptions, or reductions due to operation of devices installed for power system protection; and (3) temporary fluctuations, interruptions, or reductions, which, in the opinion of the party supplying the service, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The party supplying service, except in case of emergency, will give the party to whom service is being provided reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

5. Multiple Points of Delivery.

When electric service is supplied at or transmitted to two or more points of delivery under the same rate schedule, said rate schedule shall apply separately to the service supplied at or transmitted to each point of delivery; Provided, That where the meter readings are considered separately, and during abnormal conditions, the Contractor's system is interconnected between points of delivery such that duplication of metered power is possible, the meter readings at each affected point of delivery will be adjusted to compensate for duplication of power demand recorded by meters at alternate points of delivery due to abnormal conditions which are beyond the Contractor's control or temporary conditions caused by scheduled outages.

6. Metering.

6.1. The total electric power and energy supplied or transmitted under the contract will be measured by metering equipment to be furnished and maintained by Western, a designated representative of Western, or by the Contractor. The Contractor shall ensure that metering equipment furnished and maintained by the Contractor or another power supplier, as provided in the contract, meets the metering standards of Western if such metering equipment will be used for billing or other accounting purposes by Western.

6.2. Meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of the interested parties shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and tested each year by the party responsible for meter maintenance, unless another test interval is agreed upon by the parties. Meters shall also be tested at any reasonable time upon request by either party hereto, a supplemental power supplier, transmission agent, or control area operator. Any metering equipment found to be damaged, defective, or inaccurate shall be repaired and readjusted or replaced by the party responsible for meter maintenance. Meters found with broken seals shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Provision 6.3 below.

6.3. Except as otherwise provided in Provision 6.4 hereof, should any meter that is needed by Western for billing or other accounting purposes fail to register accurately, the electric power and energy supplied or transmitted during such period of failure to register accurately, shall, for billing purposes, be estimated by Western from the best available information.

6.4. If acceptable inspections and tests of a meter needed by Western for billing or other accounting purposes disclose an error exceeding two percent (2%), then correction based upon the inaccuracy found shall be made of the records of services furnished during the period that such inaccuracy has existed as determined by Western; Provided, That if such period of inaccuracy cannot be determined, correction shall be made for the period beginning with the monthly billing period immediately preceding the billing period during which the test was made.

6.5. Any correction in billing resulting from correction in meter records shall normally be made in the next monthly bill rendered by Western to the Contractor. Payment of such bill shall constitute full adjustment of any claim between the parties hereto arising out of inaccuracy of metering equipment.

7. Existence of Transmission Service Contract.

If the contract provides for Western to furnish services using the facilities of a third party, the obligation of Western shall be subject to and contingent upon the existence of a transmission service contract granting Western rights to use such facilities. If Western acquires or constructs facilities which would enable it to furnish direct service to the Contractor, Western, at its option, may furnish service over its own facilities.

8. Conditions of Transmission Service.

8.1. When the electric service under the contract is furnished by Western over the facilities of others by virtue of a transmission service arrangement, the power and energy will be furnished at the voltage available and under the conditions which exist from time to time on the transmission system over which the service is supplied.

8.2. Unless otherwise provided in the contract or attached rate schedule, the Contractor shall maintain a power factor at each point of delivery from Western's transmission agent as required by the transmission agent.

8.3. Western will endeavor to inform the Contractor from time to time of any changes contemplated on the system over which the service is supplied, but the costs of any changes made necessary in the Contractor's system because of changes or conditions on the system over which the service is supplied shall not be a charge against or a liability of Western.

8.4. If the Contractor, because of changes or conditions on the system over which service under the contract is supplied, is required to make changes on its system at its own expense in order to continue receiving service under the contract, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to making such changes, but not thereafter.

8.5. If Western notifies the Contractor that electric service provided for under the contract cannot be delivered to the Contractor because of an insufficiency of capacity available to Western in the facilities of others over which service under the contract is supplied, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to the date on which said capacity ceases to be available to Western, but not thereafter.

9. Multiple Points of Delivery Involving Direct and Indirect Deliveries.

When Western has provided line and substation capacity under the contract for the purpose of delivering electric service directly to the Contractor at specified direct points of delivery and also has agreed to absorb transmission service allowance or discounts for deliveries of energy over other system(s) to indirect points of delivery and the Contractor shifts any of its load served under the contract from direct delivery to indirect delivery, Western will not absorb the transmission service costs on such shifted load until the unused capacity, as determined solely by Western, available at the direct delivery points affected is fully utilized.

10. Construction, Operation, and Maintenance of Contractor's Power System.

The Contractor shall, and, if applicable, shall require each of its members or transmission agents to construct, operate, and maintain its power system in a manner which, as determined by Western, will not interfere with the operation of the system of Western or its transmission agents over which electric services are furnished to the Contractor under the contract, and in a manner which will coordinate with the protective relaying and other protective arrangements of the system(s) of Western or Western's transmission agents. Western may reduce or discontinue furnishing services to the Contractor if, after notice by Western, the Contractor fails or refuses to make such changes as may be necessary to eliminate an unsatisfactory condition on the Contractor's power system which is determined by Western to interfere significantly under current or probable conditions with any service supplied from the power system of Western or from the power system of a transmission agent of Western. Such a reduction or discontinuance of service will not relieve the Contractor of liability for any minimum charges provided for in the contract during the time said services are reduced or discontinued. Nothing in this Provision shall be construed to render Western liable in any manner for any claims, demands, costs, losses, causes of action, damages, or liability of any kind or nature arising out of or resulting from the construction, operation, or maintenance of the Contractor's power system.

III. RATES, BILLING, AND PAYMENT PROVISIONS.

11. Change of Rates.

Rates applicable under the contract shall be subject to change by Western in accordance with appropriate rate adjustment procedures. If at any time the United States promulgates a rate changing a rate then in effect under the contract, it will promptly notify the Contractor thereof. Rates shall become effective as to the contract as of the effective date of such rate. The Contractor, by written notice to Western within ninety (90) days after the effective date of a rate change, may elect to terminate the service billed by Western under the new rate. Said termination shall be effective on the last day of the billing period requested by the Contractor not later than two (2) years after the effective date of the new rate. Service provided by Western shall be paid for at the new rate regardless of whether the Contractor exercises the option to terminate service.

12. Minimum Seasonal or Annual Capacity Charge.

When the rate in effect under the contract provides for a minimum seasonal or annual capacity charge, a statement of the minimum capacity charge due, if any, shall be included in the bill rendered for service for the last billing period of the service season or contract year as appropriate, adjusted for increases or decreases in the contract rate of delivery and for the number of billing periods during the year or season in which service is not provided. Where multiple points of delivery are involved and the contract rate of delivery is stated to be a maximum aggregate rate of delivery for all points, in determining the minimum seasonal or annual capacity charge due, if any, the monthly capacity charges at the individual points of delivery shall be added together.

13. Billing and Payment.

13.1. Western will issue bills to the Contractor for service furnished during the preceding month within ten (10) days after the end of the billing period.

13.2. If Western is unable to issue a timely monthly bill, it may elect to render an estimated bill for that month to be followed by the final bill. Such estimated bill shall be subject to the same payment provisions as a final bill.

13.3. Payments are due and payable by the Contractor before the close of business on the twentieth (20th) calendar day after the date of issuance of each bill or the next business day thereafter if said day is a Saturday, Sunday, or Federal holiday. Bills shall be considered paid when payment is received by Western; Provided, That payments received by mail will be accepted as timely and without assessment of the charge provided for in Provision 14 (Nonpayment of Bills in Full When Due) if a United States Post Office first class mail postmark indicates the payment was mailed at least three (3) calendar days before the due date.

13.4. Whenever the parties agree, payments due Western by the Contractor may be offset against payments due the Contractor by Western for the sale or exchange of electric power and energy, use of transmission facilities, operation and maintenance of electric facilities, and other services. For services included in net billing procedures, payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists. The parties shall exchange such reports and information that either party requires for billing purposes. Net billing shall not be used for any amounts due which are in dispute.

14. Nonpayment of Bills in Full When Due.

14.1. Bills not paid in full by the Contractor by the due date specified in Provision 13 (Billing and Payment) hereof shall bear a charge of five hundredths percent (0.05%) of the principal sum unpaid for each day payment is delinquent, to be added until the amount due is paid in full. Western will also assess a fee of twenty-five dollars (\$25.00) for processing a late payment. Payments received will first be applied to the charges for late payment assessed on the principal and then to payment of the principal.

