



Contract number: CT-WW-13\* 359-01  
 Effective Date: 8-21-14  
 Term Date: 8-21-15  
 Cost:   
 Revenue: \_\_\_\_\_  
 Total: \_\_\_\_\_ NTE: \_\_\_\_\_  
 Action  
 Renewal By: \_\_\_\_\_  
 Term: 5-1-15  
 Reviewed by: Yd 8-21-15

**BOARD OF SUPERVISORS AGENDA ITEM SUMMARY**

Requested Board Meeting Date: August 5, 2014

**ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:**

In February 2013, the Tres Rios Wastewater Reclamation Facility (WRF) entered into an agreement with Tucson Electric Power Company (TEP) to be charged for electricity services at the LLP-14 rate schedule. On-going utility analysis, while the upgraded facility has come on-line, shows that even further savings in electricity costs can be realized under the LLP-90 rate schedule. The attached graph (Attachment A), shows that an estimated \$14,000 per month (\$168,000 annually) savings can be realized under the LLP-90 schedule.

This contract amendment would place the Tres Rios WRF under the LLP-90 rate schedule.

BT  
JUL 31 14 PM 04 25 PC CLK OF BD

CONTRACT NUMBER (if applicable): CT # 13\*359

**STAFF RECOMMENDATION(S):**

Staff recommends that the Board approve the contract amendment that will allow electricity charges for the Tres Rios Wastewater Reclamation facility to be billed at the LLP-90 rate schedule.

*OK*  
**C. DeLuca**  
 7/13/14

Procurement 07/31/14 PM 12:11

CORPORATE HEADQUARTERS: \_\_\_\_\_

Page 1 of 2 Ver. 2  
 Vendor - 1  
 Pgs. 7 (2)

To: CHH - 7-31-14  
 COB - 7-31-14  
 Agenda - 8-5-14  
 Addendum

CLERK OF BOARD USE ONLY: BOS MTG. \_\_\_\_\_

ITEM NO. \_\_\_\_\_

**PIMA COUNTY COST:** approximately \$2.9 million per year for electricity costs at Tres Rios WRF

**FUNDING SOURCE Enterprise Fund**

(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

**Advertised Public Hearing:**

		YES	X	NO
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**Board of Supervisors District:**

1		2		3		4		5		All	X
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**IMPACT:**

**IF APPROVED:**

The Tres Rios WRF electricity costs through TEP will be charged under the LLP-90 rate schedule, resulting in an estimated monthly savings of \$14,000.00

**IF DENIED:**

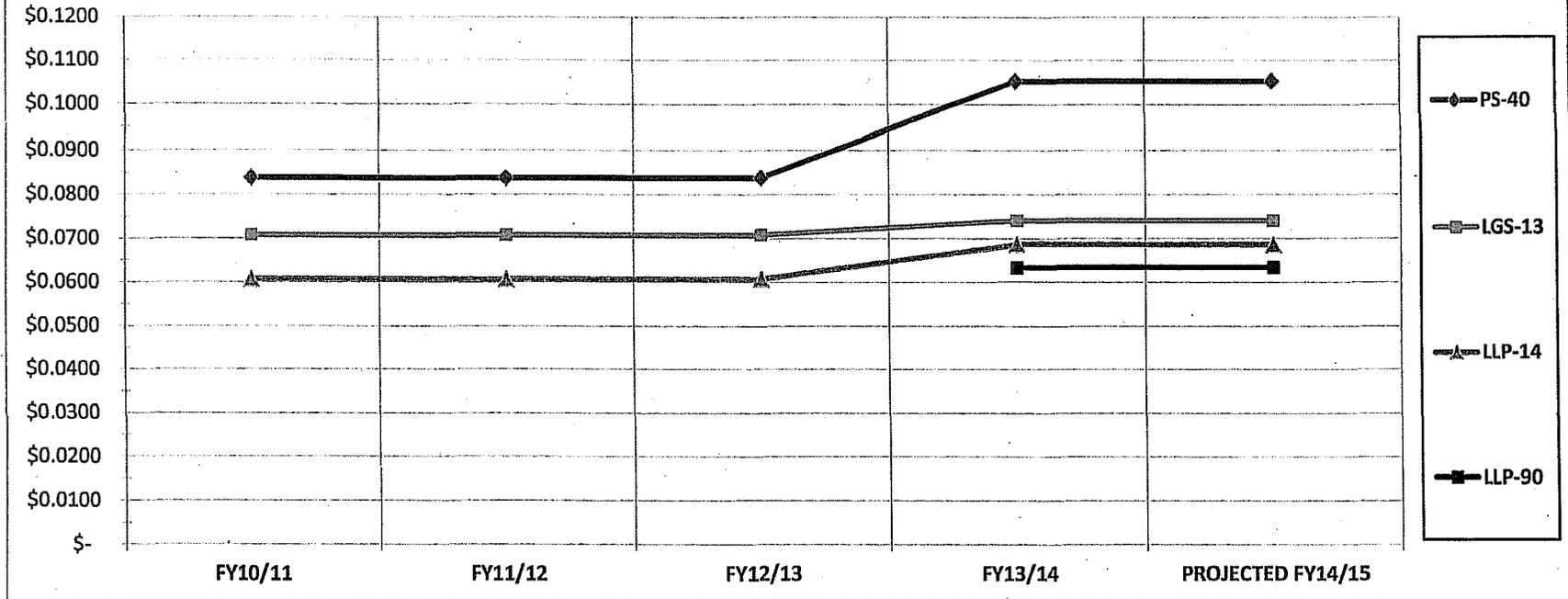
The Tres Rios WRF will continue to be charged under the LLP-14 rate schedule with TEP; no additional savings in electrical costs will be realized.

