

Agenda Report

February 27, 2012

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO ENTER INTO A LETTER AGREEMENT WITH SOUTHERN CALIFORNIA EDISON FOR SERVICES TO REPLACE DAMAGED DISCONNECT SWITCHES AT T.M. GOODRICH RECEIVING STATION

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the project is exempt from the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines Section 15302 (Replacement or Reconstruction);
2. Authorize the City Manager to enter into a Letter Agreement with Southern California Edison (SCE) to replace the disconnect switches and related equipment at T. M. Goodrich Receiving Station (Goodrich) for an amount not to exceed \$326,544; and
3. Grant the proposed Agreement an exemption from the Competitive Bidding Process pursuant to City Charter Section 1002(3), contracts for labor, material, supplies or services available from only one vendor.

BACKGROUND:

On August 5, 2010, the City of Pasadena entered into Interconnection Agreement No. 20,398 with SCE to maintain the interconnection between the two electric systems at Goodrich. This Agreement allows the delivery of purchased and contract power from various locations to Pasadena, and specifies that SCE shall be responsible for the operation and maintenance of the 220 kV electrical equipment at Goodrich.

SCE recommends that disconnect switches be replaced. Pasadena Water and Power Department (PWP) concurs. These are manually operated switches. Due to age (approximately 30 years) and seismic damage, they have become difficult to operate and have reached the end of their useful life. They are a key safety-related component of the substation, assuring adequate electrical clearance exists for operations and maintenance.

SCE will also be providing new foundations and seismically qualified support structures that will protect the vital equipment and increase the system reliability during future earthquakes. Goodrich is an important element of the Southern California transmission grid, and both parties have a vested interest in maintaining the reliability of the grid. In accordance with Agreement No. 20,398, Pasadena, the owner of this equipment, must pay SCE for the replacement cost of the disconnect switches.

SCE will remove the existing switches located on the northeast corner of the 220 kV switchrack and design, purchase and install the new disconnect switches and other related equipment and facilities, foundation and support structures. SCE expects to begin installation after March 20, 2012 and will make every effort to complete the work no later than June 30, 2012. SCE provided an initial estimate of \$296,858 to complete the work.

PWP recommends that the City Council authorize the City Manager to execute a Letter Agreement that describes SCE's scope of work, PWP's obligation to reimburse SCE for \$326,544, which includes SCE's estimate of \$296,858 and a 10% contingency for this work. PWP is obligated to pay the full estimate of \$296,858 prior to commencement of work. Following completion of the project, SCE will provide an invoice of the final cost. If the actual cost exceeds the estimate, PWP must pay the additional amount. If the actual cost exceeds \$326,544, PWP will return to Council for additional authorization. If the estimated cost exceeds the actual cost, SCE will return the excess amount to PWP.

This Agreement is exempt from the Competitive Bidding Process pursuant to City Charter Section 1002(C), contracts for labor, material, supplies or services available from only one vendor. In accordance with the existing Interconnection Agreement, SCE is responsible for all operation and maintenance of the 220 kV equipment at Goodrich, and PWP is responsible to pay the actual costs incurred by SCE. PWP has reviewed the cost estimate and found it acceptable.

COUNCIL POLICY CONSIDERATION:

The proposed Agreement supports the Council's goal to improve, maintain and enhance public facilities infrastructure. In 2005 Council adopted the PWP's Power Distribution System Master Plan that included replacement and repair of aging infrastructure to ensure reliable electric service.

ENVIRONMENTAL ANALYSIS:

The proposed Agreement is exempt from CEQA pursuant to the State CEQA Guidelines Section 15302 (Replacement or Reconstruction), which exempts the replacement or reconstruction of existing structures and facilities (including utility systems and facilities) involving negligible or no expansion of capacity. The proposed work will improve electric reliability and safety of the transmission system and will not increase the capacity of the facility nor result in the new equipment being in a new location.

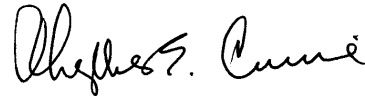
FISCAL IMPACT:

The maximum cost of this action will be \$336,544. Funding will be addressed by the utilization of existing budgeted appropriations in the Power Capital Fund 411, Budget No. 3195, Transmission System Enhancements. It is anticipated that the entire amount will be spent in the current fiscal year. Indirect and support costs are estimated to be less than \$10,000. The following table presents a contract summary

Contract Amount	\$ 296,858
Contingency	\$ 29,686
Contract Administration/Inspection	\$ 10,000
Total Fiscal Impact	\$ 336,544

PWP anticipates minimal impact to other operational or capital projects as a result of this action. Some maintenance work may be rescheduled to accommodate this project. The Interconnection Agreement requires the Department to pay for this work. The Department will file an application with the Federal Energy Regulatory Commission as a Participating Transmission Owner for the Department's Transmission Revenue Requirement tariff to recover costs associated with this project.

