

RESOLUTION NO. 1999-22

RESOLUTION OF THE SOUTHERN CALIFORNIA PUBLIC POWER
AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN
AGREEMENT FOR JOINT REVIEW OF SAN JUAN PROJECT LONG-TERM
FUEL SOURCING AND COAL BUDGETS AMONG
SCPPA, ANAHEIM, AND M-S-R

WHEREAS, the Southern California Public Power Authority (the Authority) owns a 42.8% interest in San Juan Unit 3, the output of which has been sold to members of the Authority; and

WHEREAS, Anaheim and M-S-R own interests in San Juan Unit 4;
and

WHEREAS, it is in the common interest to actively participate in negotiations and planning for a long-term fuel supply for San Juan Generating Station; and

WHEREAS, M-S-R is willing to represent Anaheim and SCPPA in meetings related to fuel supply, and to hire an expert coal consultant to support the effort; and

WHEREAS, Anaheim and SCPPA are willing to share in the costs of M-S-R in such activities.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

1. The Executive Director is authorized and directed to execute the M-S-R, SCPPA, Anaheim Agreement for Joint Review of San Juan Project Long-Term Fuel Sourcing and Coal Budgets;
2. SCPPA's share of the costs pursuant to this agreement will be San Juan Unit 3 Project Costs;
3. This Resolution shall become effective immediately.

THE FOREGOING RESOLUTION is approved and adopted by the Authority this 19th day of August, 1999.



PRESIDENT
Southern California Public
Power Authority

ATTEST:



ASSISTANT SECRETARY
Southern California Public
Power Authority

**M-S-R, SCPPA, ANAHEIM
AGREEMENT FOR JOINT REVIEW
OF SAN JUAN PROJECT
LONG-TERM FUEL SOURCING
AND COAL BUDGETS**

This M-S-R, SCPPA, Anaheim Agreement for Joint Review of the San Juan Coal Budget ("Agreement") is entered into this ___ day of _____, 1999, by and among the **M-S-R PUBLIC POWER AGENCY** ("M-S-R"), a California Joint Powers Agency, the **CITY OF ANAHEIM** ("Anaheim"), a California Municipal Corporation, and the **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY** ("SCPPA"), a California Joint Powers Agency, individually "Party" and collectively the "Parties."

WHEREAS, M-S-R, Anaheim, and SCPPA own various interests in the coal-fired San Juan Generating Station located near Farmington, New Mexico, which is operated by the Public Service Company of New Mexico ("PNM"), as operating agent; and

WHEREAS, PNM has invited certain San Juan owners, including M-S-R, Anaheim, and SCPPA, who are not signatories to the Coal Sales Agreement between the San Juan Coal Company ("SJCC") and PNM and the Tucson Electric Power Company ("TEP") to participate in the long-term fuels sourcing planning and discussion processes with SJCC which is referred to as the "Long-Term Fuels Process"; and

WHEREAS, upon the effective date of the proposed San Juan Project Participation Agreement such participation will vest from the rights established in Section 20.4 of that agreement; and

WHEREAS, the Long-Term Fuels Process may, due to scheduling concerns also include the 2000 fuels planning and discussion processes with SJCC, which is referred to as the "2000 San Juan Coal Budget"; and

WHEREAS, the Parties have previously retained the services of Engage Energy US, L.P. ("Consultant") to assist in the reviews of the 1998 and 1999 San Juan Coal Budgets and as a result of the reviews performed and expertise gained within those reviews, the Parties wish to retain the services of Consultant to assist in the Long-Term Fuels Process and to, if needed, assist in the review of the 2000 San Juan Coal Budget; and

WHEREAS, M-S-R, Anaheim, and SCPPA wish to jointly participate in such processes and equitably share in the expenses of retaining such consultants, experts, and staff who may be necessary to support such participation;

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NOW, THEREFORE, in consideration of the covenants and conditions of this Agreement, Parties agree that:

