



Agenda Report

File #: 19-0816

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 09/18/2019

TO: Honorable Mayor and City Council Members

FROM: Department of Water and Power

SUBJECT:

City Council consideration to appropriate and authorize the Refundable Construction Deposit Payment to Southern California Edison for Wholesale Distribution Access Tariff 1512.

RECOMMENDED ACTION:

That the City Council:

1. Authorize the refundable deposit payment for Invoice# 7501020392 in the amount of \$555,525 to Southern California Edison's for the estimated cost of the design, engineering, procurement and construction of the interconnection to Wholesale Distribution Access Tariff 1512.
2. Appropriate \$555,525 to the Department of Water and Power's Wholesale Distribution Access Tariff ("WDAT") 1512 CIP Project No. 72810 from the Electric Utility Fund.

ANALYSIS:

The City of Corona Department of Water and Power (DWP) submitted an application on November 9, 2017 to Southern California Edison (SCE) to evaluate the City's request for an interconnect and distribution service for a new Rincon Substation (WDAT 1512) to be approximately 1,375 feet west of the north corner of West Rincon Street and North Lincoln Avenue (Exhibit A). SCE performed a combined System Impact Study and Facilities Study as requested by the City of Corona DWP for a 12,470 Volt (12.47 kV) or 34,500 Volt (34.5 kV) interconnection and distribution service to this location.

The purpose of this combined study is to determine the impact of the proposed load addition on the SCE distribution and subtransmission systems, identify what modifications and/or additions would be necessary to accommodate the request while maintaining system reliability, and to determine the estimated costs and time required to complete those modifications and/or additions. This study was performed for expected year 2019 through 2023 maximum load conditions.

The results of the analysis showed that the 66/12.47 kV banks and existing 12.47 kV circuits do not have sufficient capacity to support the new load of the WDAT. Extensive distribution system upgrades would be required to accommodate the initial site load on the 12.47 kV system. Therefore, the new load would be served from SCE's Cupples 34.5 kV distribution circuit out of SCE's Corona Substation. The power would be delivered from the California Independent System Operator (CAISO) grid through the 220/66 kV transformer banks at SCE's Mira Loma Substation, then through various 66 kV lines in SCE's Mira Loma Subtransmission system, then through the 66/34.5 kV transformer banks at SCE's Corona Substation, then through the Cupples 34.5 kV distribution circuit to the customer interconnection point where SCE's distribution system delivers energy and capacity services to the City-owned WDAT.

From this WDAT, the City delivers that energy to the customer through City-owned circuits using transmission lines, transformers, switchgear and meters to distribute the energy at the proper service voltage to the City's Corporation Yard facilities and Greenfield customers.

After the execution of an Interconnection Facilities Agreement, SCE would require 10 months lead time to procure the required equipment, schedule appropriate manpower, and construct the facilities.

On July 21, 2019, DWP received a Notice of Default from SCE for the WDAT 1512 project. It stated that the Project was deficient in the construction payment in the amount of \$555,525 (per SCE Invoice # 7501020392). The estimated installed cost for the required interconnection facilities is approximately \$555,525.00, the amount of the required deposit. This must be financed by the City and will be further subject to Income Tax Component of Contribution (ITCC) at a later date, calculated at approximately \$133,326.00. The deposit is due to SCE no later than November 2, 2019, to hold the project open or the Study will go into default, which will require further study analysis at additional cost to the City. The City will have 6 months after the deposit is made to SCE to provide them with confirmation on whether to move forward with the Project. Before that date, staff will provide their recommendation to the City Council for an ultimate determination on the project. Should City Council decide not to move forward with the Project, SCE would refund the \$555,525 back to the City.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Funding for the recommended appropriation of \$555,525 is available in the un-appropriated Electric Utility Fund Balance.

Fund	07/01/19 Est. Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Working Capital Impacts	06/30/20 Est. Working Capital
Electric Utility Fund 578	\$16,847,455	\$17,383,692	(\$20,602,528)	Appropriation (\$555,525)	\$13,073,094

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the

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California Environmental Quality Act.

PREPARED BY: CURTIS SHOWALTER, ADMINISTRATIVE MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER

Attachments:

1. Exhibit A - Vicinity Map
2. SCE Notice of Default letter