



# City of Grand Island

Tuesday, August 14, 2012

Council Session

## Item G6

**#2012-201 - Approving Amendment to the Interconnection Agreement with Nebraska Public Power District (NPPD)**

Staff Contact: Tim Luchsinger, Utilities Director

# Council Agenda Memo

**From:** Tim Luchsinger, Utilities Director

**Meeting:** August 14, 2012

**Subject:** Approving Amendment No. 1 to the Amended and Restated Electric Interconnection Agreement

**Item #'s:** G-6

**Presenter(s):** Tim Luchsinger, Utilities Director

## Background

In 1981, the City of Grand Island entered into a formal agreement with Nebraska Public Power District (NPPD) known as the Electric Interconnection and Interchange Agreement. This agreement established the roles and responsibilities for each party due to the interconnections that existed between the two entities. Until 2009, the City of Grand Island and NPPD were both part of the Mid-Continent Area Power Pool (MAPP). MAPP was an organized pool of utilities that provided backup generation for each other during unplanned generator outages. MAPP required each utility to participate in various joint planning efforts that ensured adequate generation and transmission existed within the MAPP footprint. In 2002, the City of Grand Island entered into the Joint Reporting Agreement with NPPD to formally establish the various responsibilities between each party for participation in these joint planning efforts.

In 2009, all Nebraska utilities switched to the Southwest Power Pool (SPP). This transition essentially eliminated MAPP's role in the joint planning process. In 2011, the Amended and Restated Electric Interconnection Agreement was signed to replace the original and obsolete 1981 agreement. Since the 2002 Joint Reporting Agreement was written around MAPP requirements, the transition to SPP made the agreement obsolete.

## Discussion

In an effort to eliminate unnecessary agreements and ensure procedures are kept up to date, NPPD is proposing the attached amendment to the 2011 Amended and Restated Electric Interconnection Agreement. The amendment establishes the terms for billing labor associated with joint planning efforts now under the SPP process. It also terminates the 2002 Joint Reporting Agreement since it is obsolete.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand.  
The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to a future date
4. Take no action on the issue

## **Recommendation**

City Administration recommends that the Council approve Amendment No.1 to the Amended and Restated Electric Interconnection Agreement.

## **Sample Motion**

Move to approve Amendment No.1 to the Amended and Restated Electric Interconnection Agreement.

**AMENDMENT NO. 1**  
**to**  
**ELECTRIC INTERCONNECTION AND INTERCHANGE AGREEMENT**  
**between**  
**NEBRASKA PUBLIC POWER DISTRICT**  
**and**  
**CITY OF GRAND ISLAND, NEBRASKA**

This Amendment No. 1 to the Electric Interconnection and Interchange Agreement between Nebraska Public Power District and City of Grand Island, Nebraska, effective April 18, 2011 as it may be amended is entered into effective this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by and between Nebraska Public Power District, Columbus, Nebraska, a public corporation and political subdivision of the State of Nebraska (NPPD); and the City of Grand Island, Nebraska, a municipal corporation and political subdivision of the State of Nebraska (City), NPPD and City being sometimes hereinafter referred to individually as "Party" or collectively as "Parties."

**WITNESSETH**

**WHEREAS**, the Parties entered into the Amended and Restated Electric Interconnection and Interchange Agreement effective as of April 18, 2011, which provides for continued benefits of reliability and economy through interconnection of the respective transmission systems, and

**WHEREAS**, the Parties desire to amend this Agreement by adding an Article to address superseded and/or termination of previous agreements and to clarify billing rates for all future services provided by NPPD.

**NOW, THEREFORE**, it is mutually agreed as follows:

- (1) The following last sentence in paragraph 5.12 of Article 5 shall be removed:

*City shall be responsible to pay NPPD for its applicable share of costs incurred by NPPD to perform work associated with joint planning efforts.*

and replaced with;

*City shall be responsible to pay NPPD for its applicable share of costs incurred by NPPD to perform work associated with joint planning efforts in accordance with Article 7.3.*

- (2) The following new Article 7.3 shall be added;

*7.3 Services provided by one Party to the other Party shall be billed at the billing Party's then current standard charge rate.*

- (3) The language below from the current Article 7.3 shall remain the same and the Article re-numbered to 7.4, and state;

~~7.3~~ 7.4 *If a Party desires to dispute all or any part of the charges submitted by the other Party pursuant to this Agreement, the disputing Party shall nevertheless pay the full amount of the charges when due and give a written notice to the other Party within sixty (60) days from the date the billing is rendered, which notice shall fully describe the basis for the dispute and set forth a detailed statement of the disputed issue(s), the amount in dispute and the relief sought; provided, however, if the basis for such dispute could not have been discovered by reasonable diligence within said sixty (60) days, any such notice shall be given, if at all, within sixty (60) days of the date of such discovery or within eighteen (18) months from the date the billing is rendered, whichever occurs first. The disputing Party will not be entitled to any adjustment on account of any disputed charges not brought to the other Party's attention within the time and in the manner herein specified. If resolution of the dispute results in a refund to the disputing Party, an amount of interest shall be added to the refund. Such interest shall accrue and be compounded daily on the amount to be refunded, beginning from (i) the date of payment of the disputed amount or (ii) receipt of the notice of dispute, whichever is later, and ending on the date the refund is made, using for each day the lowest United States prime rate of interest published on that day (or the last previous publication day if not published on that day) in the money rates section of the Wall Street Journal. Each such daily interest calculation shall be on the basis of actual days and a three hundred sixty-five-day (365-day) calendar year.*

- (4) The following new Article 18 shall be added in its entirety:

**ARTICLE 18**  
**ENTIRE AGREEMENT**

*18.1 This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof. All prior related agreements, representations, statements, and negotiations pertaining to this Agreement are hereby superseded, and the Parties Joint Reporting Agreement dated June 1, 2002 shall be terminated effective on the date of Amendment No. 1.*

Except as herein amended, all terms and conditions of the Amended and Restated Electric Interconnect and Interchange Agreement dated April 18, 2011, shall remain in full force and effect.

**IN WITNESS WHEREOF**, each of the Parties hereto has caused this Amendment No. 1 to be executed and delivered by its duly authorized officers or representatives as of the dates indicated below.

**NEBRASKA PUBLIC POWER DISTRICT**

**CITY OF GRAND ISLAND, NEBRASKA**

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

RESOLUTION 2012-201

WHEREAS, in 1981, the City of Grand Island entered into a formal agreement with the Nebraska Public Power District (NPPD) known as the Electric Interconnection and Interchange Agreement; and

WHEREAS, until 2009, the City of Grand Island and NPPD were both part of the Mid-Continent Area Power Pool (MAPP), and MAPP required each utility to participate in various joint planning efforts that ensured adequate generation and transmission existed within the MAPP footprint; and

WHEREAS, in 2009, all Nebraska utilities switched to the Southwest Power Pool (SPP), and eliminated MAPP's role in the joint planning process; and

WHEREAS, in 2011, the Amended and Restated Electric Interconnection Agreement was signed to replace the original and obsolete 1981 agreement; and

WHEREAS, in an effort to eliminate unnecessary agreements and ensure procedures are kept up to date, NPPD has proposed Amendment No. 1 to the 2011 Amended and Restated Electric Interconnection Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, Amendment No. 1 to the Amended and Restated Electric Interconnection Agreement with NPPD is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 14, 2012.

\_\_\_\_\_  
Jay Vavricek, Mayor

Attest:

\_\_\_\_\_  
Brenda Sutherland, Acting City Clerk

Approved as to Form	☒ _____
August 16, 2012	☒ City Attorney