



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Rate Agreement between Gold Country Pellet Fuel and the City of Lodi

MEETING DATE: July 3, 1996

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution authorizing the Electric Utility Director to approve the Rate Agreement (Agreement) between Gold Country Pellet Fuel (Customer) and the City of Lodi (City).

BACKGROUND: The City desires to implement the attached Agreement with the customer to provide an incentive in the form of a rate break in return for new load.

The Customer came to the City in September 1995. The Customer has been, since coming to the City, a small commercial (G1) customer. The Customer originally set up the facility with a diesel motor which provides almost all of the power to run the facility. The Customer expressed a desire to switch from diesel to electric motors and requested an off-peak energy rate from the City. In consultation with the customer, the attached Agreement was developed. City power and installation requirement costs will be covered and other rate payers will receive a contribution to the margin for electric system costs.

The Agreement term will be from the first month following the document signing date by both Parties until August 31, 1999. The Agreement term and other element were chosen to provide rate stability and balanced economic risk for both Parties.

FUNDING: Not applicable.

Prepared by Jim Doyle, Senior Electric Utility Rate Analyst

Alan N. Vallow
Electric Utility Director

ANV/JD/sh

Attachment

cc: City Attorney

APPROVED

H. Dixon Flynn
CITY MANAGER

June 26, 1996

RATE AGREEMENT
BETWEEN
GOLD COUNTRY PELLET FUEL
AND
THE CITY OF LODI

This Agreement is made by and between GOLD COUNTRY PELLET FUEL ("Customer") and the CITY OF LODI ("City"), collectively called "the Parties" and individually as "Party". This Agreement supersedes the City's mandatory Rate Schedule assignment for this Customer.

WITNESSETH:

WHEREAS, City operates an electric utility system supplying electric power to City customers; and

WHEREAS, Customer is a manufacturer of wood pellet fuel products operating in the City; and

WHEREAS, Customer is converting the facility from a diesel motor setup to an electric motor setup and requires increased electric power from the City; and

WHEREAS, City desires to supply the Customer's total load, and provide Customer with a contract rate; and

WHEREAS, City desires to give the Customer a rate break for increased load not currently provided by the City.

NOW, THEREFORE, the Parties hereto agree as follows:

Section 1. Definitions. Whenever used in this Agreement, in either the singular or plural number, the following terms shall have the following respective meanings:

- 1.1 "Agreement" is this contract.
- 1.2 "City" is the City of Lodi, a California Municipal Corporation.
- 1.3 "Customer" is Gold Country Pellet Fuel.

- 1.4 "Facility" is the Customer's facility located a 200 South Cluff Avenue, Lodi, California.
- 1.5 "Account" is the Customer's Account Number 158.01-22.26, or it's successor.
- 1.6 "Parties" are collectively Customer and City.
- 1.7 "kwh" is a kilowatt-hour, an energy charge billing unit.
- 1.8 "billing cycle" is the monthly bill.
- 1.9 "Force Majeure", as used herein, means unforeseeable causes beyond the reasonable control of and without the fault or negligence of the Party claiming force majeure. Such an occurrence may include, but is not limited to, acts of God, labor disputes, sudden actions of the elements, actions or inactions by federal, state and municipal agencies, and actions or inactions of legislative, judicial, or regulatory agencies.

Section 2. Rate Application.

- 2.1 The rate application of this Agreement is take or pay. The Account shall be billed a minimum of \$ 900 per billing cycle for the term of the Agreement.
- 2.2 The billing cycle charge for the Customer shall be as follows:
 Energy Charge:

| | | |
|------------------|----|-----------------|
| Partial Peak kwh | \$ | 0.07500 per kwh |
| Off Peak kwh | \$ | 0.05300 per kwh |
- 2.3 Partial Peak is defined as 8:30 a.m. to 9:30 p.m. Monday through Friday (except holidays).
- 2.4 Off Peak is defined as 9:30 p.m. to 8:30 a.m. Monday through Friday and all day Saturday, Sunday and holidays.
- 2.5 Holidays, for the purpose of this Agreement, are New Years's Day, President's Day,

Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, the day after Thanksgiving Day and Christmas Day. The Dates will be based on those days on which the holidays are legally observed.

Section 3. Term of Agreement.