Respectfully submitted,



Phyllis E. Currie
General Manager
Water and Power Department

Prepared by:



Joe Awad
Assistant General Manager
Water and Power Department

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name:
Southern California Edison

2. Type of Entity:
 non-government nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

PLEASE REFER TO ATTACHMENT A AND B

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

SCE has three outstanding classes of equity of securities. Common Stock, Cumulative Preferred Stock and Preference Stock. All of SCE's Common Stock is held by Edison International, a California corporation and the parent holding company of SCE. Based on Information required to be filed with the Securities and Exchange Commission by beneficial owners of more than 10% of either class of SCE's preferred stock, no corporation beneficially owns 10% or more of either class.

Prepared by:  GARY CHEN

Title: ATTORNEY

Phone: 626 - 302-7214

Date: 4-15-2010

Attachment A

Board of Directors

Alan J. Fohrer³
Chairman of the Board and
Chief Executive Officer,
Southern California Edison
A director since 2002

Vanessa C.L. Chang^{1,4}
Principal,
EL & EL Investments
(private real estate investment company)
Los Angeles, California
A director since 2007

France A. Córdova^{4,5}
President,
Purdue University
West Lafayette, Indiana
A director since 2004

Charles B. Curtis^{4,5}
President Emeritus,
Nuclear Threat Initiative
(private foundation dealing with
national security issues)
Washington, DC
A director since 2006

Bradford M. Freeman^{1,2,3}
Founding Partner,
Freeman Spogli & Co.
(private investment company)
Los Angeles, California
A director since 2002

Theodore F. Craver, Jr.
A director since 2008

Jagjeet S. Bindra
(will be elected on 4/22/10)

Luis G. Nogales^{1,4}
Managing Partner,
Nogales Investors, LLC
(private equity investment company)
Los Angeles, California
A director since 1993

Ronald L. Olson^{2,4}
Senior Partner,
Munger, Tolles & Olson (law firm)
Los Angeles, California
A director since 1995

James M. Rosser^{2,3,5}
President,
California State University, Los Angeles.
Los Angeles, California
A director since 1988

Richard T. Schlosberg, III^{1,2,5}
Retired President and
Chief Executive Officer,
The David and Lucile Packard Foundation
(private family foundation)
San Antonio, Texas
A director since 2002

Thomas C. Sutton^{1,2,3}
Retired Chairman of the Board and
Chief Executive Officer,
Pacific Life Insurance Company
Newport Beach, California
A director since 1995

Brett White^{2,5}
President and
Chief Executive Officer,
CB Richard Ellis
(commercial real estate services company)
Los Angeles, California
A director since 2007

- 1 Audit Committee
- 2 Compensation and Executive
Personnel Committee
- 3 Executive Committee
- 4 Finance Committee
- 5 Nominating/Corporate Governance
Committee

Attachment B
Management Team

Alan J. Fohrer
Chairman of the Board and
Chief Executive Officer

John R. Fielder
President

Pedro J. Pizarro
Executive Vice President,
Power Operations

Bruce C. Foster
Senior Vice President,
Regulatory Affairs

Stuart R. Hemphill
Senior Vice President,
Power Procurement

Cecil R. House
Senior Vice President,
Safety & Operations Support and
Chief Procurement Officer

James A. Kelly
Senior Vice President,
Transmission and Distribution

Stephen E. Pickett
Senior Vice President and
General Counsel

Ross T. Ridenoure
Senior Vice President and
Chief Nuclear Officer

Linda G. Sullivan
Senior Vice President and
Chief Financial Officer

Mahvash Yazdi
Senior Vice President,
Business Integration and
Chief Information Officer

Lynda L. Ziegler
Senior Vice President,
Customer Service

Robert C. Boada
Vice President and Treasurer

Lisa D. Cagnolatti
Vice President,
Business Customer Division

Kevin R. Cini
Vice President,
Energy Supply and Management

Ann P. Cohn
Vice President and
Associate General Counsel

~~Phil J. De Martini~~
~~Vice President,~~
~~Advanced Technology~~

Chris C. Dominski
Vice President and Controller

Erwin G. Furukawa
Vice President,
Customer Programs and Services

Veronica Gutierrez
Vice President,
Corporate Communications

Harry B. Hutchison
Vice President,
Customer Service Operations

Aldar Jazayeri
Vice President,
Regulatory Operations

Walter J. Johnston
Vice President,
Power Delivery

R. W. (Russ) Krieger, Jr.
Vice President,
Power Production

Barbara E. Mathews
Vice President,
Associate General Counsel,
Chief Governance Officer and
Corporate Secretary

David L. Mead
Vice President,
Engineering and Technical Services

Patricia H. Miller
Vice President,
Human Resources

Stacy R. Mines
Vice President and
Chief Ethics and Compliance Officer

Kevin M. Payne
Vice President,
Business Integration

Megan Scott-Kakares
Vice President and General Auditor

Leslie E. Starck
Vice President,
Local Public Affairs

Russell C. Swartz
Vice President and
Associate General Counsel

Marc L. Ulrich
Vice President,
Renewable & Alternative Power

Gaddi H. Vasquez
Vice President,
Public Affairs