14.2. Western shall have the right, upon not less than fifteen (15) days advance written notice, to discontinue furnishing the services specified in the contract for nonpayment of bills in full when due, and to refuse to resume such services so long as any part of the amount due remains unpaid. Such a discontinuance of service will not relieve the Contractor of liability for minimum charges during the time service is so discontinued. The rights reserved to Western herein shall be in addition to all other remedies available to Western either by law or in equity, for the breach of any of the terms hereof.

15. Adjustments for Fractional Billing Period.

For a fractional part of a billing period at the beginning or end of electric service, at the beginning or end of irrigation pumping service each year, a fractional billing period under a new rate schedule, and for fractional periods due to withdrawals of electric services, the demand or capacity charge and minimum charges shall each be proportionately adjusted in the ratio that the number of hours that electric service is available to the Contractor in such fractional billing period bears to the total number of hours in the billing period involved.

16. Adjustments for Curtailments to Firm Service.

16.1. Billing adjustments will be made if firm electric service is interrupted or reduced because of conditions on the power system of the United States for periods of 1 hour or longer in duration each. Billing adjustments will not be made when such curtailment of electric service is due to a request by the Contractor or a discontinuance of electric service by Western pursuant to Provision 14 (Nonpayment of Bills In Full When Due). For purposes of billing adjustments under this Provision, the term power system of the United States shall include transmission facilities used under contract but not owned by the United States.

16.2. The total number of hours of curtailed firm electric service in any billing period shall be determined by adding: (1) the sum of the number of hours of interrupted electric service to (2) the product, of each reduction, of: the number of hours reduced electric service and the percentage by which electric service was reduced below the delivery obligation of Western at the time of each said reduction of electric service. The demand or capacity charge and applicable minimum charges shall each be proportionately adjusted in the ratio that the total number of hours of electric service determined to have been curtailed bears to the total number of hours in the billing period involved.

16.3. The Contractor shall make written claim within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment of firm electric service, for periods of 1 hour or longer in duration each, alleged to have occurred that is not reflected in said bill. Failure to make such written claim, within said thirty-day (30-day) period, shall constitute a waiver of said claim. All curtailments of electric service, which are due to conditions on the power system of the United States, shall be subject to the terms of this Provision; Provided, That withdrawal of power and energy under the contract shall not be considered a curtailment of electric service.

IV. POWER SALES PROVISIONS.

17. Resale of Firm Electric Service (Wholesale Sales for Resale).

The Contractor shall not sell any firm electric power or energy supplied under the contract to any electric utility customer of the Contractor for resale by that utility customer; Provided, That the Contractor may sell the electric power and energy supplied under the contract to its members on condition that said members not sell any of said power and energy to any customer of the member for resale by that customer.

18. Distribution Principles.

The Contractor agrees that the benefits of firm electric power or energy supplied under the contract shall be made available to its consumers at rates that are established at the lowest possible level consistent with sound business principles, and that these rates will be established in an open and public manner. The Contractor further agrees that it will identify the costs of firm electric power or energy supplied under the contract and power from other sources to its consumers upon request. The Contractor will demonstrate compliance with the requirements of this Provision to Western upon request.

19. Contract Subject to Colorado River Compact.

Where the energy sold under the contract is generated from waters of the Colorado River system, the contract is made upon the express condition and with the express covenant that all rights under the contract shall be subject to and controlled by the Colorado River Compact approved by Section 13 (a) of the Boulder Canyon Project Act of December 21, 1928, (45 Stat. 1057) and the parties to the contract shall observe and be subject to and controlled by said Colorado River Compact in the construction, management, and operation of the dams, reservoirs, and powerplants from which electrical energy is to be furnished by Western to the Contractor under the contract, and in the storage, diversion, delivery, and use of water for the generation of electrical energy to be delivered by Western to the Contractor under the contract.

V. FACILITIES PROVISIONS.

20. Design Approval.

All facilities, construction, and installation by the Contractor pursuant to the contract shall be subject to the approval of Western. Facilities interconnections shall normally conform to Western's current "General Requirements for Interconnection," in effect upon the signing of the contract document providing for each interconnection, copies of which are available from Western. At least ninety (90) days, unless otherwise agreed, prior to the date the Contractor proposes to commence construction or to incur an obligation to purchase facilities to be installed pursuant to the contract, whichever date is the earlier, the Contractor shall submit, for the approval of Western, detailed designs, drawings, and specifications of the facilities the Contractor proposes to purchase, construct, and install. The Contractor assumes all risks for construction commenced or obligations to purchase facilities incurred prior to receipt of approval from Western. Western review and approval of designs and construction work in no way implies that Western is certifying that the designs meet the Contractor's needs.

21. Inspection and Acceptance.

Western shall have the right to inspect the materials and work furnished by the Contractor, its agents, employees, and subcontractors pursuant to the contract. Such inspections shall be at reasonable times at the work site. Any materials or work that Western determines is defective or not in accordance with designs, drawings, and specifications, as approved by Western, shall be replaced or modified, as directed by Western, at the sole expense of the Contractor before the new facilities are energized.

22. As-Built Drawings.

Within a reasonable time, as determined by Western, after the completion of construction and installation of facilities pursuant to the contract, the Contractor shall submit to Western marked as-built prints of all Western drawings affected by changes made pursuant to the contract and reproducible drawings the Contractor has prepared showing facilities of Western. The Contractor's drawings of Western facilities shall use drawing title blocks, drawing numbers, and shall be prepared in accordance with drafting standards all as approved by Western. Western may prepare, revise, or complete said drawings and bill the Contractor if the Contractor fails to provide such drawings to Western within a reasonable time as determined by Western.

23. Equipment Ownership Markers.

23.1. The Contractor shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the United States right-of-way or in Western substations pursuant to the contract which are owned by the Contractor, by permanently affixing thereto suitable markers clearly identifying the Contractor as the owner of said equipment and facilities.

23.2. If requested by the Contractor, Western shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the Contractor's right-of-way or in the Contractor's substations pursuant to the contract which are owned by the United States, by permanently affixing thereto suitable markers clearly identifying the United States as the owner of said equipment and facilities.

24. Third-Party Use of Facilities.

The Contractor shall notify Western of any proposed system change relating to the facilities governed by the contract or allowing third-party use of the facilities governed by the contract. If Western notifies the Contractor that said system change will, as solely determined by Western, adversely affect the operation of Western's system the Contractor shall, at no cost to Western, provide a solution to said adverse effect acceptable to Western.

25. Changes to Western Control Facilities.

If at any time during the term of the contract, Western determines that changes or additions to control, relay, or communications facilities are necessary to maintain the reliability or control of Western's transmission system, and said changes or additions are entirely or partially required because of the Contractor's equipment installed under the contract, such changes or additions shall, after consultation with the Contractor, be made by Western with all costs or a proportionate share of all costs, as determined by Western, to be paid by the Contractor. Western shall notify the Contractor in writing of the necessary changes or additions and the estimated costs to be paid by the Contractor. If the Contractor fails to pay its share of said estimated costs, Western shall have the right, after giving sixty (60) days' written notice to the Contractor, to terminate the applicable facility installation provisions to the contract and require the removal of the Contractor's facilities.

26. Modification of Western Facilities.

Western reserves the right, at any time, to modify its facilities. Western shall keep the Contractor informed of all planned modifications to Western facilities which impact the facilities installation pursuant to the contract. Western shall permit the Contractor to change or modify its facilities, in a manner satisfactory to and at no cost or expense to Western, to retain the facilities interconnection pursuant to the contract. At the Contractor's option, Western shall cooperate with the Contractor in planning alternate arrangements for service which shall be implemented at no cost or expense to Western. The Contractor and Western shall modify the contract, as necessary, to conform to the new facilities arrangements.

27. Transmission Rights.

If the contract involves an installation which sectionalizes a Western transmission line, the Contractor hereby agrees to provide a transmission path to Western across such sectionalizing facilities at no cost or expense to Western. Said transmission path shall be at least equal, in terms of capacity and reliability, to the path in the Western transmission line prior to the installation pursuant to the contract.

28. Construction and Safety Procedures.

28.1. The Contractor hereby acknowledges that it is aware of the hazards inherent in high-voltage electric lines and substations, and hereby assumes full responsibility at all times for the adoption and use of necessary safety measures required to prevent accidental harm to personnel engaged in the construction, inspection, testing, operation, maintenance, replacement, or removal activities of the Contractor pursuant to the contract. The Contractor and the authorized employees, agents, and subcontractors of the Contractor shall comply with all applicable safety laws and building and construction codes, including the provisions of Western's current "Power Systems Safety Manual," "Construction, Safety, and Health Standards," and "Power System Clearance Procedures" in effect upon the signing of the contract; Except, That, in lieu of the safety program required herein, the Contractor may provide sufficient information to demonstrate that the Contractor's safety program is satisfactory to the United States.

