



Request for City Council Committee Action From the Department of Public Works

Date: September 24, 2013

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: **Authorize Predetermined Demand Level Agreements with Xcel Energy**

Recommendation:

Authorize proper City Officers to execute Predetermined Demand Level agreements with Xcel Energy for accounts serving the Division of Water Treatment & Distribution Services facilities

Previous Directives: No previous directives.

Prepared by: Rob Verke, Senior Professional Engineer, 661-4905

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Rob Verke, Senior Professional Engineer, Division of Water Treatment & Distribution Services, Department of Public Works.

Financial Impact

Action is within current department budget

Background/Supporting Information

Pre-Determined Demand Level (PDL) agreements between electric utilities and large users, such as the City's water production facilities, help electric utilities manage electrical loads. During high electric load times, such as hot summer days, the electric utility can ask the City to reduce its usage to at or below the agreement level for a period of time. The electric utility benefits by diverting electric usage from PDL customers to other non-PDL customers. The City benefits by lowering the demand cost we pay to the utility.

The City has invested in localized emergency power generation at its water production facilities. Localized emergency power makes plants more secure because they can sustain production during emergencies and disasters without the relying on the utility. It is possible to reduce usage without impacting customers by using our reservoir capacity and emergency generator powered production. The PDL agreements do not impact the City's electric rates, production capacities or ability to draw power from the utility if needed. The agreements will not impact service to customers. They become part of the City's electric service agreement with the utility and remain in effect until modified by one or both entities.

The Division of Water Treatment and Distribution Services will execute PDL agreements for Pump Station 5, Pump Station 4, Columbia Heights Membrane Plant and Pump station 7.

These agreements require the City to reduce its connected utility electrical demand to 2300 kW. This is an electric demand reduction in excess of 4000 kW. The reduced demand charges from the utility are valued at approximately \$186,000 per calendar year.

Attachment: None