



# City of Grand Island

Tuesday, December 17, 2002

Council Session

## Item G20

### #2002-388 - Approving Modification to Electric Service Area

**Background:**

*The City of Grand Island with the authorization of the Nebraska Power Review Board has a designated area of land within the state referred to as Service Area. The City has both the opportunity and the requirement to provide electrical service to any and all customers within this area. The designated area also precludes any other electric entity from providing electricity.*

*The existing service area includes the city limits of Grand Island and a large area north, east, and south. The area is from the city limits on the west, to the Platte River on the south, to three miles east into Merrick County and north to the Howard County line. The service area can only be changed by application to the Nebraska Power Review Board and only to newly annexed areas of the City.*

**Discussion:**

*The recent annexation affects the service area only in the Wildwood Subdivision at the southeast corner of Hwy. 281 and Wildwood Drive. State law requires that any area the City obtains from an REA must compensate the other utility for lost customers and must purchase their electrical lines. The compensation consists of 2.5 times annual revenue for lost customers and depreciated value of the facilities.*

**Recommendation:**

*The total cost to reimburse Southern Power District for customers and facilities is \$154,942.60. City staff has reviewed the calculations and agrees with the accuracy. Staff recommendation is to authorize the Mayor to sign a Joint Application with Southern Power District to modify the Electric Service Area and to authorize payment to Southern in the amount of \$154,942.60.*

**Fiscal Effects:**

*Expenditure of \$154,942.60 which is available for that purpose in Fund 520.*

**Alternatives:**

*None recommended. See attached RESOLUTION.*

**Staff Contact: Robert H. Smith**

STATE OF NEBRASKA - NEBRASKA POWER REVIEW BOARD

IN THE MATTER OF THE JOINT	)	
APPLICATION OF THE CITY OF	)	Application No.
GRAND ISLAND, NEBRASKA	)	
AND SOUTHERN PUBLIC	)	JOINT APPLICATION FOR MODIFICATION
POWER DISTRICT TO MODIFY	)	OF EXISTING SERVICE AREA AGREEMENT
EXISTING SERVICE AREA	)	NO. 51
AREA AGREEMENT NO. 51	)	

COMES NOW, the CITY OF GRAND ISLAND, NEBRASKA, a Municipal Corporation (City) and SOUTHERN PUBLIC POWER DISTRICT, a Public Corporation and Political Subdivision of the State of Nebraska (Southern) and jointly apply to the Nebraska Power Review Board for an appropriate order amending Service Area Agreement No. 51 by transferring the service areas shown on Exhibits A and A-1 attached hereto and made a part hereof by reference, from Southern to the City and in support of this Joint Application allege as follows:

1. The City currently serves pursuant to Service Area Agreement No. 51 retail customers within the boundaries of the real estate shown on Exhibit A. The real estate tracts shown on Exhibit A-1 sought to be transferred in this matter is the areas designated as the "Service Area to be Acquired."

2. Currently, the real estate tracts shown on Exhibit A-1 and sought to be transferred in this matter are served by Southern. Said real estate tracts are the shaded areas designated as the Grand Island Service Request Area. The terms and conditions of the Agreement between the City and Southern to change certified service areas and customers to the City and to compensate Southern for said transfers are as follows:

- a. GRAND ISLAND SERVICE REQUEST AREA: There are 19 customers located in Grand Service Request Area. The City and Southern agree that transfer of the certified service area shall occur upon approval of the joint application for modification of existing Service Area No. 51 and payment by the City to Southern of the amount provided in this sub-paragraph. In accordance with Neb. Rev. Stat., §70-1010(2), the City and Southern agree that the value of the certified service area and distribution facilities and customers being transferred is \$154,942.60.

3. The real estate tract designated as Grand Island Service Request Area was platted, approved and recorded as an addition to the City of Grand Island and included within the corporate limits of the City by Ordinance Number 8748 enacted on August 13, 2002.

4. In order to avoid and eliminate duplication of facilities, the applicants have agreed, subject to approval of the Nebraska Power Review Board, to amend Service Area Agreement No. 51 in accordance with the Amendment to Service Area Agreement No. 51 attached hereto.

5. The modification of Service Area Agreement No. 51 as proposed herein is in the public interest and in accordance with the policy of the State of Nebraska as set forth in Chapter 70, Article 10, of the Revised Statutes of Nebraska.

WHEREFORE, the CITY OF GRAND ISLAND, NEBRASKA, a Municipal Corporation and SOUTHERN PUBLIC POWER DISTRICT, a Public corporation and Political Subdivision of the State of Nebraska jointly pray that the Nebraska Power Review Board enter an appropriate order approving the Amendment to Service Area Agreement No. 51, approving the amendment to existing Service Area Agreement No. 51 and transferring the certified service areas shown on Exhibits A and A-1 from Southern Public Power District to the City of Grand Island.