28.2. The Contractor and its authorized employees, agents, and subcontractors shall familiarize themselves with the location and character of all the transmission facilities of Western and interconnections of others relating to the work performed by the Contractor under the contract. Prior to starting any construction, installation, or removal work, the Contractor shall submit a plan of procedure to Western which shall indicate the sequence and method of performing the work in a safe manner. No work shall be performed by the Contractor, its employees, agents, or subcontractors until written authorization to proceed is obtained from Western.

28.3. At all times when the Contractor, its employees, agents, or subcontractors are performing activities of any type pursuant to the contract, such activities shall be under supervision of a qualified employee, agent, or subcontractor of the Contractor who shall be authorized to represent the Contractor in all matters pertaining to the activity being performed. The Contractor and Western will keep each other informed of the names of their designated representatives at the site.

28.4. Upon completion of its work, the Contractor shall remove from the vicinity of the right-of-way of the United States all buildings, rubbish, used materials, concrete forms, and other like material belonging to the Contractor or used under the Contractor's direction, and in the event of failure to do so the same may be removed by Western at the expense of the Contractor.

28.5. In the event the Contractor, its employees, agents, or subcontractors fail to comply with any requirement of this Provision, or Provision 21 (Inspection and Acceptance) herein, Western or an authorized representative may issue an order to stop all or any part of the work until such time as the Contractor demonstrates compliance with the provision at issue. The Contractor, its employees, agents, or subcontractors shall make no claim for compensation or damages resulting from such work stoppage.

29. Environmental Compliance.

Facilities installed under the contract by any party shall be constructed, operated, maintained, replaced, and removed subject to compliance with laws, executive orders, and regulations applicable to that party, including the National Environmental Policy Act of 1969, as amended, 36 CFR 800, and the Archeological Resources Protection Act of 1979.

30. Responsibility for Hazardous Materials.

When either party owns equipment containing hazardous material located on the other party's substation, switchyard, right-of-way, or other property, the equipment owner shall be responsible for all activities related to hazardous materials in such equipment that are necessary to meet the requirements of the Toxic Substances Control Act (15 U.S.C. 2601 *et seq.*), the Solid Waste Disposal Act and the Resource Conservation Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 *et seq.*), and the regulations implementing these laws, as they may be amended, and any other existing or subsequent applicable Federal or state laws and regulations. Each party shall label its equipment containing hazardous material in accordance with appropriate laws and regulations. If the party owning the equipment does not perform activities required under appropriate laws and regulations within the time frame specified therein, the other party may perform or cause to be performed the required activities after notice to and at the sole expense of the party owning the equipment.

VI. OTHER PROVISIONS.

31. Authorized Representatives of the Parties.

Each party to the contract, by written notice to the other, shall designate the representative(s) who is (are) authorized to act in its behalf with respect to those matters contained in the contract which are the functions and responsibilities of the authorized representatives of the parties. Each party may change the designation of its authorized representative(s) upon oral notice given to the other, confirmed promptly by written notice.

32. Effect of Section Headings.

Section headings or Provision titles appearing in the contract or these General Power Contract Provisions are inserted for convenience only and shall not be construed as interpretations of text.

33. Operating Guidelines and Procedures.

The parties to the contract may agree upon and put into effect from time to time, such other written guidelines and procedures as may be required in order to establish the methods of operation of the power system to be followed in the performance of the contract.

34. Uncontrollable Forces.

Neither party to the contract shall be considered to be in default in performance of any of its obligations under the contract, except to make payment as specified in Provision 13 (Billing and Payment) herein, when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the party affected, including but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under the contract by reason of an uncontrollable force shall give prompt written notice of such fact to the other party and shall exercise due diligence to remove such inability with all reasonable dispatch.

35. Liability.

35.1. The Contractor hereby agrees to indemnify and hold harmless the United States, its employees, agents, or contractors, from any loss or damage and from any liability on account of personal injury, death, or property damage, or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of the Contractors', its employees', agents, or subcontractors', construction, operation, maintenance, or replacement activities under the contract.

35.2. The United States is liable only for negligence on the part of its officers and employees in accordance with the Federal Tort Claims Act, as amended.

36. Cooperation of Contracting Parties.

If, in the operation and maintenance of their respective power systems or electrical equipment and the utilization thereof for the purposes of the contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance. Issuance and payment of bills for services provided by Western shall be in accordance with Provisions 13 (Billing and Payment) and 14 (Nonpayment of Bills in Full When Due) herein. Western shall pay bills issued by the Contractor for services provided as soon as the necessary vouchers can be prepared which shall normally be within twenty (20) days.

37. Transfer of Interest in Contract.

37.1. No voluntary transfer of the contract or of the rights of the Contractor under the contract shall be made without the written approval of the Administrator of Western; Provided, That if the Contractor operates a project financed in whole or in part by the Rural Utilities Service, the Contractor may transfer or assign its interest in the contract to the Rural Utilities Service or any other department or agency of the Federal Government without such written approval; Provided further, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of the contract to the same extent as though such successor or assignee were the original Contractor under the contract; and, Provided

further, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this Provision.

* 37.2. Any successor to Western shall be subject to all the provisions and conditions of the contract to the same extent as though such successor were an original signatory to the contract.

38. Waivers.

Any waivers at any time by either party to the contract of its rights with respect to a default or any other matter arising under or in connection with the contract shall not be deemed a waiver with respect to any subsequent default or matter.

39. Notices.

Any notice, demand, or request required by the contract or these Provisions to be in writing shall be considered properly given when delivered in person, or sent by either registered or certified mail, postage prepaid, or prepaid telegram addressed to each party's authorized representative at the principal offices of the party. The designation of the person to be notified may be changed at any time by similar notice.

40. Contingent Upon Appropriations.

Where activities provided for in the contract extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the United States obligations under the contract. In case such appropriation is not made, the Contractor hereby releases the United States from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

41. Covenant Against Contingent Fees.

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

42. Contract Work Hours and Safety Standards.

The contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C.A. §329 (1986), is subject to the provisions of the Act, 40 U.S.C.A. §§327-333 (1986), and to regulations promulgated by the Secretary of Labor pursuant to the Act.

*Revised July 10, 1998.

43. Equal Opportunity Employment Practices.

Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the contract.

44. Use of Convict Labor.

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the contract except as provided by 18 U.S.C. 4082 (c)(2) and Executive Order 11755, December 29, 1973.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 Market St., 4th Floor, San Francisco, CA 94103 • Tel. (415) 554-0725 • Fax (415) 554-0796



November 21, 2000

Willie L. Brown, Jr.
Mayor

E. Dennis Normandy
President
Victor G. Makras
Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

John P. Mullane, Jr.
General Manager

Ms. Gloria Young
Clerk of the Board
Board of Supervisors
City Hall, Room 244
One Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Young:

Enclosed is a proposed Board of Supervisors resolution authorizing the General Manager of the San Francisco Public Utilities Commission to execute the Federal NDA Act Power Purchase Agreement with WAPA for a period of 20 years expiring on December 31, 2024, and for a value not to exceed \$20 million.

The City presently has an agreement to purchase low cost federal power for Treasure Island and Yerba Buena Island that expires on December 31, 2004. Approval of this Agreement will enable the City to continue to purchase low cost federal power for Treasure Island and Yerba Buena Island for an additional 20 years.

In accordance with San Francisco Administrative Code Article IV, § 6.61, the Public Utilities Commission respectfully requests the Board of Supervisors' approval of the Federal NDA Act Power Purchase Agreement with WAPA. A copy of the PUC Resolution 00-0254 of November 14, 2000 is attached hereto and made a part hereof.

Please contact Laurie Park at 415-554-3222 if there are any questions.

Very truly yours,

John P. Mullane, Jr.
General Manager

Attachments

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[Power Purchase Contract]

APPROVING THE FEDERAL NDA ACT POWER PURCHASE AGREEMENT WITH WAPA.