DEPARTMENT NAME: Regional Wastewater Reclamation Department (RWRD)

CONTACT PERSON: Marla Berry TELEPHONE NO.: 724-6181

## TEP BASE RATE COST PER KWH

(Based on June 2014 Actual Electrical Usage for Tres Rios WRF)



		COST PER KWH				
		FY10/11	FY11/12	FY12/13	FY13/14	PROJECTED FY14/15
PS-40	\$	0.0838	\$ 0.0838	\$ 0.0838	\$ 0.1054	\$ 0.1054
LGS-13	\$	0.0707	\$ 0.0707	\$ 0.0707	\$ 0.0740	\$ 0.0740
LLP-14	\$	0.0608	\$ 0.0608	\$ 0.0608	\$ 0.0687	\$ 0.0687
LLP-90					\$ 0.0634	\$ 0.0634

		AVERAGE MONTHLY BASE RATE COST (Peak Demand = 4,500 KW, Usage = 2,720,000 kWh)				
RATE		FY10/11	FY11/12	FY12/13	FY13/14	PROJECTED FY14/15
PS-40	\$	227,936	\$ 227,936	\$ 227,936	\$ 286,688	\$ 286,688
LGS-13	\$	192,376	\$ 192,376	\$ 192,376	\$ 201,361	\$ 201,361
LLP-14	\$	165,304	\$ 165,304	\$ 165,304	\$ 186,766	\$ 186,766
LLP-90					\$ 172,361	\$ 172,361

Peak Demand                      4,500 KW Peak Demand (Actual June 2014)  
 Usage                                2,720,000 kWh per Month (Actual June 2014)

By changing from LLP-14 to LLP-90 we anticipate saving an average of \$14,000 per month, or approximately \$168,000 per year.

**NOTE: Base rate does not include DSM, PPFAC, REST charges or Taxes which typically add approximately 20% to the base rate charges**

DSM = Demand Side Management surcharge, PPFAC = Purchased Power Fuel Adjustment Clause, REST = Renewable Energy Standard Tariff.

**PIMA COUNTY DEPARTMENT OF Regional Wastewater  
Reclamation Department (PCRWRD)**

**PROJECT:** Electric Power Supply Agreement for the Ina  
Road Waste Reclamation Facility (a.k.a. Tres Rios  
Reclamation Facility)

**CONTRACTOR:** Tucson Electric Power (TEP)

**CONTRACT NO.:** CT #13\*359

**CONTRACT AMENDMENT NO.:** One (#1)

**CONTRACT**

NO. CT-WW-13100000000000000000359

AMENDMENT NO. 01

This number must appear on all  
invoices, correspondence and  
documents pertaining to this  
contract.

