

1 [Amended Power Purchase Contract.]

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3 **Resolution approving an amended contract with Calpine Energy Services for the**
4 **purchase of electricity through June 30, 2006.**

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6 WHEREAS, Hetch Hetchy has historically purchased power to meet its energy
7 requirements from the short term California wholesale market and through long-term power
8 contracts; and

9 WHEREAS, on May 7, 2001, the Board of Supervisors approved by resolution a five
10 year power contract with Calpine Energy Services, L.P. ("Calpine") for the purchase of
11 electricity through June 30, 2006; and,

12 WHEREAS, Hetch Hetchy determined that renegotiation of the Calpine power contract
13 was necessary to ensure a more competitive price and to restructure the schedule and
14 quantity of energy provided under the contract; and,

15 WHEREAS, The Finance Committee of the Board of Supervisors directed City staff to
16 negotiate with Calpine to attempt to modify the Calpine power contract; and

17 WHEREAS, as the result of negotiations with Calpine, the parties have agreed to an
18 amended Calpine power contract, which is on file with the Clerk of the Board of Supervisors in
19 File No. , which is hereby declared to be a part of this resolution as if set forth fully herein;
20 and,

21 WHEREAS, under the amended Calpine power contract, the price per MW has been
22 reduced from \$75.25 to \$69.00 for the remaining term of the contract; and,

23 WHEREAS, this price reduction will result in substantial savings to the City of
24 approximately \$ 17,231,400 through the remainder of the contract term; and,

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1 WHEREAS, under the amended Calpine power contract, the energy schedule has
2 been changed such that Hetch Hetchy will receive power according to the following schedule:
3 1) during the first quarter of each year 40 MWs at all hours; 2) during the second quarter of
4 each year 30 MWs at all hours; 3) during the third quarter of each year 50 MWs at all hours
5 plus 5MWs during peak hours; and 4) during the fourth quarter of each year 60MWs at all
6 hours plus 15 MWs during peak hours; and,

7 WHEREAS, these changes in the energy delivery schedule provide value to the City
8 because the revised schedule more closely matches the City's energy needs; and,

9 WHEREAS, under the amended Calpine power contract, San Francisco waives all right
10 to challenge the validity or the justness and reasonableness of the amended Calpine power
11 agreement, including with respect to any rights under Sections 205 and 206 of the Federal
12 Power Act to request the FERC to revise the terms and conditions and the rates or services
13 specified in this Agreement, and agrees not to initiate mediation or arbitration or to make any
14 filings at the FERC or with any other state or federal agency, board, court or tribunal
15 challenging the rates, terms and conditions of this Agreement as to their justness and
16 reasonableness; now, therefore, be it

17 RESOLVED, That the Board of Supervisors approves the amended contract with
18 Calpine Energy Services.

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