WHEREAS, The City is currently providing operations and maintenance services at Treasure Island and Yerba Buena Island ("TI/YBI") under a Cooperative Agreement with the Navy; and,

WHEREAS, The City is the local reuse authority for TI/YBI under the Federal Base Closure and Realignment Act ("BRAC"); and,

WHEREAS, The San Francisco Public Utilities Commission is providing the utilities portion of these operations and maintenance services to TI/YBI on behalf of the City; and,

WHEREAS, The City has obtained an allocation of low cost Federal National Defense Authorization Act ("NDA Act") power to support economic development on TI/YBI; and,

WHEREAS, The City's allocation of NDA Act for TI/YBI is contingent upon executing a power purchase agreement with the Western Area Power Administration ("WAPA"); and,

WHEREAS, Funds for the purchase of power for TI/YBI are available in the TI/YBI Project budget; now, therefore, be it

RESOLVED, That this Board of Supervisors hereby authorize the General Manager of the San Francisco Public Utilities Commission to execute the Federal NDA Act Power Purchase Agreement with WAPA for a period of 20 years expiring on December 31, 2024, and for a value not to exceed \$20 million.

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 00-0254

WHEREAS, The City is currently providing operations and maintenance services at Treasure Island and Yerba Buena Island ("TI/YBI") under a Cooperative Agreement with the Navy; and

WHEREAS, The City is the local reuse authority for TI/YBI under the Federal Base Closure and Realignment Act ("BRAC"); and

WHEREAS, The San Francisco Public Utilities Commission is providing the utilities portion of these operations and maintenance services to TI/YBI on behalf of the City; and

WHEREAS, The City has obtained an allocation of low cost Federal National Defense Authorization Act ("NDA Act") power to support economic development on TI/YBI; and

WHEREAS, The City's allocation of NDA Act for TI/YBI is contingent upon executing a power purchase agreement with the Western Area Power Administration ("WAPA"); and

WHEREAS, Funds for the purchase of power for TI/YBI are available in the TI/YBI Project budget; now, therefore, be it

RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is hereby authorized to execute the Federal NDA Act power purchase agreement with WAPA for a period 20 years expiring December 31, 2024, and for a value not to exceed \$20 million.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of NOV 14 2000

Gil R. Thompson

Secretary, Public Utilities Commission

1 [Amendment to Contract for Electric Services]

2 Ordinance approving the amendment between the City and County of San Francisco
3 and the United States, through the Department of Energy Western Area Power
4 Administration, for the performance of duties and obligations of a Scheduling
5 Coordinator pursuant to the California Independent System Operator Tariff and for the
6 delivery of low cost electric power to Treasure Island and Yerba Buena Island on file
7 with the Clerk of the Board of Supervisors in File No. 041351; and approving the City
8 indemnifying and holding the United States harmless against claims arising from the
9 activities of the City under the contract, and waiving the requirement of Section 21.19
10 of the San Francisco Administrative Code which requires that a City contract contain a
11 statement of guaranteed maximum costs, and waiving the requirement of Section 21.35
12 of the San Francisco Administrative Code which requires that every contract contain a
13 statement regarding liability of claimants for submitting false claims.

14
15
16 Be it ordained by the People of the City and County of San Francisco:

17 Section 1. FINDINGS. The Board of Supervisors hereby finds and declares that:

18 (1) The City is currently providing operations and maintenance services at Treasure
19 Island and Yerba Buena Island (TI/YBI) under a multi-year Cooperative Agreement with the
20 Navy.

21 (2) The City is the local reuse authority for Naval Station Treasure Island under the
22 Federal Base Closure and Realignment Act (BRAC).

23 (3) The San Francisco Public Utilities Commission is providing the utilities portion of
24 these operations and maintenance services to TI/YBI on behalf of the City.

25
PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

1 (4) The Board of Supervisors has previously approved executing a Contract with the
2 Western Area Power Administration ("WAPA") for electric service to Treasure Island and
3 Yerba Buena Island ("TI/YBI"). This contract was effective on September 1, 2005, for a period
4 of five years or until September 30, 2010 pursuant to Ordinance No. 041351 on file with the
5 Clerk of the Board of Supervisors

6 (5) The contracts between the City and WAPA contemplated additional electricity
7 services, such as supplemental power services and scheduling coordinator services, which
8 would be needed by the City to effectuate service at TI/YBI.

9 (6) These services, which are currently provided by WAPA, allow the City to provide
10 reliable low cost federal power for all anticipated electric power needs of TI/YBI.

11 (7) On August 17, 2007, WAPA asked all existing customers to extend the FLS
12 contract to September 30, 2015 in order to begin purchasing power for periods beyond the
13 current contract expiration date.

14 (8) WAPA also requested the amendment so that the contract would reflect the
15 updated procedures imposed by the California Independent System Operator's Market
16 Redesign and Technology Upgrade that changes the mechanisms for power transactions on
17 the ISO grid.

18 (9) The five-year extension of the FLS contract would increase the total estimated
19 costs of the contract from two million, one hundred and twenty thousand dollars (\$2,120,000)
20 to four million, two hundred and forty thousand dollars (\$4,240,000).

21 (10) Without these contracts, the City would be required to obtain these services
22 from a third party, such as PG&E, at a higher cost.

23 (11) Funds for the purchase of these services are available in the TI/YBI Project
24 budget now.

25

1 (12) The Contract is a standard form used by the United States for power services.
2 Indemnification of the United States is a required element of the contract. In addition, WAPA
3 would not agree to modify the contracts to include the statements required by San Francisco
4 Administrative Code Sections 21.19 and 21.35.

5 Section 2. The General Manager of the Public Utilities Commission is hereby
6 authorized to execute the amendment to the contract for full load service with WAPA. A copy
7 of this contract is on file with the Clerk of the Board of Supervisors in File No. 071458.

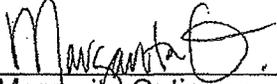
8 Section 3. WAIVERS. For the purpose of this contract, the Board of Supervisors
9 finds that it is reasonable and in the public interest to grant the waivers specified below:

10 (1) The Board of Supervisors hereby waives the requirement of San Francisco
11 Administrative Code § 21.19 that every contract include a statement regarding guaranteed
12 maximum costs.

13 (2) The Board of Supervisors hereby waives the requirement of San Francisco
14 Administrative Code Section 21.35 that every contract include a statement regarding liability
15 of claimants for submitting false claims to the City.

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20 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

21 By:


22 Margarita Gutierrez
23 Deputy City Attorney

24
25
PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Ordinance

File Number: 071458

Date Passed:

Ordinance approving the amendment between the City and County of San Francisco and the United States, through the Department of Energy Western Area Power Administration, for the performance of duties and obligations of a Scheduling Coordinator pursuant to the California Independent System Operator Tariff and for the delivery of low cost electric power to Treasure Island and Yerba Buena Island on file with the Clerk of the Board of Supervisors in File No. 041351; and approving the City indemnifying and holding the United States harmless against claims arising from the activities of the City under the contract, and waiving the requirement of Section 21.19 of the San Francisco Administrative Code which requires that a City contract contain a statement of guaranteed maximum costs, and waiving the requirement of Section 21.35 of the San Francisco Administrative Code which requires that every contract contain a statement regarding liability of claimants for submitting false claims.

November 20, 2007 Board of Supervisors — PASSED ON FIRST READING

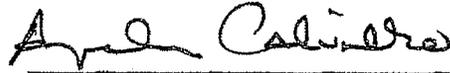
Ayes: 10 - Ammiano, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval
Noes: 1 - Alioto-Pier

December 4, 2007 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Alioto-Pier, Ammiano, Chu, Dufty, Elsbernd, Maxwell, Mirkarimi,
Peskin, Sandoval
Noes: 1 - Daly
Excused: 1 - McGoldrick

File No. 071458

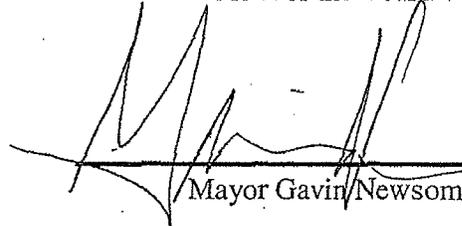
I hereby certify that the foregoing Ordinance
was **FINALLY PASSED** on December 4,
2007 by the Board of Supervisors of the City
and County of San Francisco.