Attest:

CITY OF GRAND ISLAND, NEBRASKA  
A Municipal Corporation

\_\_\_\_\_  
RaNae Edwards, City Clerk

By: \_\_\_\_\_  
Jay Vavricek, Mayor

SOUTHERN PUBLIC POWER DISTRICT, A  
Public Corporation and Political Subdivision  
Of the State of Nebraska

Attest:

\_\_\_\_\_  
By: \_\_\_\_\_  
Gary Hedman, General Manager

## AMENDMENT TO SERVICE AREA AGREEMENT NO. 51

This Amendment to Service Area Agreement No. 51 is made on the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, by and between the CITY OF GRAND ISLAND, NEBRASKA, a Municipal Corporation (City), and SOUTHERN PUBLIC POWER DISTRICT, a Public Corporation and political Subdivision of the State of Nebraska (Southern).

1. STATEMENT OF PURPOSE. The purpose of this Amendment to Service Area Agreement No. 51 is to provide for the transfer of a tract of land located in the Northeast Quarter of Section 12, Township 10 North, Range 10 West of the Sixth P.M., Hall County, Nebraska (**Grand Island Service Request Area**), from the certified service area of Southern Public Power District to that of the City of Grand Island, Nebraska, the location of which is shown on Exhibit A attached hereto and made a part hereof by reference. The tract of land to be transferred is the shaded area hereto and made a part hereof by reference.

2. TERMS AND CONDITIONS. The following terms and conditions shall apply:

GRAND ISLAND SERVICE REQUEST AREA: There are 19 customers located in Grand Island Service Request Area. The City and Southern agree that transfer of the certified service area shall occur upon approval of the joint application for modification of existing Service Area No. 51 and payment by the City to Southern of the amount provided in this sub-paragraph. In accordance with Neb. Rev. Stat., §70-1010(2), the City and Southern agree that the value of the certified service area and distribution facilities and customers being transferred is \$154,942.60.

3. APPLICATION TO NEBRASKA POWER REVIEW BOARD. The parties shall jointly make application to the Nebraska Power Review Board for modification of Service Area Agreement No. 51, requesting that said Agreement be amended by transferring the tracts of real estate shown on Exhibit A-1 from the service area of Southern Public Power District to the City of Grand Island, Nebraska. The parties agree to execute any and all additional documents which may be necessary or convenient to affect the purposes of this Agreement.

4. RATIFICATION OF SERVICE AREA AGREEMENT NO. 51. The parties ratify and confirm all terms and provisions contained in Service Area Agreement No. 51 and its previous amendments which are not affected by this Agreement.

5. ENTIRE AGREEMENT. This Amendment to Service Area Agreement No. 51 constitutes the entire agreement of the parties relative to the issues contained therein and supersedes all prior agreements, whether written or oral.

6. CHOICE OF LAWS. This Amendment to Service Area Agreement No. 51 shall be construed in accordance with the laws of the United States of America and the State of Nebraska.

Attest:

CITY OF GRAND ISLAND, NEBRASKA  
A Municipal Corporation

\_\_\_\_\_  
RaNae Edwards, City Clerk

\_\_\_\_\_  
Jay Vavricek, Mayor and Council Members

SOUTHERN PUBLIC POWER DISTRICT, A  
Public Corporation and Political Subdivision of the  
State of Nebraska

Attest:

\_\_\_\_\_

By: \_\_\_\_\_  
Gary Hedman, General Manager

RESOLUTION 2002-388

WHEREAS, the City of Grand Island, with the authorization of the Nebraska Power Review Board, has a designated area of land within the state referred to as Service Area; and

WHEREAS, the City is required to provide electrical service to all customers within this area; and

WHEREAS, the City's Service Area precludes all other electrical entities from providing electricity to customers within this area; and

WHEREAS, the Service Area can only be changed by application to the Nebraska Power Review Board, and can be based on newly annexed areas of the City; and

WHEREAS, as a result of recent annexations to the City of Grand Island, the Wildwood Subdivision in the southeast corner of Highway 281 and Wildwood Drive is subject to an amendment to the City's Service Area; and

WHEREAS, state law requires the City to reimburse the utility currently providing service to such area for lost customers and must purchase the utility's existing electric lines, such cost to be \$154,942.60.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the City is hereby authorized to file with the Nebraska Power Review Board, a Joint Application for Modification of Existing Service Area Agreement No. 51.

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Amendment to Service Area Agreement No. 51 is hereby approved to request the City of Grand Island's Service Area be expanded due to recent annexations; and the Mayor is authorized and directed to execute such amendment on behalf of the City of Grand Island.

BE IT FURTHER RESOLVED, that Southern Power District be reimbursed in the amount of \$154,942.60 for existing utility lines and lost customers as a result of such expanded Service Area.

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Adopted by the City Council of the City of Grand Island, Nebraska on December 17, 2002.

Approved as to Form ? \_\_\_\_\_  
December 12, 2002 ? City Attorney

RaNae Edwards, City Clerk

Approved as to Form ? \_\_\_\_\_  
December 12, 2002 ? City Attorney