

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

Contract 04-SNR-00723
Amendment 2

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<u>Section</u>	<u>Table of Contents</u>	<u>Page</u>
1.	Preamble.....	1
2.	Explanatory Recitals	1
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]

Contract 04-SNR-00723
Amendment 2

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3
4 UNITED STATES
5 DEPARTMENT OF ENERGY
6 WESTERN AREA POWER ADMINISTRATION
7 SIERRA NEVADA REGION

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9 (Extension / Portfolio Management Services)

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

17 **1. PREAMBLE:**

18 This Amendment 2 to Contract 04-SNR-00723 (FLS Contract) is made this 13th
19 day of JANUARY, 2012, 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 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.

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

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

3
4
5 WESTERN AREA POWER ADMINISTRATION

6
7 By: Sonja A. Anderson
8 Sonja A. Anderson
9 Title: Power Marketing Manager
10 Address: 114 Parkshore Drive
Folsom, California 95630

11
12 CITY & COUNTY OF SAN FRANCISCO
13 HETCH HETCHY WATER & POWER

14
15 (Seal)

16 By: M. D. Co.
17 DEPUTY GENERAL MANAGER
18 Title: 1155 MARKET STREET
19 Address: SAN FRANCISCO CA 94103

20 Approved as to Form:

21 Dennis J. Herrera
22 City Attorney

23
24 By: Margarita Gutierrez
25 Margarita Gutierrez
26 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

RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is hereby authorized to execute Amendment No. 2 of the FLS contract with WAPA extending the term for an additional period of five years expiring on September 30, 2020 and increasing the previously authorized FLS contract amount with WAPA to a value not to exceed \$13,890,000, subject to the approval of the Board of Supervisors; and be it

FURTHER RESOLVED, That the General Manager of the San Francisco Public Utilities Commission is authorized to seek approval of Amendment No. 2 of 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 _____ *September 13, 2011*



Secretary, Public Utilities Commission

Amended in Committee. 11/16/11

FILE NO. 111096

ORDINANCE NO.

256-11

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.

PUBLIC UTILITIES COMMISSION
BOARD OF SUPERVISORS

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 Margarita Gutierrez
24 Deputy City Attorney
25



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

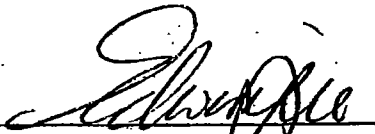
Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

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