Angela Calvillo
Clerk of the Board

12-11-07

Date Approved



Mayor Gavin Newsom

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 1
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE
WITH

THE CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 1
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE

WITH

THE CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

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Resolution
General Power Contract Provisions [June 15, 2005]

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4 UNITED STATES
5 DEPARTMENT OF ENERGY
6 WESTERN AREA POWER ADMINISTRATION
7 SIERRA NEVADA REGION

8 AMENDMENT 1
9 (Extension / Portfolio Management Services)

10 TO THE
11 CUSTOM PRODUCT CONTRACT
12 FOR
13 FULL LOAD SERVICE

14 WITH

15 THE CITY & COUNTY OF SAN FRANCISCO
16 HETCH HETCHY WATER & POWER

17 **1. PREAMBLE:**

18 This Amendment 1 to Contract 04-SNR-00723 (FLS Contract) is made this 30th
19 day of November, 2007, between the UNITED STATES OF AMERICA,
20 DEPARTMENT OF ENERGY, WESTERN AREA POWER ADMINISTRATION
21 (Western) and the CITY & COUNTY OF SAN FRANCISCO, HETCH HETCHY WATER
22 & POWER, (CCSF), also hereinafter referred to individually as Party and together as
23 Parties, pursuant to the same authorities as the FLS Contract.

24 **2. EXPLANATORY RECITALS:**

25 2.1 The Parties entered into the FLS Contract on August 13, 2004. Under the
26 FLS Contract, Western provides Supplemental Power and Portfolio Management
27 Services to CCSF.

28 2.2 Western is considering making Supplemental Power purchases extending
beyond September 30, 2010, which is the current term of the FLS Contract.

1 2.3 In order to provide Supplemental Power from purchases extending
2 beyond the FLS Contract termination date to CCSF, the Parties must agree to
3 extend the term of the FLS Contract.

4
5 2.4 Due to the California Independent System Operator's Market Redesign
6 and Technology Upgrade, Western's procedures as CCSF's Portfolio Manager
7 will change and, therefore, the Parties desire to address those changes in this
8 Amendment.

9
10 2.5 At the time the FLS Contract was executed, Western was operating within
11 the California Independent System Operator's control area. Effective January 1,
12 2005, Western began operating as a sub-control area within the Sacramento
13 Municipal Utility District's control area. The Parties wish to reflect Western's
14 current control area status in the FLS Contract.

15
16 2.6 Also at the time the FLS Contract was executed, the August 15, 1995
17 General Power Contract Provisions (GPCP) were effective. Western revised its
18 GPCP effective June 15, 2005. The Parties wish to update the FLS Contract
19 with the current GPCP.

20
21 **3. AGREEMENT:**

22 The Parties agree to the terms and conditions set forth herein.

23
24 **4. TERM OF AMENDMENT:**

25 This Amendment shall become effective upon execution and shall remain in effect
26 concurrently with the FLS Contract.

27 ///

28 ///

1 **5. MODIFICATION OF SECTION 4 (EFFECTIVE DATE AND TERM OF**
2 **CONTRACT) OF THE FLS CONTRACT:**

3 The following subsection of Section 4 of the FLS Contract is hereby modified as shown
4 below:

5 4.1 This Contract shall become effective upon execution by the Parties
6 and shall remain in effect through September 30, 2015; except as
7 otherwise provided for herein.
8

9 **6. MODIFICATION OF SECTION 5 (DEFINITION OF TERMS) OF THE FLS**
10 **CONTRACT:**

11 The following subsection of Section 5 of the FLS Contract is hereby modified as shown
12 below:

13 5.4 "Portfolio Management Services" means forecasting a customer's
14 hourly load and determining the resources to meet that customer's load.
15

16 **7. MODIFICATION OF SECTION 8 (PORTFOLIO MANAGEMENT SERVICES) OF**
17 **THE FLS CONTRACT:**

18 The following subsections of Section 8 of the FLS Contract are hereby modified as
19 shown below:

20 8.3 On a daily basis, using the information provided in Subsections 8.1
21 and 8.2, Western will determine the power necessary on an hourly basis
22 to fully serve CCSF's load at the delivery point(s) specified in Exhibit A, as
23 follows:

24 8.3.1 Using the information as provided in Section 8 of CCSF's
25 Base Resource Contract, Western will determine the hourly use of
26 CCSF's Base Resource for the day.

27 ///

28 ///

1 8.3.2 If CCSF's Base Resource does not fully meet CCSF's
2 forecasted load, Western will schedule CCSF's share of exchange
3 program energy, if any, to serve CCSF's load.

4 8.3.3 Once all Base Resource and exchange program energy has
5 been distributed, Western will meet CCSF's unmet forecasted load
6 with Supplemental Power.

7 8.3.4 Any Base Resource in excess of CCSF's forecasted load will
8 be retained by Western for distribution under the exchange
9 program in accordance with Exhibit B to CCSF's Base Resource
10 Contract.

11 8.3.5 After Western has determined the resource mix to meet
12 CCSF's hourly load, Western will provide the schedules to CCSF's
13 scheduling entity in accordance with control area operator
14 protocols.

15
16 8.4 During the active day, Western will determine the appropriate
17 actions necessary to address changes in anticipated load and/or
18 resources.

19
20 **8. MODIFICATION OF SECTION 10 (SCHEDULING AND METERING) OF THE**
21 **FLS CONTRACT:**

22 The following subsection of Section 10 of the FLS Contract is hereby modified as
23 shown below:

24 10.1 All services provided by Western to CCSF under this Contract will
25 be subject to the scheduling and metering terms and conditions under
26 which Western is required to comply as determined by the control area in
27 which the load is located the same as if they had been expressly set forth
28 herein.

1 **9. MODIFICATION OF SECTION 11 (REGIONAL TRANSMISSION**
2 **ORGANIZATION OR CONTROL AREA) OF THE FLS CONTRACT:**

3 Section 11 of the FLS Contract is hereby modified as shown below:

4 11.1 Western joined the SMUD control area on January 1, 2005, and,
5 therefore, is operating in conformance with SMUD's protocols. The
6 Parties hereby agree to make any changes necessary to this Contract to
7 conform to SMUD's operating and scheduling protocols.

8
9 11.2 The Parties understand that Western may also join an RTO. In the
10 event Western either joins or is required to conform to the protocols of an
11 RTO, the Parties shall agree to make any changes to this Contract to
12 conform to the terms and conditions required by the RTO.

13
14 11.3 In the event that: 1) Western incurs costs from SMUD, an RTO, or
15 a different control area for serving CCSF's load; or 2) CCSF does not
16 abide by the protocols of SMUD, an RTO, or other control area operator
17 that are applicable to Western and Western incurs costs as a result,
18 CCSF agrees to pay all such costs attributable to CCSF.

19
20 **10. MODIFICATION OF SECTION 17 (GENERAL POWER CONTRACT**
21 **PROVISIONS) OF THE FLS CONTRACT:**

22 Section 17 of the FLS Contract is hereby modified as shown below:

23 The GPCP, effective June 15, 2005, attached hereto, are hereby made a
24 part of this Contract the same as if they had been expressly set forth
25 herein; Provided, That, for the term of this Contract, CCSF hereby agrees
26 to waive its rights under this Contract to Article 11 of the GPCP.

27 ///

28 ///

1 **11. FLS CONTRACT TO REMAIN IN EFFECT:**

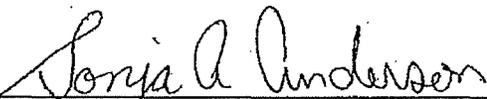
2 Except as expressly modified by this Amendment, said FLS Contract shall remain in full
3 force and effect, and this Amendment shall be subject to all provisions of the FLS
4 Contract, except as herein amended.
5

6 **12. AUTHORITY TO EXECUTE:**

7 Each individual signing this Amendment certifies that the Party represented has duly
8 authorized such individual to execute this Amendment that binds and obligates the
9 Party.
10

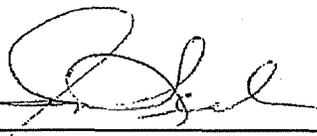
11 **IN WITNESS WHEREOF**, the Parties have caused this Amendment to be
12 executed the day and year first above written.
13
14

15 WESTERN AREA POWER ADMINISTRATION

16
17 By: 
18 Sonja A. Anderson
19 Title: Power Marketing Manager
20 Address: 114 Parkshore Drive
Folsom, California 95630

21
22 CITY & COUNTY OF SAN FRANCISCO
23 HETCH HETCHY WATER & POWER

24
25 (Seal)

26 By: 
27 Title: SFPUC General Manager
28 By: _____ Address: 1155 Market Street, 11th Floor
Title: _____ San Francisco, CA 94103

