



REPORT TO: SUA

MEETING DATE: FEBRUARY 22, 2021

Agenda Item:	5a. SUA 21-06 Revenue and Budget Amendments to Facilitate Natural Gas Payments
Prior Council Action/Related Items: (Hyperlinks Or PDF)	
Background / Issue:	<p>The Stillwater Energy Center (SEC) has been called on by the Southwest Power Pool (SPP) to generate electricity 24-7 since February 10, 2021. As a result of these long run times the cost of natural gas to fire the generators has exceeded the amount budgeted for natural gas for FY21.</p> <p>Due to natural gas constraints related to the extreme cold weather event natural gas prices, which regularly cost \$2.50 to \$3.50 a dekatherm, quickly rose to approximately \$500 a dekatherm.</p>
Proposal/Solution:	Staff has prepared a budget amendment to increase the revenue to be received from Grand River Dam Authority (GRDA) for the energy production with an offsetting increase to the natural gas expenditure account. Both accounts will be increased by \$20,000,000.
Financial Impact/Funding Source(s):	Increase to electric generation/natural gas expenditure from \$1,600,000 to \$21,600,000 with a corresponding increase to electric general/GRDA energy payment revenue from \$1,300,000 to \$21,300,000. The SUA is able to cash flow the payment to the natural gas vendor with a partial energy payment being advanced from GRDA and use of reserve funds. Reserve funds will be replenished upon receipt of the full energy payment from GRDA. These amendments have no impact on the GRDA capacity payments.
Related Strategic Priority:	Strategic Priorities #1 and #4
Recommended Action/Motion:	Staff recommends approval of the attached budget amendment.
Prepared By:	Melissa Reames
Reviewed By:	Christy Cluck Loren Smith
Submitted By:	Norman McNickle
Attachment(s):	Budget Amendments