**ORIG. CONTRACT TERM:** 02/01/2013- Until terminated with 90-day written notice

**TERMINATION DATE PRIOR AMENDMENT:** N/A

**TERMINATION THIS AMENDMENT:** N/A

**ORIG. CONTRACT AMOUNT:** N/A

**AMOUNT THIS AMENDMENT:** N/A

**REVISED CONTRACT AMOUNT:** N/A

**CONTRACT AMENDMENT**

WHEREAS, COUNTY and CONTRACTOR entered into a Contract for pricing of rates for utility services as referenced above; and

WHEREAS, CONTRACTOR and COUNTY, pursuant to Section 7 – Prices And Charges, have agreed to replace Sections 7.1, 7.2.1, and 7.2.3 for the purpose of replacing the electric pricing plan,

NOW, THEREFORE, it is agreed that the sections shall be replaced as follows:

**7.0 PRICES AND CHARGES**

**7.1** Subject to Sections 6.1 and 6.2 above, PCRWRD shall purchase its full requirements power for its overall operations at the Point of Delivery from TEP at the demand and energy prices contained in Pricing Plan LLP-90 ("**Tariff**"), attached hereto as Exhibit A, as may be modified and approved by the Arizona Corporation Commission (ACC) from time to time, plus all applicable fees, surcharges, and taxes.

**7.2.1 Minimum Contract Demand**

The Minimum Contract Demand shall be 3,000 kW.

**7.2.3 The Monthly Billing Demand**

The Monthly Billing Demand shall be calculated as the greater of:

- i) the Metered Monthly Demand (the maximum fifteen (15) minute measured demand during the on-peak period of the billing month); or
- ii) 75% of the maximum Monthly Billing Demand used for billing purposes in the preceding eleven (11) months.
- iii) the Minimum Contract Demand, not to be less than 3,000 kW, and

Additionally, the maximum 15 minute measured demand of the off-peak period of the billing month that is in excess (i.e. positive incremental above) of 150% of that billing month's on-peak measured billing demand.

If for any reason, this Amendment No. 1 is suspended or terminated, all provisions of the Agreement shall remain in full force and effect. The Agreement is not amended or modified in any manner whatsoever except as expressly and specifically provided herein. All rights, duties and obligations of the parties set forth in the Agreement shall remain in full force and effect unless amended or modified herein.

The effective date of this Amendment shall be **August 21, 2014**.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

All other provisions of the Contract, not specifically changed by this Amendment, shall remain in effect and be binding upon the parties.

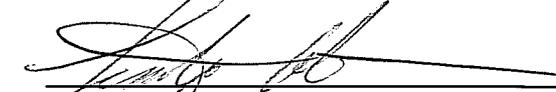
IN WITNESS THEREOF, the parties have affixed their signatures to this Amendment on the dates written below.

**APPROVED:**

\_\_\_\_\_  
Chair, Board of Supervisors

\_\_\_\_\_  
Date

**TUCSON ELECTRIC POWER COMPANY:**

  
\_\_\_\_\_  
Timothy Davis, Senior Director

*6-17-14*  
\_\_\_\_\_  
Date

**ATTEST**

\_\_\_\_\_  
Clerk of Board

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

 **TOBIN ROSEN**  
\_\_\_\_\_  
Deputy County Attorney *for Marc Nadelsteyn*

*6/30/14*  
\_\_\_\_\_  
Date

**APPROVED AS TO CONTENT**

  
\_\_\_\_\_  
Jackson Jenkins, Director

*7/1/14*  
\_\_\_\_\_  
Date



Tucson Electric Power

**EXHIBIT A**

TEP-INA RD. WRF  
Electric Power Supply  
Agreement

Tucson Electric Power Company

Original Sheet No.: 302

Superseding: \_\_\_\_\_

**Large Light and Power Service  
Time of Use Program (LLP-90)**

AVAILABILITY

Available throughout the Company's entire electric service area where the facilities of the Company are of adequate capacity and are adjacent to the premises.

APPLICABILITY

To all large general power and lighting service on an optional basis when all energy is supplied at one point of delivery and through one metered service. The minimum monthly billing demand hereunder is 3000 kW.

Not applicable to resale, breakdown, temporary, standby, or auxiliary service.