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 07-0178

WHEREAS, Pursuant to Resolutions 04-0148 and 04-0197 the City has previously executed a Scheduling Coordinator Services ("SCS") Contract and Full Load Service ("FLS") Contract and Amendment with the Western Area Power Administration ("WAPA") for electric service to Treasure Island and Yerba Buena Island ("TI/YBI") effective September 1, 2004, for a period of five years or until September 30, 2010; and

WHEREAS, Under the SCS contract WAPA would perform the duties and obligations of a Scheduling Coordinator pursuant to the California Independent System Operator ("CAISO") Tariff; and

WHEREAS, Under the FLS contract WAPA would provide Portfolio Management Services and Supplemental Power Purchases to ensure that loads at TI/YBI would be reliably served and provide low cost power to TI/YBI; and

WHEREAS, WAPA is amending the FLS contract to extend the term by five years from September 30, 2010 to September 30, 2015; and

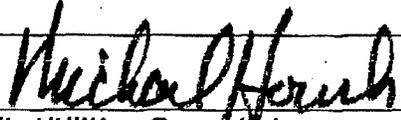
WHEREAS, The cost of the FLS contract will increase for WAPA to provide an additional five years of service to the City; and

WHEREAS, WAPA is amending the FLS contract to reflect the updated procedures imposed by the CAISO's Market Redesign and Technology Upgrade that changes the mechanisms for power transactions on the CAISO's grid; and

WHEREAS, The funding for the cost of the extended FLS contract will be paid for by the SFPUC's Power Enterprise Operating Budget to WAPA; now therefore, be it

RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is hereby authorized to execute the amendment to the FLS contract extending the term for an additional period of five years past the current termination date of September 30, 2010, to September 30, 2015, and to increase the previously authorized FLS contract amount with WAPA to a value not to exceed \$4,240,000, effective upon the approval of the amended contract by the Board of Supervisors pursuant to San Francisco Charter Section 9.118.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of _____ *October 9, 2007*



Secretary, Public Utilities Commission

1 [Contract Amendment – Western Area Power Administration - Electric Services – Not to
2 Exceed \$15,950,888]

3 Ordinance approving the second amendment to the contract between the City and
4 County of San Francisco and the United States, through the Department of Energy
5 Western Area Power Administration, for delivery of low-cost power and scheduling
6 coordinator services to Treasure Island and Yerba Buena Island; and approving the
7 City indemnifying and holding the United States harmless against claims arising from
8 the activities of the City under the contract, and waiving the requirement of Section
9 21.19 of the San Francisco Administrative Code which requires that a City contract
10 contain a statement of guaranteed maximum costs, and waiving the requirement of
11 Section 21.35 of the San Francisco Administrative Code which requires that every
12 contract contain a statement regarding liability of claimants for submitting false claims.
13

14
15 NOTE: Additions are single-underline italics Times New Roman;
16 deletions are ~~strike-through italics Times New Roman~~.
17 Board amendment additions are double-underlined;
18 Board amendment deletions are ~~strikethrough-normal~~.

19 Be it ordained by the People of the City and County of San Francisco:

20 Section 1. FINDINGS. The Board of Supervisors hereby finds and declares that:

21 (1) The City, through its Public Utilities Commission (PUC), is currently providing
22 electric utility service at Treasure Island and Yerba Buena Island (TI/YBI) under a multi-year
23 Cooperative Agreement with the United States Navy.

24 (2) The City is the local reuse authority for Naval Station Treasure Island under the
25 Federal Base Closure and Realignment Act (BRAC), and as a result is entitled to purchase
low-cost electricity from the federal government.

1 (3) The Board of Supervisors has twice approved agreements with the Western
2 Area Power Administration ("WAPA") for low-cost electric services to Treasure Island and
3 Yerba Buena Island ("TI/YBI"). This contract was effective on September 1, 2005, for a period
4 of five years until September 30, 2010, pursuant to Ordinance No. 0017-05 on file with the
5 Clerk of the Board of Supervisors. The First Amendment was approved on December 4, 2007
6 pursuant to Ordinance 0276-07 on file with the Clerk of the Board of Supervisors, and
7 extended the contract from September 30, 2010 to September 30, 2015.

8 (4) The contracts between the City and WAPA include delivery of low-cost power
9 and scheduling coordinator services.

10 (5) These services, which are currently provided by WAPA, are necessary for the
11 City to provide reliable low-cost power for all anticipated electric power needs of TI/YBI.

12 (6) On July 26, 2011, WAPA asked the City to amend the contract with an extension
13 through September 30, 2020 now, so that WAPA could begin purchasing power for periods
14 beyond the current contract expiration date.

15 (7) The five-year extension of the Full Load Service contract would increase the
16 total estimated costs of the contract from four million, two hundred and forty thousand dollars
17 (\$4,240,000) to nine million, six hundred and fifty thousand dollars (\$9,650,000). The actual
18 cost will be determined by the quantity of power used at TI/YBI, but will not exceed ~~thirteen~~
19 ~~million, eight hundred and ninety thousand dollars (\$13,890,000)~~ fifteen million, nine hundred
20 and fifty, eight hundred and eighty eight dollars (\$15,950,888).

21 (8) Without these contracts, the City would be required to obtain these services
22 from a third party, such as PG&E, at a higher cost.

23 (9) The Contract is a standard form used by the United States for power services.
24 Indemnification of the United States is a required element of the contract. In addition, WAPA
25

1 would not agree to modify the contracts to include the statements required by San Francisco
2 Administrative Code Sections 21.19 and 21.35.

3 (10) The PUC approved this amendment at a public meeting on September 13, 2011,
4 in Resolution 11-0153, a copy of which is on file with the Clerk of the Board of Supervisors in
5 File No. 111096.

6 Section 2. The General Manager of the PUC is hereby authorized to execute
7 the amendment to the contract for full load service with WAPA. A copy of this contract is on
8 file with the Clerk of the Board of Supervisors in File No. 111096.

9 Section 3. WAIVERS. For the purpose of this contract, the Board of Supervisors
10 finds that it is reasonable and in the public interest to grant the waivers specified below.

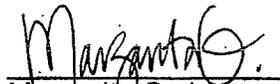
11 (1) The Board of Supervisors hereby waives the requirement of San Francisco
12 Administrative Code § 21.19 that every contract include a statement regarding guaranteed
13 maximum costs.

14 (2) The Board of Supervisors hereby waives the requirement of San Francisco
15 Administrative Code Section 21.35 that every contract include a statement regarding liability
16 of claimants for submitting false claims to the City.

17 Section 4. APPROPRIATION OF FUNDS. The costs under this contract will be
18 recovered through the electric utility rates at TI/YBI, and will be included in the annual budgets
19 for the PUC's Power Enterprise.

20 APPROVED AS TO FORM:
21 DENNIS J. HERRERA, City Attorney

22 By:

23 
24 Margarita Gutierrez
25 Deputy City Attorney



City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 111096

Date Passed: December 13, 2011

Ordinance approving the second amendment to the contract between the City and County of San Francisco and the United States, through the Department of Energy Western Area Power Administration, for delivery of low-cost power and scheduling coordinator services to Treasure Island and Yerba Buena Island; and approving the City indemnifying and holding the United States harmless against claims arising from the activities of the City under the contract, and waiving the requirement of the San Francisco Administrative Code Section 21.19 which requires that a City contract contain a statement of guaranteed maximum costs, and waiving the requirement of the San Francisco Administrative Code Section 21.35 which requires that every contract contain a statement regarding liability of claimants for submitting false claims.

November 16, 2011 Budget and Finance Committee - AMENDED

November 16, 2011 Budget and Finance Committee - CONTINUED AS AMENDED

November 30, 2011 Budget and Finance Committee - RECOMMENDED

December 06, 2011 Board of Supervisors - PASSED, ON FIRST READING

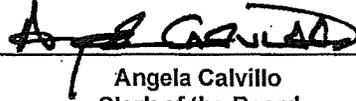
Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

December 13, 2011 Board of Supervisors - FINALLY PASSED

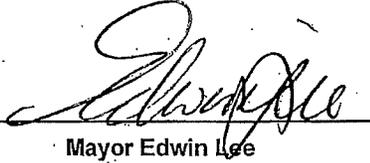
Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

File No. 111096

I hereby certify that the foregoing
Ordinance was FINALLY PASSED on
12/13/2011 by the Board of Supervisors of
the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



Mayor Edwin Lee

12/20/11

Date Approved



Department of Energy
Western Area Power Administration
Sierra Nevada Customer Service Region
114 Parkshore Drive
Folsom, California 95630-4710

JAN 13 2012

Ms. Barbara Hale
Assistant General Manager, Power
City and County of San Francisco
Hetch Hetchy Water and Power
1155 Market Street, 4th Floor
San Francisco, CA 94103

Dear Ms. Hale:

Enclosed for your records, please find one fully executed original of the following to Full Load Service Contract 04-SNR-00723 (FLS Contract) between the Western Area Power Administration (Western) and the City and County of San Francisco (CCSF):

- Amendment 2 updates the General Power Contract Provisions to the latest revision dated September 1, 2007, and extends the term of the FLS Contract through September 30, 2020.
- Exhibit B, Revision 3, increases Western's monthly charge to \$2,550 for providing Portfolio Management Services to CCSF under the FLS Contract and became effective October 1, 2011.

