



City of Needles, California Request for City Council Action

☒ CITY COUNCIL ☐ NPUA

☒ Regular ☐ Special

Meeting Date: December 10, 2024

Title: Authorize the City Manager to execute the Parker-Davis Voluntary Reduction Agreement

Background: WAPA and participating contractors are parties to Contract No. XXXX (FES Contract), for firm electric service of Parker-Davis Project (PDP) power. Under Section X of the FES Contract, WAPA is committed to delivering specified obligations of firm Monthly Energy (as defined in the FES Contract) to participating contractors. In recent years, drought conditions in the Colorado River Basin and disruptions in the wholesale energy market have made it increasingly difficult for WAPA to meet its Monthly Energy commitments to FES contractors with federal hydropower alone. To meet its Monthly Energy requirements to FES contractors, WAPA has increasingly relied on purchasing power and adding such costs to the PDP FES rate.

This Agreement permits the Participating Contractor, on a voluntary basis, to elect to reduce its reliance on WAPA-purchased power and accept reduced energy deliveries from WAPA. Such reductions would be based on federal hydropower generation projections made available to WAPA by the Department of Interior, Bureau of Reclamation (Reclamation), and shared with Participating Contractor and other FES contractors. In return for voluntarily electing to take reduced energy deliveries, the Participating Contractor would receive monthly billing credits based on the purchase power component of the PDP FES rate. Participating Contractor would also receive credits for their part in reducing purchase power deficits. The process by which the Participating Contractor may voluntarily elect to reduce its energy deliveries and obtain corresponding billing credits is set forth herein.

Executing the proposed agreement allows staff to utilize term purchases with excess allocation to cover the City's Parker-Davis allocation when there is a shortfall. There is no disadvantage to executing the proposed agreement and has no impact on the City of Needles allocation.

The Board of Public Utilities approved the recommended action on December 3, 2024.

Fiscal Impact: Reduction in Parker-Davis hydropower purchase costs.

Environmental Impact: None

Recommended Action: Authorize the City Manager to execute the Parker-Davis Voluntary Reduction Agreement

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez

Date: 12/4/2024

Other Department Approval (when required): _____

Date: _____

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