



## City of Needles, California Request for Commission Action

☐ CITY COUNCIL ☒ BOARD OF PUBLIC UTILITIES ☒ Regular ☐ Special

**Meeting Date:** December 3, 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. WAPA has increasingly relied on purchasing power and adding such costs to the PDP FES rate to meet its monthly energy requirements for FES contractors,

This Agreement permits the Participating Contractor, voluntarily, 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 Contractors 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; it does not impact the City of Needles allocation.

**Fiscal Impact:** Reduction is Parker-Davis hydro 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:** 11/25/2024  
**Other Department Approval (when required):** \_\_\_\_\_ **Date:** \_\_\_\_\_

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
Agenda Item: _____			