If you have any questions regarding the above, please contact Mr. Hiroshi Kashiwagi at (916) 353-4477 or Ms. Jeanne Haas at (916) 353-4438.

Sincerely,


Sonja A. Anderson
Power Marketing Manager

2 Enclosures

cc:
Mr. Sam Larano, P.E.
Manager, Interconnection Services and Redevelopment
SFPUC Power Enterprise
City and County of San Francisco
Hetch Hetchy Water and Power
1155 Market Street, 4th Floor
San Francisco, CA 94103

ORIGINAL

PLEASE KEEP
FOR YOUR RECORDS

San Francisco, City and County of
Contract 04-SNR-00723
Exhibit B, Revision 3

Exhibit B
(Charge for Portfolio Management Services)

1. This Exhibit B, Revision 3, to be effective under and as part of Contract 04-SNR-00723 shall become effective on October 1, 2011; and shall remain in effect until superseded by another Exhibit B or termination of the contract.
2. The monthly charge for Portfolio Management services shall be \$2,550.00.

WESTERN AREA POWER ADMINISTRATION

By: Sonia A. Anderson
 Sonia A. Anderson
 Title: Power Marketing Manager
 Address: 114 Parkshore Drive
Folsom, CA 95630-4416

CITY AND COUNTY OF SAN FRANCISCO

By: M. D. Cal
 Title: DEPUTY GENERAL MANAGER
 Address: 1155 MARKET STREET
SAN FRANCISCO CA 94103

Attest:

By: _____
 Title: _____ Date: _____

Approved as to Form:

Dennis J. Herrera
City Attorney

By: Margarita Gutierrez
 Margarita Gutierrez
 Deputy City Attorney
 Contract 04-SNR-00723, Exhibit B, Rev. 3

ORIGINAL

Contract 04-SNR-00723
Amendment 2

PLEASE KEEP
FOR YOUR RECORDS

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 2
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE
WITH

THE CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION

AMENDMENT 2
(Extension / Portfolio Management Services)

TO THE
CUSTOM PRODUCT CONTRACT
FOR
FULL LOAD SERVICE

WITH

THE CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

<u>Section</u>	<u>Table of Contents</u>	<u>Page</u>
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3.	Agreement	2
4.	Term of Amendment.....	2
5.	Modification of Section 4 (Effective Date and Term of Contract) of the FLS Contract.....	2
6.	Modification of Section 17 (General Power Contract Provisions) of the FLS Contract.....	3
7.	FLS Contract to Remain in Effect	3
8.	Authority to Execute.....	3

Resolution
General Power Contract Provisions [September 1, 2007]

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4 UNITED STATES
5 DEPARTMENT OF ENERGY
6 WESTERN AREA POWER ADMINISTRATION
7 SIERRA NEVADA REGION

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10 AMENDMENT 2
11 (Extension / Portfolio Management Services)

12 TO THE
13 CUSTOM PRODUCT CONTRACT
14 FOR
15 FULL LOAD SERVICE

16 WITH

17 THE CITY & COUNTY OF SAN FRANCISCO
18 HETCH HETCHY WATER & POWER
19

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21
22 1. PREAMBLE:

23 This Amendment 2 to Contract 04-SNR-00723 (FLS Contract) is made this 13th
24 day of JANUARY, 2012, between the UNITED STATES OF AMERICA,
25 DEPARTMENT OF ENERGY, WESTERN AREA POWER ADMINISTRATION
26 (Western) and the CITY & COUNTY OF SAN FRANCISCO, HETCH HETCHY WATER
27 & POWER, (CCSF), also hereinafter referred to individually as Party and together as
28 Parties, pursuant to the same authorities as the FLS Contract.

2. EXPLANATORY RECITALS:

2.1 The Parties entered into the FLS Contract on August 13, 2004. Under the
FLS Contract, Western provides Supplemental Power and Portfolio Management
Services to CCSF.

2.2 The Parties entered into Amendment 1 to the FLS Contract on

///

1 November 30, 2007. This, among other things, extended the termination date of
2 the FLS Contract to September 30, 2015.

3
4 2.3 Western is considering making Supplemental Power purchases extending
5 beyond September 30, 2015, which is the current term of the FLS Contract.

6
7 2.4 In order to provide Supplemental Power from purchases extending
8 beyond the FLS Contract termination date to CCSF, the Parties must agree to
9 extend the term of the FLS Contract.

10
11 2.5 At the time Amendment 1 to the FLS Contract was executed, the
12 June 15, 2005 General Power Contract Provisions (GPCP) were effective.
13 Western revised its GPCP effective September 1, 2007. The Parties wish to
14 update the FLS Contract with the current GPCP.

15
16 **3. AGREEMENT:**

17 The Parties agree to the terms and conditions set forth herein.

18
19 **4. TERM OF AMENDMENT:**

20 This Amendment shall become effective upon execution and shall remain in effect
21 concurrently with the FLS Contract.

22
23 **5. MODIFICATION OF SECTION 4 (EFFECTIVE DATE AND TERM OF**
24 **CONTRACT) OF THE FLS CONTRACT:**

25 The following subsection of Section 4 of the FLS Contract is hereby modified as shown
26 below:

27 ///

28 ///

1 4.1 This Contract shall become effective upon execution by the Parties.
2 and shall remain in effect through September 30, 2020; except as
3 otherwise provided for herein.
4

5 **6. MODIFICATION OF SECTION 17 (GENERAL POWER CONTRACT**
6 **PROVISIONS) OF THE FLS CONTRACT:**

7 Section 17 of the FLS Contract is hereby modified as shown below:

8 The GPCP, effective September 1, 2007, attached hereto, are hereby
9 made a part of this Contract the same as if they had been expressly set
10 forth herein; Provided, That, for the term of this Contract, CCSF hereby
11 agrees to waive its rights under this Contract to Article 11 of the GPCP.
12

13 **7. FLS CONTRACT TO REMAIN IN EFFECT:**

14 Except as expressly modified by this Amendment, said FLS Contract shall remain in full
15 force and effect, and this Amendment shall be subject to all provisions of the FLS
16 Contract, except as herein amended.
17

18 **8. AUTHORITY TO EXECUTE:**

19 Each individual signing this Amendment certifies that the Party represented has duly
20 authorized such individual to execute this Amendment that binds and obligates the
21 Party.

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IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By: Sonja A. Anderson
Sonja A. Anderson
Title: Power Marketing Manager
Address: 114 Parkshore Drive
Folsom, California 95630

CITY & COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

(Seal)

By: H. D. Co.
Title: DEPUTY GENERAL MANAGER
Address: 1155 MARKET STREET
SAN FRANCISCO CA 94103

By: _____
Title: _____

Approved as to Form:

Dennis J. Herrera
City Attorney

By: Margarita Gutierrez
Margarita Gutierrez
Deputy City Attorney

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 11-0153

WHEREAS, The San Francisco Public Utilities Commission ("SFPUC") purchases low-cost electricity and other services from the federal government, through the Western Area Power Administration ("WAPA"), in order to provide electric service to Treasure Island and Yerba Buena Island ("TI/YBI"); and

WHEREAS, Pursuant to Resolution 04-0197 the City and County of San Francisco ("the City") has previously executed a Full Load Service ("FLS") contract with the WAPA for electric service to TI/YBI effective January 11, 2005, for a period of five years and nine months or until September 30, 2010; and

WHEREAS, Pursuant to Resolution 07-0178 the City has previously executed Amendment No. 1 to the FLS contract extending the term from September 30, 2010, to September 30, 2015; and

WHEREAS, Under the FLS contract WAPA provides Portfolio Management Services and Supplemental Power Purchases to ensure that loads at TI/YBI would be reliably served; and

WHEREAS, Amendment No. 2 amends the FLS contract to extend the term by five years from September 30, 2010 to September 30, 2015; and

WHEREAS, The FLS contract amount will increase to account for the additional five years that WAPA will have to provide Supplemental Power Purchases and Portfolio Management Services to serve the electric load at TI/YBI; and

WHEREAS, The FLS contract allows the City to continue providing low cost federal power for all the anticipated electric power needs of TI/YBI; and

WHEREAS, The cost of the extended FLS contract will be recovered through the electric utility rate at TI/YBI and paid for by the SFPUC's Power Enterprise to WAPA; now therefore, be it

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[Contract Amendment – Western Area Power Administration - Electric Services – Not to Exceed \$15,950,888]

Ordinance approving the second amendment to the contract between the City and County of San Francisco and the United States, through the Department of Energy Western Area Power Administration, for delivery of low-cost power and scheduling coordinator services to Treasure Island and Yerba Buena Island; and approving the City indemnifying and holding the United States harmless against claims arising from the activities of the City under the contract, and waiving the requirement of Section 21.19 of the San Francisco Administrative Code which requires that a City contract contain a statement of guaranteed maximum costs, and waiving the requirement of Section 21.35 of the San Francisco Administrative Code which requires that every contract contain a statement regarding liability of claimants for submitting false claims.

