



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

File #: 19-0816

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

Exhibit A

Vicinity Map

Rincon Substation (WDAT1512) approximately 1,375 feet west of the north corner of West Rincon Street and North Lincoln Avenue.



July 21, 2019

Curtis Showalter
Assistant General Manager
City of Corona Department of Water and Power
755 Public Safety Way
Corona, CA 92880

**SUBJECT: Notice of Default Under Article 13.4 for WDT1512 between City of Corona
Department of Water and Power and Southern California Edison Company,
Service Agreement No. 1077**

To Curtis Showalter:

This Notice of Default ("Notice") is provided pursuant to the Wholesale Distribution Load Interconnection Facilities Agreement ("IFA") IFA for WDT1512 between City of Corona Department of Water and Power ("Corona") and Southern California Edison Company ("SCE"), for the City of Corona Department of Water and Power Project ("Project").

In accordance with Article 13.4 and Exhibit C Payment No.1 of the IFA, the Project is deficient in the construction payment as per below:

Invoice #: 7501020392 in the amount of \$555,525.00 due on 7/20/2019

SCE hereby notifies the City of Corona Department of Water and Power that it is in Default under the IFA with respect to its obligation pursuant to the provisions of the payment schedule. Corona must provide a cure for all items by August 19, 2019, which is 30 calendar days from the date of this Notice. If such default is not cured within this time, SCE will file for termination of the IFA pursuant to Article 13.4 of the IFA.

Please submit payment to:

Southern California Edison Company
Accounts Receivable (GCM)
P.O. Box 800
2244 Walnut Grove Ave.
Rosemead, CA 91770

Or by wire to:

JP Morgan Chase Bank
Branch: New York, NY
ABA#: 021-000-021
Account #: 323-394434

If you have any questions, feel free to contact me at (626) 302-9845, or by e-mail at Flaviu.Macavei@sce.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Flaviu Macavei', with a stylized, cursive script.

Flaviu Macavei
Manager, Program/Contract
Grid Contract Management
2244 Walnut Grove Ave.
Rosemead, CA 91770

Invoice

City of Corona
Department of Water and Power
Attn: Curtis Showalter
755 Public Safety Way
Corona, CA 92880

Invoice # 7501020392
Invoice Date 06/12/2019
Customer # 10273219
SCE Contact TD Billing
Telephone # 866-353-3437

| Description | Amount |
|--|--------------|
| Estimated design, engineering, procurement and construction cost | \$688,851.00 |
| WDT1512 - City of Corona Department of Water and Power | |

If paying by check, please follow instructions on bill stub

Instructions for wire or ACH payments:

JP Morgan Chase Bank

New York, NY

ABA#: 021000021

Acct#: 323-394434

Ref: Customer# 10273219-Invoice# 7501020392 - TD Billing

Failure to properly identify your customer and invoice number may delay the application of funds to the correct project

Taxpayer ID No. 95-1240335

Total Amount **\$688,851.00**

Please detach and return payment stub with payment

Cut Here



Payment Stub

Please pay total amount now due



\$688,851.00

Customer 10273219
Invoice 7501020392

Thank you for
paying promptly

Enter the amount you
paid \$

Make check payable to Southern California Edison.
Please include Invoice # on the check.

City of Corona
Department of Water and Power
Attn: Curtis Showalter
755 Public Safety Way
Corona, CA 92880

Southern California Edison
Attention Accounts Receivable
PO Box 800
Rosemead, CA 91771-0001