1. **Appointment of Joint Representative.** The Parties hereby appoint Martin R. Hopper, an Officer of the M-S-R Public Power Agency, as their joint representative in the Long-Term Fuels Process and in the review of the 2000 San Juan Coal Budget. SCPPA and Anaheim shall each reimburse M-S-R for a share of the actual costs incurred by M-S-R for the services provided by Martin R. Hopper pursuant to the schedule in Exhibit B, "Cost Sharing Formula."
2. **Retention of Consultant.** M-S-R will hire Consultant to assist in the review of the Long - Term Fuels Process and the 2000 San Juan Coal Budget. The initial scope of work and fee for the services of Consultant shall be as specified in Exhibit A, "Consultant and Work Scope." SCPPA and Anaheim shall each reimburse M-S-R for a share of the actual cost of the services of the Consultant pursuant to the schedule in Exhibit B, "Cost Sharing Formula."
3. **Additional Consultant Services.** In the event the Parties desire Consultant to perform additional services beyond those currently specified in Exhibit A, a revised Exhibit A "Consultant and Work Scope" and a corresponding revision, if necessary, to Exhibit B shall be prepared and signed by the authorized representatives of each Party.
4. **Additional Parties.** In the event that other owners of the San Juan Generating Station who are not signatories to the Coal Sales Agreement between the San Juan Coal Company ("SJCC") and PNM and the Tucson Electric Power Company ("TEP") desire to participate in this cost sharing agreement, they may become parties to this agreement upon their execution of this Agreement and the assent of M-S-R, Anaheim, and SCPPA, and the preparation of a revised Exhibit B which shall become effective when signed by the authorized representatives of each Party.
5. **Authorized Representatives.** Each Party appoints the following representatives, who are authorized to approve any changes or modifications to Exhibits A and B to this Agreement:

M-S-R: William C. Walbridge

Anaheim: James D. Ruth, or his designee.

SCPPA: Dan Waters

6. **Confidentiality Agreements.** Each Party will be responsible for entering into any necessary Confidentiality Agreements with PNM, TEP, and/or SJCC.

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IN WITNESS WHEREOF this Agreement has been executed by duly authorized representatives of the Parties.

M-S-R PUBLIC POWER AGENCY
P.O. Box 4060
Modesto, CA 95352

By: _____

Its _____

CITY OF ANAHEIM
200 S. Anaheim Blvd.
Anaheim, CA 92805

By: _____

Its _____

**SOUTHERN CALIFORNIA PUBLIC POWER
AUTHORITY**
225 S. Lake Ave. Suite 1410
Pasadena, CA 92805

By: _____

Its _____

Exhibit A
Consultant and Work Scope

Consultant:

Engage Energy US, L.P.
11100 N.E. 8th Street, Suite 647
Bellevue, WA 98004

Workscope:

CONSULTANT shall perform the following services upon the request of M-S-R. Specific tasks within each work scope will be individually authorized by the M-S-R General Manager or his designee.

1. Provide ongoing advice and recommendations to M-S-R regarding negotiation strategies and impacts of proposals and counter-proposals made by the Owners and SJCC regarding long-term fuel sourcing for the San Juan Project and provide written or oral reports and recommendations thereon as requested by M-S-R.
2. Provide independent analysis of geologic, engineering, or economic data provided by PNM or SJCC which relate to the supply of fuel to the San Juan Project, and provide written or oral reports and recommendations thereon as requested by M-S-R.
3. Perform "peer-review" of reports and analysis prepared by PNM's consultants, engineers, and geologists which relate to the supply of fuel to the San Juan Project, and provide written or oral reports and recommendations thereon as requested by M-S-R.
4. Review Budgets and related documents supplied by the San Juan Coal Company (SJCC) in comparison to previous San Juan Budgets and related documents supplied by PNM or SJCC and in relation to the issues, recommendations, and data inadequacies identified by CONSULTANT in its reports dated December 12, 1997, and January 31, 1999.

Budget:

CONSULTANT shall be reimbursed on a time and materials basis for the above scope of services related to Items 1, 2, and 3 for an amount not to exceed \$26,000.

CONSULTANT shall be reimbursed on a time and materials basis for the above scope of services related to Item 4 for an amount not to exceed \$6,000.

Exhibit B
Cost Sharing Formula

1. Expenses of Consultant:

The expenses related to engaging Consultant as specified in Exhibit A are to be allocated as follows:

	Allocation	Tasks 1, 2, and 3 -- Not to Exceed	Task 4 -- Not to Exceed	Total Not to Exceed
M-S-R:	35%	\$9,100	\$2,100	\$11,200
Anaheim:	15%	\$3,900	\$900	\$4,800
SCPPA:	50%	\$13,000	\$3,000	\$16,000

2. Expenses of M-S-R:

The expenses of M-S-R for services of Martin R. Hopper as joint representative are to be allocated as follows:

	Allocation	Not to Exceed
M-S-R:	35%	\$7,175
Anaheim:	15%	\$3,075
SCPPA:	50%	\$10,250

3. Payments:

M-S-R will enter into a contract with Consultant and will pay each invoice rendered by Consultant when due. M-S-R will invoice Anaheim and SCPPA for 15% and 50% of the amount of each such invoice rendered by Consultant, and Anaheim and SCPPA will pay M-S-R within 30 days of the receipt of M-S-R's invoices. M-S-R will invoice Anaheim and SCPPA for 15% and 50% respectively of the costs M-S-R incurs in providing the services of Martin R. Hopper and Anaheim and SCPPA will pay M-S-R within 30 days of the receipt of M-S-R's invoices.