



Legislation Text

File #: 18-0167R, **Version:** 1

RESOLUTION APPROVING FORM OF HOT WATER SERVICE AGREEMENT BY EGE FOR SALE OF ENERGY TO DULUTH ENERGY SYSTEM CUSTOMERS.

CITY PROPOSAL:

WHEREAS, Ever-Green Energy, Inc. ("EGE"), the city's manager of Duluth Energy Systems, has requested city approval of the form of the contract to be used by EGE for the sale of energy in the form of hot water to customers of the Duluth Energy System.

RESOLVED, that pursuant to section 2.3.11 of the energy system management services agreement between the city and EGE bearing city contract no. 21646 (the "Contract"), the city council hereby approves the use of a Hot water Service Agreement in substantially the form of that attached hereto as Exhibit A with its attachments for the sale of hot water energy to general customers of the Duluth Energy System, not including hot water customers currently service in the Canal Park Area, subject to approval by the city council of the charges to be charged for provision of such energy as provided for in Section 1.6(d) of said Exhibit.

STATEMENT OF PURPOSE: The purpose of this resolution is to approve the form of agreement to be used by Ever-Green Energy to supply energy in the form of hot water to the customers of the Duluth Energy System (the old Steam District) in preparation for the construction and operation of the district when it transitions from steam to hot water.

The contract will consist first of an Article I which will contain the definitions to be applicable to the contract documents, the proposed rates and language addressing the installation of new facilities and the demarcation lines between the System and the served building's facilities. In addition, the agreement will incorporate by reference an Exhibit A which will graphically represent the facilities and the demarcation line, an Exhibit B attached which contains the standards for connecting the System to the building, and Exhibit C with the approved rate schedule, and an Exhibit D, also attached to the agreement in the packet, setting forth the uniform terms for connection to and operation of the system visa vice the served building. The provisions of Exhibit D substantially parallel those that have been used by EGE in their contracts to provide steam energy to buildings previously.

This agreement form will not be used for current hot water customers in the Canal Park area which operating under contracts that we originally entered into during the time that the COOP was operating the district.

As noted in the resolution, the agreement form does not include specific rates for the capacity charges or for the infrastructure charges. Those will be subject to approval by the council by separate resolution.