

CITY OF GREAT FALLS, MONTANA

AGENDA # 4

AGENDA REPORT

DATE September 7, 2004

ITEM Capital Contribution to Southern Montana Electric Generation & Transmission Co-Op

INITIATED BY A Southern Montana Electric G&T Co-Op sponsored electric generation feasibility studies

**ACTION REQUESTED** Approve a capital contribution to SME G&T Co-Op in the amount of \$53,339.45 to be applied to costs of studies related to feasibility and recommended site selection for an electric generation plant using 'clean coal' technology

**PRESENTED BY** Coleen Balzarini, Fiscal Services Director

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**RECOMMENDATION:** It is recommended that the City Commission approve a capital contribution of \$53,339.45 to SME G&T Co-Op.

**MOTION:** I move the City Commission approve a capital contribution to SME G&T Co-Op in the amount of \$53,339.45.

**SYNOPSIS:** The City of Great Falls is a member of Southern Montana Electric Generation and Transmission Co-Op. As a member of SME G&T the City is participating in independent consultant studies to evaluate the feasibility of and potential site selections for the construction of a 'clean coal' technology electric generation resource in Montana. The level of this participation is based upon a formula determined on a 'load ratio share' basis. In other words, a capital contribution calculation is made to determine each member's relative share of the total load served by the SME G&T group. City Commission authorization of a capital contribution in the amount of \$53,339.45 will bring the City's contribution total to \$119,279.75.

**BACKGROUND:** The City of Great Falls has been a member of Southern Montana Electric Generation and Transmission Co-Op since August of 2003. As a member of SME G&T the City has participated in independent consultant studies to determine the economic feasibility of constructing a 'clean coal' technology electric generation resource in Montana. In addition, upon determining the economic viability of such a project, further analysis was done to evaluate potential plant site locations. The results of these studies have been presented to the Rural Utility Service (RUS) division of the U.S. Department of Agriculture (USDA) in Washington D.C. The results of the studies have been presented at public meetings in Great Falls and throughout the member Co-Op communities of Big Horn, Fergus, Tongue River, Mid Yellowstone, and Yellowstone Valley. Presentations have also been made to service groups in Great Falls requesting information.

The intent is to build a 250 MW electric generation plant using the most environmentally compliant coal fired electric generation facility technology currently available. The electricity from this plant will be used by the members of SME G&T to replace existing long-term federal power supply contracts which will terminate beginning in 2008 and to provide stable, reliable prices to the City of Great Falls in place of the current default supply electricity currently available to the City.