

# Agenda Report

June 14, 2021

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT:** **AUTHORIZATION OF PAYMENT TO SOUTHERN CALIFORNIA EDISON FOR A 2016 EMERGENCY REPLACEMENT OF THREE CURRENT TRANSFORMERS ON TRANSFORMER BANK #2 AT THE T.M. GOODRICH RECEIVING STATION FOR AN AMOUNT NOT TO EXCEED \$251,302 PURSUANT TO INTERCONNECTION AGREEMENT NO. 20,398**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the authorization request is exempt from the California Environmental Quality Act ("CEQA") pursuant to the State CEQA Guidelines Section 15061(b)(3), the common sense exemption (formerly the General Rule) that CEQA only applies to projects that may have an effect on the environment;
2. Authorize a payment to Southern California Edison ("SCE") for an amount not to exceed \$251,302 for the emergency replacement of three Current Transformers ("CTs") on Transformer Bank # 2 at the T.M. Goodrich Receiving Station ("TMG") pursuant to section 4.11 of the Interconnection Agreement No. 20,398 ("Agreement") between SCE and the City of Pasadena; and
3. Find that the proposed authorization is exempt from competitive bidding pursuant to City Charter Section 1002 (C), and PMC Section 4.08.049 (A)(6) contracts for labor, material, supplies, or services for actual emergency work.

## **BACKGROUND:**

TMG is the City's interconnection point with SCE to import power into City of Pasadena's ("City") electric distribution system. The interconnection facilities at TMG enable Pasadena to import a vast majority of its power needs. TMG is a vital part of Pasadena's electric distribution system, and is necessary for PWP to provide safe and reliable power to its customers. On August 5, 2010, PWP entered into an Agreement with SCE to operate and maintain the interconnection facilities at TMG. The Agreement specifies that SCE shall be responsible for the operation and maintenance of the 220kV electrical equipment owned by PWP at TMG. Expenditures incurred by PWP for certain maintenance and improvement of high voltage (220kV) equipment may be recovered from the California Independent System Operator, subject to approval by the Federal Energy Regulatory Commission.

On December 31, 2016, the 220kV CTs at TMG experienced a catastrophic failure forcing a considerable reduction in import capacity from SCE. The loss of imported power was made up by the power generation from the City's local power plant. Restoring import capacity and system redundancy at earliest was necessary and deemed an emergency condition to maintain the reliability of the electric supply in Pasadena. Additionally, the reduced import capacity caused Pasadena to sell its out of City power resources at below cost. Therefore, PWP immediately contacted SCE for an emergency replacement of the CTs pursuant to the existing Agreement.

SCE initiated the repairs immediately and completed work on February 1, 2017. PWP has been in communication with SCE since 2017 regarding invoice for the work they had performed. PWP eventually received the initial invoice for the project on September 9, 2020, but shortly thereafter, SCE notified PWP that the invoice was erroneous and did not fully capture the expenses related to the replacements of the CTs including subcontractors' charges, material costs, taxes, allocations, overhead and administrative expenses. Subsequently, PWP met with SCE representatives on January 28, 2021, to review and mutually agree on appropriate expenditures. As a result, PWP has received a revised and final invoice in an amount of \$251,302.

The Agreement obligates PWP, as the owner of the facility, to reimburse SCE for the actual costs of the work performed. This is a standard practice in the utility business related to critical operating infrastructure between two utilities.

PWP recommends that the City Council approve the emergency nature of the replacements per the Agreement and authorize payment of SCE's final invoice for an amount not to exceed \$251,302 for the emergency work pursuant to PMC 4.08.150:

PMC 4.08.150:

In case of actual emergency which requires immediate purchase of material or services, the Director of Finance or his authorized representative with the approval of the City Manager may secure without competitive bidding, at the lowest obtainable price, any material or services regardless of the amount of the expenditure. A full report of the circumstances of any such emergency purchase shall be filed with the City Manager, and, where the expenditure exceeds \$75,000, with the City Council.

**COUNCIL POLICY CONSIDERATION:**

The proposed payment authorization for emergency services is consistent with the City Council's goals to maintain fiscal responsibility and stability, and PWP's strategic initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity and maintain PWP's fiscal health and stability.

**ENVIRONMENTAL ANALYSIS:**

The proposed action has been determined to be exempt from CEQA in accordance with State CEQA Guidelines Section 15061 (b)(3), the common sense exemption that CEQA only applies to projects that may have an effect on the environment. Where it can be determined with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Such is the case for the proposed payment authorization to SCE, which will have no impact on the environment.

Authorization to pay SCE for Emergency Replacement of CTs at TMG in 2017

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**FISCAL IMPACT:**

The maximum cost of this action will be \$251,302. Funding for this action will be addressed by the utilization of existing appropriations in the Power Capital Fund 411, Project 3195 – Transmission System Enhancements. Funding for any additional emergency expenditures will be provided through existing or future appropriations.

The approval of this action will have no impact to other operational programs or capital projects.

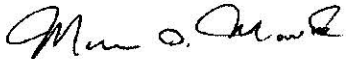
Respectfully submitted,



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GURCHARAN S. BAWA  
General Manager  
Water and Power Department

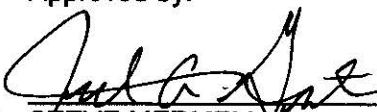
Prepared by:



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MARVIN D. MOON  
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Approved by:

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FOR STEVE MERMELL  
City Manager