



Board of Supervisors Memorandum

January 22, 2013

**Ina Road Wastewater Reclamation Facility
Tucson Electric Power Company Contract – LLP-14 Tariff**

Overview

Ina Road Wastewater Reclamation Facility (WRF) has received electric power from Tucson Electric Power Company (TEP) under several different rate structures (tariffs) since the late 1970s. The latest tariff change was in 2010 when the facility went from the PS-40 tariff to the current LGS-13 tariff. Recent changes have made the LLP-14 tariff an option for the facility. Analysis shows that a change to the LLP-14 tariff would offer substantial savings to our ratepayers.

The proposed contract with TEP has a 12-month term. The contract is required by TEP for any customer switching to the LLP-14 rate.

This contract is unrelated to an upcoming Board of Supervisors item regarding Digester Biogas Utilization. The approval of this contract in no way limits the County's options regarding utilization of our Digester Biogas; including, but not limited to, constructing a new powerhouse.

Tariff History

As stated, the last Ina Road WRF tariff change occurred in early 2010. The Regional Wastewater Reclamation Department (RWRD) requested a change from the PS-40 tariff to the LGS-13 tariff. Tariff LGS-13 is available to all general power and lighting services when all energy is supplied at one point of delivery and through one metered service. The County met the requirement for a single point of delivery by consolidating multiple meters. As a result of this tariff change, RWRD saved \$136,000 in Fiscal Year 2010/11 compared to the amount we would have paid under the previous tariff.

Current Situation

Due to recent changes brought about by the phased completion of the Regional Optimization Master Plan (ROMP) project, the opportunity again presents itself to save significant amounts of money for our ratepayers.

According to the TEP LLP-14 Tariff; the Primary Service must meet the following conditions:

1. Be supplied directly from any 46,000 volt, or higher, voltage system at a delivery voltage of not less than 13,800 volts;
2. Be delivered at a single point of delivery; and
3. Have a minimum monthly billing demand of 3,000 kilowatts (kW).

Condition 1 was met last summer when the dual-feed 46kV TEP distribution line was completed. Condition 2 has been met with the completion of state-of-the-art in-plant electrical distribution system upgrades as part of ROMP. Condition 3 is expected to be met in February 2013 when the last of the electrical loads are dropped from the old 13.8 kV TEP legacy system.

Transitioning from the LGS-13 tariff to the LLP-14 tariff is expected to allow RWRD to save an estimated \$30,000 per month, with increased savings in the future as the remainder of the ROMP project is completed.

Generators

The contract includes language regarding the Ina Road WRF generators. The 4.16 kV generators have operated in complete isolation from the TEP grid since their installation in the 1970s. The contract language is designed to assure TEP that we do not intend to use the existing generators to provide partial power to the Ina Road WRF. However, as a practical matter, the 4.16 kV generators will be incapable of providing power to the Ina Road WRF after Spring 2013 because the 4.16 kV grid is now obsolete. Pursuant to the contract language, RWRD retains 100 percent of their ability to use the generators for creation of thermal energy as may be needed until the new Central Plant is completed in late 2013.

Summary

In conclusion, RWRD can save an estimated \$30,000 per month on electricity at the Ina Road WRF by changing to TEP's LLP-14 rate tariff. Customers signing on for LLP-14 are required to sign a 12-month contract. If, after the 12-month period, another tariff is found to be more beneficial, or, if other viable options present themselves, RWRD can elect not to renew the contract. The contract in no way limits Pima County's options for utilization of RWRD Digester Biogas.

Recommendation

I recommend the Board of Supervisors approve the contract to transition the Ina Road Wastewater Reclamation Facility to the Tucson Electric Power Company LLP-14 tariff.

Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/mjk – December 26, 2012