



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of January 8, 2024

Title/Subject

Resolution 2303 - Approving Territory Allocation Agreement

Summary and Background

In early 2022, The City and Umatilla Electric Cooperative (UEC) agreed to a Customer Allocation Agreement (CAA) of Hermiston Energy Services (HES) defined service territory on Umatilla County Tax Lot No. 4N2824-00-00600 to allow UEC to provide service to its Member via Resolution 2208.

The above tax lot straddled both UEC and HES service territories, with the vast majority of the lot residing in UEC's defined territory. After verifying options, HES proposed and UEC supported a Customer Allocation Agreement (CAA) to serve its Member.

In late 2022, and Industrial customer requested service from Hermiston Energy Services in excess of 50 average megawatts on the adjacent property. The requested service is entirely within HES's defined service territory. Due to the size of the request and the timeline, HES determined it would not have the ability to serve the load.

HES contacted UEC about providing service to the customer. UEC desired to serve its Member; however, due to the required facilities needed to serve the proposed load, they requested, and HES agreed for the entire property to be permanently transferred into UEC's service territory.

HES contracted with Stole Rives LLP to research how the Oregon Public Utility Commission (OPUC) would view a service territory transfer (STT) in Oregon. It was determined that 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.

Conclusion:

After verifying options, UEC and HES supported replacing the existing Customer Allocation Agreement (CAA) on Tax Lot No. 600, Map No. 4N2824-00-00600, with an STT. This updated Agreement would include Tax Lot No. 200 Map No. 4N2823-00-00200.

HES and UEC 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 both utility systems while providing adequate and reasonable service to the Member and other customers in the service territories of both Parties.

This Agreement and the replacement of the Customer Allocation Agreement with this Agreement shall be effective and enforceable only upon approval of this by the OPUC pursuant to ORS 758.415.

HES requested a Sunset clause as part of the Agreement. Accordingly, if the UEC Member does not commence construction of the Facility within thirty-six months from the Effective Date, this Agreement shall automatically terminate.

Tie-In to Council Goals

Goal 1: Workforce Development: Attract Industry and Jobs.

Fiscal Information

None

Alternatives and Recommendation

Alternatives

Approve Resolution 2303

Deny Resolution 2303

Recommended Action/Motion

Staff recommends approving Resolution 2303 as presented.

Submitted By:

Nate Rivera, HES General Manager