CHARACTER OF SERVICE

Service shall be three-phase, 60 Hertz, Primary Service, and shall be supplied directly from any 46,000 volt, or higher voltage, system at a delivery voltage of not less than 13,800 volts and delivered at a single point of delivery unless otherwise specified in the contract.

Customers must stay on this Rate for a minimum period of one (1) year.

RATE

A monthly bill at the following rate plus any adjustments incorporated herein:

BUNDLED STANDARD OFFER SERVICE – SUMMARY OF CUSTOMER AND ENERGY CHARGES

Customer Charge and minimum bill	\$2,000.00 per month
<b>Demand Charges (includes Generation Capacity):</b>	
Summer On-peak	\$ 20.49 per kW
Summer Off-peak Excess Demand	\$ 12.49 per kW
Winter On-peak	\$ 15.49 per kW
Winter Off-peak Excess Demand	\$ 9.99 per kW

*Note:*

1. For demand billing, "on-peak demand" shall be based on demand measured during peak periods.
2. For demand billing, "off-peak demand" shall be based on demand measured during the off-peak periods.

**Energy Charges:** All energy charges below are charged on a per kWh basis.

**Delivery Charges (\$/kWh):**

	Summer (May – September)	Winter (October – April)
On-Peak	\$0.006900	\$0.007500
Off-Peak	\$0.006500	\$0.007100

Filed By: Kentton C. Grant  
Title: Vice President of Finance and Rates  
District: Entire Electric Service Area

Rate: LLP-90  
Effective: July 1, 2013  
Decision No.: 73912



# Tucson Electric Power

## Tucson Electric Power Company

Original Sheet No.: 302-1

Superseding: \_\_\_\_\_

### TIME-OF-USE TIME PERIODS

The **Summer On-Peak period** is 2:00 p.m. to 8:00 p.m., Monday through Friday (excluding Memorial Day, Independence Day, and Labor Day).

The **Winter On-Peak periods** are 6:00 a.m. - 10:00 a.m. and 5:00 p.m. - 9:00 p.m., Monday through Friday (excluding Thanksgiving Day, Christmas Day, and New Year's Day).

**All other hours are Off-Peak.** If a holiday falls on Saturday, the preceding Friday is designated Off-Peak; if a holiday falls on Sunday, the following Monday is designated Off-Peak.

### Base Power Supply Charges (\$/kWh)

	Summer (May – September)	Winter (October – April)
On-Peak	\$0.045568	\$0.029581
Off-Peak	\$0.023985	\$0.024352

Purchased Power and Fuel Adjustment Clause (PPFAC): The Base Power Supply Charge shall be subject to a per kWh adjustment in accordance with Rider-1 PPFAC to reflect any increase or decrease in the cost to the Company for energy either generated or purchased above or below the base cost per kWh sold.

### DETERMINATION OF BILLING DEMAND

The greatest of the following:

1. The maximum 15 minute measured demand during the on-peak period of the billing month;
2. 75% of the maximum on-peak period billing demand used for billing purposes in the preceding 11 months; or
3. The contract demand amount, not to be less than 3,000 kW, and

Additionally, the maximum 15 minute measured demand during the off-peak period of the billing month that is in excess (i.e. positive incremental amount above) of 150% of that billing month's on-peak measured billing demand.

### PRIMARY SERVICE

The above rate is subject to Primary Service and Metering. The Customer will provide the entire distribution system (including transformers) from the point of delivery to the load. The energy and demand shall be metered on primary side of transformers.

### POWER FACTOR ADJUSTMENT

The above rate is subject to charge of 1.3¢ per kW of billing demand for each 1% the average monthly power factor is below 100%.

### DIRECT ACCESS

A Customer's Direct Access bill will include all unbundled components except those services provided by a qualified third party. Those services may include Metering (Installation, Maintenance and/or Equipment), Meter Reading, Billing and Collection, Transmission and Generation. If any of these services are not available from a third party supplier and must be obtained from the Company, the rates for Unbundled Components set forth in this tariff will be applied to the customer's bill.

### FOR DIRECT ACCESS: ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR (AZISA) CHARGE

A charge per kWh shall, subject to FERC authorization, be applied for costs associated with the implementation of the AZISA in Arizona.

