



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Power Agreement between General Mills, Inc. and the City of Lodi

MEETING DATE: October 19, 1994

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council, by resolution, adopt the **POWER AGREEMENT BETWEEN GENERAL MILLS, INC. AND THE CITY OF LODI** and authorize execution by the City Manager and City Clerk.

BACKGROUND INFORMATION: General Mills, Inc. (GMI), desires to use the electrical output of its cogeneration unit internally in lieu of selling the output. GMI also desires to have the City stand ready to supply backup electrical power (standby service) in case of cogeneration plant outage. A contract is required between customers and the City to provide such service.

The attached contract:

1. obligates the City to provide standby electrical service for approximately 5 years
2. is based on Electric Rate Schedules and Rules and Regulations
3. modifies Rules and Regulation to allow totalization of GMI electric loads for billing purposes
4. provides for distribution of cogeneration unit's electrical output to Customer's various points of receipt

A cogenerator is a dual purpose unit. In this case, the natural gas fueled cogenerator produces sufficient quantities of steam for both manufacturing foodproducts and propelling an electric generator. To insure critical manufacturing processes are not interrupted, customers contract with their host utility to provide standby electric service in case of plant outages for maintenance, repairs, and emergencies.

GMI is presently the City's only electric customer with a cogeneration unit. The unit is located at the customer's facility on Turner Road. Previously, the unit's electrical output was sold to PG&E under a 10-year contract. GMI concurrently contracted with the City to provide a path for transmission of the unit's output to PG&E's system. GMI has determined that it is now more economically beneficial to use cogenerator output to reduce it's need for electric power purchases from the City's system.

APPROVED

THOMAS A. PETERSON
City Manager



recycled paper

Power Agreement between General Mills, Inc. and the City of Lodi.
October 19, 1994
Page two

The attached contract is based on existing Electric Rate Schedules, Resources and Rules and Regulations with additional provisions to provide increased customer operational flexibility and mutual ease of contract administration.

FUNDING: Not Applicable



Henry J. Rice
Electric Utility Director

JS/pn

Prepared by: John Stone, Manager, Rates and Resources

Attach.

c: City Attorney
Assist. Electric Utility Director
Sr. Electric Utility Rate Analyst

BETWEEN
GENERAL MILLS, INC.,

AND

THE CITY OF LODI

This Agreement is made by and between GENERAL MILLS, INC. ("Customer") and the CITY OF LODI, a California Municipal Corporation ("City"), collectively called "the Parties" and individually as "Party". This Agreement supersedes the Power Agreement between General Mills, Inc., and the City of Lodi dated February 7, 1984.

WITNESSETH:

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

WHEREAS, Customer is a manufacturer of food products who operates and maintains a cogeneration facility ("Facility") at its manufacturing plant located at 2000 West Turner Road, Lodi, California ("Plant"); and

WHEREAS, Customer desires to use Facility power output to offset totalized Plant capacity and energy requirements previously supplied by City and to have City supply unmet capacity and energy needs above Facility nameplate rating output; and

WHEREAS, Customer desires to have the City stand ready at all times to supply standby electric service to replace Facility output in case of Facility Planned or Forced Outage; and

WHEREAS, City desires to supply above Customer requested Facility standby service and unmet Plant capacity and energy needs.

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 General Mills, Inc.

1.4 "Facility" is the Customer's cogeneration facility - at it's Plant.

1.5 "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.

1.6 "Forced Outage" is any unplanned or unexpected outage of the Facility or Customer's Interconnection Facilities that immediately, fully or partially, curtails the electrical output of the Facility resulting from a design defect, inadequate construction, operator error, inadequate fuel supply due to equipment failure or weather induced fuel transportation curtailment, or a breakdown of the mechanical or electrical equipment. Recurring operational, maintenance, or contractual problems shall not be a cause of Forced Outage.

1.7 "Parties" are collectively Customer and City.

1.8 "Planned Outage" is any regularly scheduled outage.

1.9 "Plant" is the Customer's manufacturing plant located at 2000 West Turner Road, Lodi, California.

Section 2. Operation.

2.1 Customer agrees to operate Facility in conformance with Electric Utility Department Rules and Regulations, dated May 23, 1994, as amended from time to time.

2.2 City will permit Customer to operate Facility in parallel with City's electric system, and will distribute Facility capacity and energy to Plant.

2.3 City will provide Facility standby service.

Section 3. Rules and Regulations. All provisions of the City of Lodi Electric Utility Department Rules and Regulations, dated May 23, 1994, as amended from time to time, apply with the exception that totalized metering shall be permitted for Plant 12,000 kV and Facility meters for purposes of netting Plant load with Facility output and City supply.

Section 4. Rate Application.

4.1 Schedule G5 General Service - Group 5 Commercial/Industrial, dated September 1, 1993, as amended from time to time, and Electric Rate Schedule SS dated November 1, 1991, as modified below shall apply:

4.1.1 City will totalize all Customer's Plant metered energy and capacity readings into one (i.e., GMI #1 (including Facility), GMI #2, and GMI #3) one delivery for billing purposes.

4.1.2 Facility operational rating of 3,000 kilowatts will be used in lieu of nameplate rating for purposes of Standby Service Charge determinations.

