_____
Agenda Item Number

CITY COUNCIL AGENDA ITEM COVER MEMO

FOR AGENDA OF COUNCIL MEETING/WORK SESSION - DATE : January 10, 2013

ACTION REQUESTED BY: Huntsville Utilities

SUBJECT MATTER : TVA Agreement

EXACT WORDING FOR AGENDA: Resolution authorizing the Mayor to execute the Proposed Letter Agreement with TVA amending the Direct Load Control (DLC) Agreement. (Utilities: Electric)

ORDINANCE: **RESOLUTION:** X **MOTION:**

(IF AMENDMENT, STATE TITLE AND NUMBER OF ORIGINAL): N/A

ITEM IS TO BE CONSIDERED FOR:

INTRODUCTION: **ACTION:** X **DISCUSSION:**

UNANIMOUS CONSENT REQUIRED? No

BRIEFLY STATE WHY THE ACTION IS REQUESTED; WHY IT IS RECOMMENDED OR NOT RECOMMENDED; WHAT COUNCIL ACTION WILL PROVIDE, ALLOW, OR ACCOMPLISH; ANY ASSOCIATED COST; BUDGETED (?); AND ANY OTHER INFORMATION THAT YOU THINK MIGHT BE HELPFUL. Approval of this resolution will authorize the Mayor to execute the Proposed Letter Agreement with TVA amending the Direct Load Control (DLC) Agreement to improve the DLC program implementation.

MAYOR RECOMMENDS OR CONCURS? YES _____ NO _____ N/A _____

SIGNATURE: **William C. Pippin, President & CEO** **DATE:** December 18, 2012

RESOLUTION NO. 13-_____

WHEREAS, the City of Huntsville, Alabama (hereinafter referred to as Distributor), and Tennessee Valley Authority (hereinafter referred to as TVA), did heretofore enter into a contract dated May 26, 1980 (which contract, as amended and supplemented, is hereinafter called the Power Contract); and

WHEREAS, TVA and Distributor have entered into arrangements under which Distributor deploys smart grid technologies that will provide to TVA peak load reduction through Direct Load Control program (Program); and

WHEREAS, the Distributor and TVA wish supplement and amend the Program to further improve the Program implementation; and

WHEREAS, there is now presented to the City Council of the City of Huntsville, Alabama, a letter agreement instituting the Direct Load Control Program Amendment to be effective upon the date executed by TVA, with the representation that the said agreement has been approved by the Huntsville Electric Utility Board.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that it does approve the aforesaid Direct Load Control Agreement, and Tommy Battle, as Mayor of the City of Huntsville, Alabama, be, and he is authorized to execute said extension for and on behalf of the City of Huntsville, Alabama, and the Clerk-Treasurer be and he is hereby authorized to attest the same and to affix thereto the seal of the City of Huntsville, Alabama, all in as many counterparts as may be necessary.

BE IT FURTHER RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and he is hereby authorized to enter into an agreement by and between the City of Huntsville and the Tennessee Valley Authority on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as "Direct Load Control Program Amendment," consisting of two (2) pages and the date of _____, 2012, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

ADOPTED this the _____ day of _____, 2013.

_____
President of the City Council of
The City of Huntsville, Alabama

APPROVED this the _____ day of _____, 2013.

_____
Mayor of the City of Huntsville, Alabama

12/12 Electric Board/Council wgp

Tennessee Valley Authority, Post Office Box 1010, Muscle Shoals, Alabama 35662-1010

November 8, 2012

Mr. William C. Pippin
President and Chief Executive Officer
Huntsville Utilities
Post Office Box 2048
Huntsville, Alabama 35804-2048

Dear Bill:

Enclosed for your review and execution are triplicate originals of a proposed letter agreement amending the Direct Load Control (DLC) Agreement TV-54501A, Supp. No. 99 dated June 28, 2011, to improve the DLC program implementation.

Upon execution of all original copies by the City of Huntsville, please return the agreements to me for further handling. Upon execution by TVA, two fully executed originals of the agreement will be returned to you.

If you have any questions, please contact me at (256) 386-2614.

Sincerely,

Kevin

Kevin C. Chandler by Brenda
Senior Customer Service Manager

Enclosures

Printed on recycled paper

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

November 6, 2012 TV-54501A, Supp. No. 112

Mr. William C. Pippin, President and CEO
Huntsville Utilities
Post Office Box 2048
Huntsville, Alabama 35804-2048

DIRECT LOAD CONTROL PROGRAM AMENDMENT

Dear Mr. Pippin:

Under the Direct Load Control Agreement TV-54501A, Supp. No. 99, dated June 28, 2011 (DLC Agreement), between Tennessee Valley Authority (TVA) and the City of Huntsville, Alabama (Distributor), the parties have entered into arrangements under which Distributor deploys smart grid technology to provide TVA peak load reduction through Direct Load Control program (Program). This letter agreement sets forth changes to the DLC Agreement to further improve the Program implementation.

Upon the effective date of this letter agreement, the following changes shall apply to the DLC Agreement:

1. Section 1.19 is replaced in its entirety with the following:

   1.19 "Standard Energy Floor" shall mean the minimum amount at which energy payments shall be made. The Standard Energy Floor will be established by weighting the Distributor's energy billing units by class for Residential and GSA 1, 2, & 3 customers from the Electricity Sales Statistics (ESS) database from the most recently completed TVA fiscal year, reviewed and updated annually. Alternatively, the energy billing units by Residential and GSA 1, 2, & 3 may be determined from AMI data at such time data is readily available. The Distributor's distribution cost adders will be applied at the highest costing energy block by class for Residential and GSA 1, 2, & 3 from the most recently completed TVA fiscal year, also reviewed and updated annually.

2. Subsection 2.1.3 is amended by replacing the last sentence with the following:

   Distributor must submit such materials for Capacity Reimbursement to TVA by September 30, 2013.

3. Subsection 3.2 is amended by replacing the last two sentences with the following:

   Distributor and TVA agree that at least one Qualifying Test Event shall occur prior to June 1, 2013. Subsequent Qualifying Test Events may occur up to September 30, 2013.

If these changes are acceptable, please have a duly authorized representative execute and date both duplicate originals of this letter agreement and return them to the TVA Customer Service Manager for further handling. Upon completion by TVA, a fully executed letter agreement will be returned to you for your files. This letter agreement shall become effective as of the date of TVA's execution.

Please contact the TVA Customer Service Manager if you have questions about this amendatory letter agreement.

Accepted and agreed to as of the
____ day of _____, 201__.

TENNESSEE VALLEY AUTHORITY

By _____
Jared E. Mitchem
Senior Manager, Power Contracts

Accepted and agreed to as of the
____ day of _____, 201__.

CITY OF HUNTSVILLE, ALABAMA

By _____
Title: