



Agenda Report

July 22, 2019

TO: Honorable Mayor and City Council
FROM: Water and Power Department
SUBJECT: AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH SOUTHERN CALIFORNIA EDISON TO UPGRADE PROTECTION AND TELECOMMUNICATION EQUIPMENT OF THE 220kV LAGUNA BELL – T.M. GOODRICH TRANSMISSION LINE AT THE T.M. GOODRICH RECEIVING STATION FOR AN AMOUNT NOT TO EXCEED \$965,800

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 Sections 15301 (Existing Facilities) and 15302 (Replacement or Reconstruction) and that there are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances;
2. Authorize the City Manager, or his designee, to enter into an Agreement without competitive bidding pursuant to City Charter Section 1002 (C) Contracts for labor, material, supplies, or services available from only one vendor, with Southern California Edison ("SCE") to upgrade protection and telecommunication equipment of the 220kV Laguna Bell – T.M. Goodrich transmission line at the T.M. Goodrich Receiving Station ("TMG") for an amount not-to-exceed \$965,800 which includes a base contract amount of \$878,000 and a 10% contingency (\$87,800) for the upgrade work; and
3. It is further recommended that the City Council grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code ("PMC") Section 4.08.049(B) contracts for which the City's best interests are served.

BACKGROUND:

The City of Pasadena ("City") imports most of its electricity requirements through its transmission interconnection with the western electricity grid and the California Independent System Operator ("CAISO") through SCE, at TMG. The interconnection with SCE is governed by Agreement No. 20,398, executed on August 5, 2010, which allows the delivery of purchased and contract power from various off site locations to the City.

The power is delivered to TMG via two 220kV transmission lines connected to SCE's Laguna Bell and Gould substations. In order to safeguard the delivery of reliable service to its customers, Pasadena Water & Power ("PWP") must ensure that these transmission lines, along with PWP's own electric grid, operate as designed and are equipped with adequate electrical protection schemes.

Due to reliability concerns resulting from the retirement of the San Onofre Nuclear Generating Facility and pending shutdown of 3,755MW of aging natural gas generation facilities in the Western Los Angeles Basin, SCE has launched a project to upgrade its Mesa Substation to operate at 500kV voltage and upgrade interconnections of all associated transmission lines. These upgrades will provide SCE with additional transmission import capability, allowing greater flexibility in reducing the total amount of new generation required to meet local reliability needs. This project has been approved by CAISO as part of CAISO's 2013-2014 Transmission Plan.

As part of this project, the existing 220kV Laguna Bell – TMG transmission line, which serves the City, will be rerouted in and out of SCE's Mesa Substation, reconfiguring the transmission line into new Laguna Bell – Mesa and Mesa – TMG transmission lines. Therefore, the electromechanical protection relays and telecommunication equipment at TMG must be upgraded to accommodate the transmission line reconfiguration and communication with the new equipment at the SCE Mesa Substation.

SCE is uniquely positioned to perform the upgrade work on City-owned equipment at TMG since they must ensure proper protection coordination, compatibility, and communication with their Mesa Substation equipment. SCE expects to begin construction in October 2019 and is scheduled to complete the proposed work by the end of November 2019 barring any unforeseen weather conditions or system operational needs.

In accordance with the aforementioned Interconnection Agreement, each party must pay for the upgrade of their own equipment. Therefore, the City will be responsible for compensating SCE the actual cost of upgrading City-owned assets at TMG.

City staff have negotiated the proposed agreement with SCE to perform the necessary upgrade work at TMG including engineering, procurement, and construction services. Therefore, staff recommends that the City Council authorize the City Manager to enter into an Agreement with SCE to upgrade the protection and telecommunication equipment of the 220kV Laguna Bell – TMG transmission line at TMG for an amount not-to-exceed \$965,800, which includes a base contract amount of \$878,000 and a 10% contingency (\$87,800).

The recommended agreement with SCE to perform the required work at TMG is in the City's best interest. This will ensure the equipment is selected and installed in a manner that meets SCE's requirements as needed to support ongoing reliable operations of the interconnection and PWP's electrical service for its customers. Staff anticipates that there will be no impact on customers while the work is performed.

COUNCIL POLICY CONSIDERATION:

This project supports the City Council's goal to improve, maintain, and enhance public facilities and infrastructure to ensure reliable electrical 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.

The proposed agreement is also exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Class 1 – Existing Facilities). Class 1 exempts from environmental review “the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.” The proposed project consists of a minor alteration of the existing TMG facility to add replace the electromechanical protection relays and telecommunication equipment to accommodate SCE's transmission line reconfiguration. As noted above the project would not increase the capacity of the facility.

There are no features that distinguish this project from others in the exempt classes and, therefore, there are no unusual circumstances.

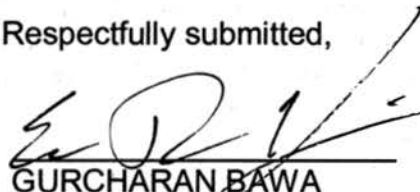
FISCAL IMPACT:

The maximum cost of this action is \$965,800. Funding for this action will be addressed by utilization of existing appropriations in the Power Capital Fund 411, Project 3195 - Transmission System Enhancements. The following table represents the contract summary:

| | |
|----------------------------|------------------|
| Base Contract Amount | \$878,000 |
| Contingency (10%) | \$ 87,800 |
| Total Fiscal Impact | \$965,800 |

The proposed contract will have minimal impact on other operational or capital projects. The City will seek to recover costs associated with this project when it files its next application with the Federal Energy Regulatory Commission ("FERC") as a Participating Transmission Owner ("PTO") for the Department's Revenue Requirement tariff.

Respectfully submitted,



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