4.1.3 Facility maximum offset against combined Plant load shall be capped at 3,000 kilowatts and 750 kilowatt-hours per 15 minutes.

4.1.4 Schedule SS Standby Service charges shall be as follows:

Customer Charge	\$ 125.00 per month
Telecommunications Charge	\$ 50.00 per month

Standby Charge:
Contract Capacity, per kw-month:

0000 hrs. July 19, 1994 through 2400 hrs. July 18, 1995:	\$ 7.28
0000 hrs. July 19, 1995 through 2400 hrs. July 18, 1996:	\$ 7.28
0000 hrs. July 19, 1996 through 2400 hrs. July 18, 1997:	\$ 6.19
0000 hrs. July 19, 1997 through 2400 hrs. July 18, 1998:	\$ 3.64
0000 hrs. July 19, 1998 through 2400 hrs. May 31, 1999:	\$ 3.64

4.1.5 Beginning bills will be prorated.

4.1.6 It is recognized that the purpose of Standby Service is to provide short-term backup electric power for customers in case of Planned or Forced Outages and is not intended to replace power available on other rate schedules. Therefore, a maximum of 60 consecutive days are allowed without Customer's revision to the appropriate Commercial/Industrial electric rate schedule. Should an outage exceed 60 consecutive days, at its sole discretion, the City may terminate this Agreement and place the Customer on the appropriate Commercial/Industrial electric rate schedule.

4.1.7 A 3,000 kilowatt credit shall be given

towards the totalized charges whether or not the Facility is running.

4.1.8 All unmet energy charges shall be billed as set forth in Schedule G5.

4.1.9 City shall distribute Facility output to Plant without charge.

4.10.9 If Customer cancels Standby Service prior to expiration of this Agreement, Customer shall pay the Standby Service charges remaining for the unexpired term of the Agreement.

Section 5. Term of Agreement.

5.1 This Agreement shall be binding on execution and shall remain in effect subject to Paragraphs 5.2 and 5.3 below, until May 31, 1999.

5.2 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 if the noticed party does not correct such failure within a period of sixty days (or such longer period as specified in the notice) after receipt of the notice specifying such failure. Customer may appeal such termination to the City Manager and City Council. This is in addition to any other legal recourse Customer may have.

5.3 Parties may mutually terminate this Agreement at any time.

5.4 Parties may extend this Agreement from year to year beyond the original term of this Agreement.

5.5 The addition or amendment to Exhibits to this agreement may be made by mutual consent of the Parties without effect on this agreement.

Section 6. Force Majeure. 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:

6.1 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;

6.2 The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure;

6.3 No obligations of either Party which arose before the occurrence causing the suspension of performance are excused as a result of the occurrence; and

6.4 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 judgment 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 7. Assignment. Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement without the written consent of the other Party.

Section 8. Amendments. This Agreement may be amended only by written instrument executed by the Parties or their successors.

Section 9. Severability. 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 10. Governing Law. This agreement shall be interpreted, governed by, and construed under the laws of the State of California.

Section 11. Counterparts. 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 12. Headings. 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 13. Notices.

13.1 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.

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

To City: Electric Utility Director
 City of Lodi
 1331 South Ham Lane
 Lodi, California 95242-3995

To Seller: Engineering Manager
 General Mills, Inc.
 PO Box 3002
 Lodi, California 95241-1906

Section 14. Non-waiver. 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 15. Warranty of Authority. 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 _____ (Date) _____
City Manager

Approved as to form Attest: _____
City Clerk

By _____
City Attorney

GENERAL MILLS, INC.

BY _____ (Date) _____

RESOLUTION NO. 94-121

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING EXECUTION OF A POWER AGREEMENT
BETWEEN GENERAL MILLS, INC., AND THE CITY OF LODI

WHEREAS, General Mills, Inc. (GMI), is a customer which manufactures, operates and maintains a cogeneration facility at 2000 West Turner Road, Lodi, and desires to have the City of Lodi provide standby electric service; and

WHEREAS, the City of Lodi desires to supply standby electric service; and

WHEREAS, a separate contract (Agreement) with the City is required for standby electric service; and

WHEREAS, this Agreement for standby electric service shall be deemed effective as of midnight July 18, 1994, and subject to prior termination as provided therein, until midnight May 31, 1999; and

WHEREAS, approval of the Agreement provides standby service to GMI for the term of this Agreement.

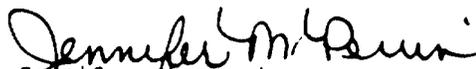
NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby authorizes approval of the Contract for Standby Electric Service between GMI and the City of Lodi; and

BE IT FURTHER RESOLVED that the City Manager and City Clerk are hereby authorized and directed to execute said agreement on behalf of the City of Lodi.

Dated: October 19, 1994

I hereby certify that Resolution No. 94-121 was passed and adopted by the Lodi City Council in a regular meeting held October 19, 1994 by the following vote:

Ayes: Council Members - Pennino, Snider and Sieglock (Mayor)
Noes: Council Members - None
Absent: Council Members - Davenport
Abstain: Council Members - Mann


Jennifer M. Perrin
City Clerk