

RESOLUTION NO. 2303

A RESOLUTION APPROVING A TERRITORY ALLOCATION AGREEMENT BETWEEN THE CITY OF HERMISTON DOING BUSINESS AS HERMISTON ENERGY SERVICES AND UMATILLA ELECTRIC COOPERATIVE AND SUPERSEDING HERMISTON CITY COUNCIL RESOLUTION NO. 2208 AND AUTHORIZING THE HERMISTON ENERGY SERVICES GENERAL MANAGER TO SIGN ON BEHALF OF THE CITY

WHEREAS, the City of Hermiston doing business as Hermiston Energy Services, (HES) and Umatilla Electric Cooperative, (UEC) are each engaged in the retail sale of electricity to customers within defined service territories approved by the Public Utility Commission of Oregon (the “Commission”). HES’ and UEC’s respective service territories include areas located adjacent to each other in Umatilla County, Oregon; and

WHEREAS, HES and UEC previously entered into a Customer Allocation Agreement that allows UEC to serve Amazon Data Services, Inc. (“Customer”) on certain property described as Lot 2, STAHL REPLAT, recorded in Record No. 2019-6940037, Book 16 Page 95, on 11-27-2019 in the office of County Records in Umatilla County, State of Oregon and currently designated as Tax Lot No. 600, Map No. 4N2824-00-00600 in Umatilla County, Oregon (“Property”) even though portions of that Property are in HES’ service territory; and

WHEREAS, the Hermiston City Council approved the Customer Allocation Agreement through Resolution No. 2208 on February 14, 2022; and

WHEREAS, The Commission approved the Customer Allocation Agreement in Order 22-249 on July 6, 2022; and

WHEREAS, UEC and HES have agreed to replace the Customer Allocation Agreement with this Agreement to permanently transfer all of the Property into UEC’s service territory, subject to Commission approval; and

WHEREAS, Customer intends to construct, own, and operate one or more industrial facilities and related ancillary facilities on Lot 1, STAHL REPLAT, recorded in Record No. 2019-6940037, Book 16 Page 95, on 11-27-2019 in the office of County Records in Umatilla County, State of Oregon and currently designated as Tax Lot No. 200 Map No. 4N2823-00-00200 in Umatilla County, Oregon (“Adjacent Property”). Customer has requested that UEC also provide utility service on the Adjacent Property even though the Adjacent Property is in HES’ service territory; and

WHEREAS, ORS 758.410 allows utilities to enter into agreements to allocate territory and customers and to designate which territories and customers are to be served by each utility; and

WHEREAS, UEC desires to serve, and HES has agreed to allow UEC to serve, the Customer on the Adjacent Property; and

WHEREAS, UEC and HES have agreed to permanently transfer the Adjacent Property into UEC's service territory, subject to Commission approval; and

WHEREAS, The Parties believe that permanently allocating the Property and the Adjacent Property to UEC as provided for in this Agreement will eliminate or avoid unnecessary duplication of utility facilities and will promote the efficient and economic use and development and the safety of operation of the utility systems of the Parties, while providing adequate and reasonable service to the Customer and other customers in the service territories of both Parties; and

WHEREAS, Accordingly, HES and UEC hereby desire to enter into this Agreement pursuant to ORS 758.410 to permanently transfer the Property and Adjacent Property into UEC's service territory so that UEC can serve the Customer and future customers on the Property and Adjacent Property as provided for in this Agreement, and to complete the transactions contemplated by this Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, THE CITY OF HERMISTON RESOLVES AS FOLLOWS:

1. That the recitals stated above are incorporated as if fully set forth herein.
2. That the Agreement allocating to UEC the Service Territory on the Property is appropriate under the above stated circumstances and is approved.
3. That Hermiston Electric Services General Manager, Nate Rivera, is authorized to sign the Agreement and all documents to facilitate the allocation of the Service Territory Transfer to UEC for purposes of providing electric service to the Property.
4. That this Resolution supersedes City of Hermiston Resolution No. 2208.
5. That this Resolution is effective immediately upon its passage.

PASSED by the Common Council this ___ day of January, 2024.

SIGNED by the Mayor this ___ day of January, 2024.

Dr. David Drotzmann, MAYOR

ATTEST:

Lilly Alarcon-Strong, CMC, CITY RECORDER