- 3.1 This Agreement shall be binding for bills rendered on or after the first day of the month which follows the last signature date of the parties and shall remain in effect subject to Paragraphs 3.2 and 3.3 below, for bills rendered through August 31, 1999.
- 3.2 If either party fails to perform any of the provisions of this Agreement, the other party may, by written notice given within thirty days of such failure to perform, terminate this agreement. Customer may appeal such termination in writing to the Electric Utility Director. This is in addition to any other legal recourse Customer may have.
- 3.3 Parties may mutually extend this Agreement from year to year beyond the original term of this Agreement.

Section 4. Force Majeure.

- 4.1 If either Party because of Force Majeure is rendered wholly or partly unable to perform its obligations under this Agreement, that Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that:

The non-performing Party, within two weeks after the occurrence of the Force Majeure, shall give the other party a written report describing the particulars of the occurrence.

The suspension of performance is of no greater scope and of no longer duration than is

required by the Force Majeure.

4.2 No obligations of either Party which arose before the occurrence causing the suspension of performance are excused as a result of the occurrence.

4.3 The non-performing Party uses its best efforts to remedy its inability to perform. This sub-paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgement of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party having the difficulty.

Section 5. Assignments.

5.1 Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement without the written consent of the other Party.

Section 6. Amendments.

6.1 This Agreement may be amended only by written instrument executed by the Parties or their successors.

Section 7. Severability.

7.1 In the event that any of the terms, covenants, or conditions of this Agreement shall be held invalid, the Parties intend that all other terms, covenants, and conditions and their application shall not be affected thereby, but shall remain in force and effect unless a court holds that such provisions are not severable from all other provisions of this Agreement.

Section 8. Governing Law.

8.1 This Agreement shall be interpreted, governed by, and construed under the laws of the

State of California.

Section 9. Counterparts.

9.1 This Agreement may be executed in counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 10. Headings.

10.1 The headings to the articles in this Agreement are intended for convenience only and not for the purpose of interpreting the provisions of this Agreement.

Section 11. Notices.

11.1 Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other may be so given, tendered or delivered, as the case may be, by depositing the same in any United States Post Office with postage prepaid, for transmission by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address designated below. Changes in such designation may be made by notice similarly given.

11.2 All written notices or questions shall be directed as follows:

To City: ELECTRIC UTILITY DIRECTOR
 CITY OF LODI
 1331 SOUTH HAM LANE
 LODI CA 95242-3995

To Customer: GOLD COUNTRY PELLET FUEL
 214 SOUTH CLUFF AVENUE #3
 LODI CA 95240

Section 12. Non-waiver.

12.1 None of the provisions of the Agreement shall be considered waived by either Party except when such waiver is given in writing. The failure of any Party at any time or times to enforce any right or obligation with respect to any matter arising in connection with this Agreement shall not constitute a waiver as to future enforcement of that right or obligation or any right or obligation of the Agreement.

Section 13. Warranty of Authority.

13.1 Each of the Parties which has executed and delivered this Agreement represents and warrants that it has agreed to be bound by all the terms, covenants, and conditions of this Agreement and has acted with all the requisite capacity and authority and approval of its governing body.

IN WITNESS THEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers and their seal to be affixed, as of the day and year herein written.

CITY OF LODI

By _____
Alan N. Vallow
Electric Utility Director

(Date) _____

Approved as to form:

Attest: _____

By *by: [Signature]* _____
Randall A. Hays
City Attorney

Jennifer M. Perrin
City Clerk

GOLD COUNTRY PELLET FUEL

By _____

(Date) _____

RESOLUTION NO. 96-91

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE ELECTRIC UTILITY DIRECTOR TO APPROVE
ECONOMIC DEVELOPMENT POWER SUPPLY CONTRACT
WITH GOLD COUNTRY PELLET FUEL

BE IT RESOLVED, that the Lodi City Council hereby authorizes the Electric Utility Director to approve an Economic Development Power Supply Contract with Gold Country Pellet Fuel; and

FURTHER RESOLVED, that the Electric Utility Director and City Clerk are hereby authorized to execute said Contract on behalf of the City.

Dated: July 3, 1996

I hereby certify that Resolution No. 96-91 was passed and adopted by the Lodi City Council in a regular meeting held July 3, 1996 by the following vote:

AYES: Council Members - Davenport, Mann, Pennino, Sieglock
and Warner (Mayor)

NOES: Council Members - None

ABSENT: Council Members - None

ABSTAIN: Council Members - None


JENNIFER M. PERRIN
City Clerk