NOTE: Additions are single-underline italics Times New Roman;
deletions are ~~strike-through italics Times New Roman~~.
Board amendment additions are double-underlined;
Board amendment deletions are ~~strikethrough-normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. FINDINGS. The Board of Supervisors hereby finds and declares that:

(1) The City, through its Public Utilities Commission (PUC), is currently providing electric utility service at Treasure Island and Yerba Buena Island (TI/YBI) under a multi-year Cooperative Agreement with the United States Navy.

(2) The City is the local reuse authority for Naval Station Treasure Island under the Federal Base Closure and Realignment Act (BRAC), and as a result is entitled to purchase low-cost electricity from the federal government.

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

1 would not agree to modify the contracts to include the statements required by San Francisco
2 Administrative Code Sections 21:19 and 21.35.

3 (10) The PUC approved this amendment at a public meeting on September 13, 2011,
4 in Resolution 11-0153, a copy of which is on file with the Clerk of the Board of Supervisors in
5 File No. 111096.

6 Section 2. The General Manager of the PUC is hereby authorized to execute
7 the amendment to the contract for full load service with WAPA. A copy of this contract is on
8 file with the Clerk of the Board of Supervisors in File No. 111096.

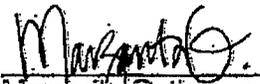
9 Section 3. WAIVERS. For the purpose of this contract, the Board of Supervisors
10 finds that it is reasonable and in the public interest to grant the waivers specified below.

11 (1) The Board of Supervisors hereby waives the requirement of San Francisco
12 Administrative Code § 21.19 that every contract include a statement regarding guaranteed
13 maximum costs.

14 (2) The Board of Supervisors hereby waives the requirement of San Francisco
15 Administrative Code Section 21.35 that every contract include a statement regarding liability
16 of claimants for submitting false claims to the City.

17 Section 4. APPROPRIATION OF FUNDS. The costs under this contract will be
18 recovered through the electric utility rates at TI/YBI, and will be included in the annual budgets
19 for the PUC's Power Enterprise.

20 APPROVED AS TO FORM:
21 DENNIS J. HERRERA, City Attorney

22 By: 
23 Margarita Gutierrez
24 Deputy City Attorney

25

File No. 111096

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 12/13/2011 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



Mayor Edwin Lee

12/20/11

Date Approved



TO: Angela Calvillo, Clerk of the Board

FROM: John Scarpulla, SFPUC Policy and Government Affairs

DATE: April 6, 2018

**SUBJECT: Contract Amendment - Western Area Power Administration
 - Extending Term through December 31, 2024 and
 increasing the maximum amount of the agreement to
 \$28,386,486; - Waiver of Certain Municipal Code
 Requirements**

Attached please find an original and one copy of a proposed ordinance approving the third amendment to the contract between the City and County of San Francisco through its Public Utilities Commission (PUC) and the United States, through the Department of Energy Western Area Power Administration, for delivery of low-cost power and scheduling coordinator services to Treasure Island and Yerba Buena Island through December 31, 2024 and increasing the maximum amount of the agreement to \$28,368,486; approving the City indemnifying and holding the United States harmless against claims arising from the activities of the City under the contract; waiving Administrative Code requirements that a City contract contain a statement of guaranteed maximum costs, and contain a statement regarding liability of claimants for submitting false claims; waiving certain other Administrative Code and Environment Code requirements upon findings made by the General Manager of the PUC.

RECEIVED SUPERVISORS
 BOARD OF SUPERVISORS
 SAN FRANCISCO
 2018 APR -6 AM 10:28
 BY [Signature]

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Ordinance
2. Legislative Digest
3. BOS Ordinance No. 17-05
4. Original Agreement with the Western Area Power Administration
5. BOS Ordinance 276-07
6. Amendment No. 1 to Agreement with the Western Area Power Administration
7. BOS Ordinance 256-11
8. Amendment No. 2 to Agreement with the Western Area Power Administration
9. SFPUC Resolution 18-0035
10. Draft Amendment No. 3 to Agreement with the Western Area Power Administration

- Mark Farrell**
Mayor
- Ike Kwon**
President
- Vince Courtney**
Vice President
- Ann Moller Caen**
Commissioner
- Francesca Vietor**
Commissioner
- Anson Moran**
Commissioner
- Harlan L. Kelly**
General Manager

Please contact John Scarpulla at 415-934-5782 if you need any additional information on these items.





Services of the San Francisco Public Utilities Commission

Amendment #3, Full Load Service Contract with Western Area Power Administration

Low-Cost Power and Scheduling Coordinator Services to Treasure Island and Yerba Buena Island

Budget & Finance Committee Meeting July 12, 2018



Summary of Proposed BOS Action

Approve ordinance authorizing Amendment No. 3 to the Full Load Service contract between City and County of San Francisco, through the Public Utilities Commission, and the U.S. Department of Energy's Western Area Power Administration (WAPA)

- Increases the estimated cost of the existing agreement from the current amount of \$15,950,888 to **\$28,370,000**
- Extends term of contract to **December 31, 2024**

1002



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Background

- San Francisco Public Utilities Commission has an existing *power purchase agreement* with U.S. Dept. of Energy - WAPA to supply low-cost electricity to the Treasure Island Development Authority from Jan.1, 2005 through Dec. 2024
- Source of this baseline electricity is federal hydropower (Central Valley Project and Washoe Project)
- SFPUC subsequently entered into Full Load Service Contract (**FLS 04-SNR-00723**) with WAPA for *Supplemental Electricity and Scheduling Coordinator Services* for TI/YB from Jan. 2005 through Sept. 2010
- This *supplemental electricity* may include purchases (long-term, short-term, day-ahead, etc.) by WAPA from various/unspecified sources

1003



WAPA: FLS Contract Amendments

- Contract was first amended in Dec. 2007 to extend services five years (Oct. 2010 through Sept. 2015) – increased total estimated amount (not-to-exceed) from original \$2,120,000 to **\$4,240,000**
- Contract amended a second time (Oct. 2011) to extend services another five years (Oct. 2015 through Sept. 2020) – increased contract to **\$15,950,888**



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Proposed Third Amendment

WAPA proposes a Third Amendment to the FLS contract

- Would extend the term past current termination date of Sept. 2020 to **Dec. 31, 2024**
- Increases the contract budget by **\$12,419,112** to not-to-exceed amount of **\$28,370,000**
- All other contract terms would remain unchanged
- WAPA is in process of soliciting additional supplemental power purchase agreements for same period and requires a commitment from its customers by amending the FLS contract to extend the term
 - *SFPUC approved this third amendment on Feb. 27, 2018*

1005



Year	Supplemental Electricity (MWh)	Estimated Price per MWh	Electricity Scheduling Coordinator	Total
2021	30,948	\$78.00	\$34,000	\$2,447,944
2022	35,074	\$81.00	\$34,000	\$2,875,009
2023	39,067	\$84.00	\$34,000	\$3,315,636
2024	43,064	\$87.00	\$34,000	\$3,780,529
Total	147,435	\$82.90	\$136,000	\$12,419,118

Estimated Supplemental Electricity Purchases, 2021-2024

Actual cost of supplemental electricity to be purchased may be higher or lower than estimated, due to a) market rate of electricity; b) total amount of electricity generated by WAPA hydro projects; c) TI/YB's actual electricity requirements

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Thank you!