Filed By: Kentton C. Grant  
 Title: Vice President of Finance and Rates  
 District: Entire Electric Service Area

Rate: LLP-90  
 Effective: July 1, 2013  
 Decision No.: 73912



# Tucson Electric Power

## Tucson Electric Power Company

Original Sheet No.: 302-2

Superseding: \_\_\_\_\_

### TEP STATEMENT OF CHARGES

For all additional charges and assessments approved by the Arizona Corporation Commission see the TEP Statement of Charges which is available on TEP's website at [www.tep.com](http://www.tep.com).

### TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

### RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

### ADDITIONAL NOTES

Additional charges may be directly assigned to a customer based on the type of facilities (e.g., metering) dedicated to the customer or pursuant to the customer's contract, if applicable. Additional or alternate Direct Access charges may be assessed pursuant to any Direct Access fee schedule authorized.

### BUNDLED STANDARD OFFER SERVICE CONSISTS OF THE FOLLOWING UNBUNDLED COMPONENTS:

#### **Customer Charges:**

Meter Services	\$ 499.63 per month
Meter Reading	\$ 82.53 per month
Billing & Collection	\$ 359.51 per month
Customer Delivery	\$1,058.33 per month
	\$2,000.00 per month

#### **Demand Charges (\$/kW)**

##### **Delivery Charges**

Summer & Winter On-peak	\$ 1.69 per kW
Summer & Winter Off-peak Excess Demand	\$ 1.61 per kW

#### **Generation Capacity Charges (in \$/kW)**

Summer On-peak	\$12.91 per kW
Summer Excess Demand	\$ 6.27 per kW
Winter On-peak	\$ 7.91 per kW
Winter Excess Demand	\$ 3.77 per kW

#### **Fixed Must Run Charges (in \$/kW)**

Summer & Winter On-peak	\$ 0.97 per kW
Summer & Winter Off-peak Excess Demand	\$ 0.92 per kW

#### **Transmission (in \$/kW)**

Summer & Winter On-peak	\$ 3.84 per kW
Summer & Winter Off-peak Excess Demand (kW)	\$ 2.88 per kW

#### **Transmission - Ancillary System Control**

Summer & Winter On-peak	\$ 0.05 per kW
Summer & Winter Off-peak Excess Demand (kW)	\$ 0.04 per kW

Filed By: Kentton C. Grant  
 Title: Vice President of Finance and Rates  
 District: Entire Electric Service Area

Rate: LLP-90  
 Effective: July 1, 2013  
 Decision No.: 73912



# Tucson Electric Power

## Tucson Electric Power Company

Original Sheet No.: 302-3

Superseding: \_\_\_\_\_

### Transmission – Ancillary Reactive Supply

Summer & Winter On-peak \$ 0.20 per kW  
Summer & Winter Off-peak Excess Demand (kW) \$ 0.15 per kW

### Transmission - Ancillary Frequency Response

Summer & Winter On-peak \$ 0.20 per kW  
Summer & Winter Off-peak Excess Demand (kW) \$ 0.15 per kW

### Transmission - Ancillary Spinning Reserve

Summer & Winter On-peak \$ 0.54 per kW  
Summer & Winter Off-peak Excess Demand (kW) \$ 0.40 per kW

### Transmission - Ancillary Supplemental Reserve

Summer & Winter On-peak \$ 0.09 per kW  
Summer & Winter Off-peak Excess Demand (kW) \$ 0.07 per kW  
Energy Imbalance Service: Currently charged pursuant to the Company's OATT

### Energy Charges (\$/kWh)

Delivery Charges (in \$/kWh)  
Summer On-peak \$0.006900 per kWh  
Summer Off-peak Excess Demand \$0.006500 per kWh  
Winter On-peak \$0.007500 per kWh  
Winter Off-peak Excess Demand \$0.007100 per kWh

### Base Power Supply Charges:

Summer  
On-Peak \$0.045568 per kWh  
Off-Peak \$0.023985 per kWh

Winter  
On-Peak \$0.029581 per kWh  
Off-Peak \$0.024352 per kWh

Filed By: Kentton C. Grant  
Title: Vice President of Finance and Rates  
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