October 28, 2008

TO: Mayor and City Council
FROM: Mark J. Madison, Director of Municipal Utilities

SUBJECT: MODIFICATION TO HIGH VOLTAGE EQUIPMENT AT THE 60 KILOVOLT SUBSTATION, STOCKTON REGIONAL WASTEWATER CONTROL FACILITIES

RECOMMENDATION

Adopt a resolution authorizing the City Manager to pay Pacific Gas and Electric Company the amount of $120,083 pursuant to an existing agreement between the City and Pacific Gas and Electric Company for the modifications of the special facilities to upgrade high voltage protection at the Stockton Regional Wastewater Control Facility’s 60 Kilovolt Substation.

Summary

This action will facilitate the installation of the required high voltage protection devices at the Stockton Regional Wastewater Control Facility’s 60 Kilovolt Substation and the Pacific Gas and Electric Company Station “A” for the safety of the public. The existing agreement between the City and Pacific Gas and Electric Company executed on February 10, 1999, obligates the City to pay for this cost.

DISCUSSION

Background

The Municipal Utilities Department owns and operates the 60kilovolt substation located at 2501 Navy Drive. This Substation receives power supply from Pacific Gas and Electric Company Stagg Substation located on Feather River Drive and Pacific Gas and Electric Company Weber Substation located on Pock Lane.

The Municipal Utilities Department also owns and operates a 3,000 Kilowatt cogeneration facility that is connected to the Pacific Gas and Electric Company grid with the capabilities of exporting power to Pacific Gas and Electric Company grid. This connection and generation operation is considered by Pacific Gas and Electric Company as “Parallel Operation.” In order for the Municipal Utilities to operate the cogeneration facility while connected to Pacific Gas and Electric Company grid, several pieces of equipment as referred to as “Special Facilities” are needed.

The existing agreement between Pacific Gas and Electric Company and the City of Stockton, executed on February 10, 1999, for installation or allocation of Special Facilities for Parallel Operation of Nonutility-Owned Generation states:

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"If it becomes necessary for Pacific Gas and Electric Company to alter, rearrange, or make addition to Special Facilities in order to maintain parallel operation of Applicant's generation or electrical standby service to Applicant's premises, Applicant shall be notified, in writing, of such necessity and shall be given the option to either terminate this Agreement upon thirty (30) days written notice to Pacific Gas and Electric Company, or to pay to Pacific Gas and Electric Company additional Special Facilities charges".

Current Situation

To improve the reliability of Pacific Gas and Electric Company power transmission service to the Stockton Regional Wastewater Control Facility, Pacific Gas and Electric Company intends to transfer normal transmission from Weber Substation to Station "A" as part of their Weber No. 1 60Kilovolt Reliability Project. To remain interconnected to Pacific Gas and Electric Company transmission grid and to provide transmission line and safety protection from Pacific Gas and Electric Company Station "A" to the Stockton Regional Wastewater Control Facility, new Direct Transfer Trip and other ancillary equipment needs to be installed at the Pacific Gas and Electric Company Station "A" and the City's 60 Kilovolt Substation.

In accordance with the existing agreement between Pacific Gas and Electric Company and the City of Stockton, City of Stockton is responsible to pay Pacific Gas and Electric Company for the cost of the required upgrades.

FINANCIAL SUMMARY

Funds for this project have been budgeted and are available in account 431-7709-670 (Sanitary - CIP – Regional Wastewater Control Facility Modifications and Replacements). This project does not impact the General Fund.

PREPARED BY: Ali Gharegozloo

Respectfully Submitted,

MARK J. MADISON
DIRECTOR OF MUNICIPAL UTILITIES

Approved by:

J. GORDON PALMER, JR.
CITY MANAGER
At the request of ______________________ (Applicant), PACIFIC GAS AND ELECTRIC COMPANY (PG&E) hereby agrees to furnish at Applicant's expense within a reasonable time certain facilities consisting of _______________________ (Special Facilities). Such Special Facilities are expected to be necessary on or about _______________________ for the interconnection of Applicant's electric generating plant with PG&E's system and/or PG&E's delivery of electrical standby service to Applicant's premises at __________________. Blank.

1. This Agreement includes Appendix A, Detail of Special Facilities Charges, which is attached and incorporated herein by reference. Appendix A may be revised or superseded by mutual written agreement and without formal amendment of the remainder of this agreement.

2. Applicant shall pay PG&E, on demand prior to commencement of any work by PG&E, an initial charge equal to the sum of the amounts which are specified in Appendix A.

3. Applicant also shall pay PG&E any applicable monthly rates and charges for service under PG&E's tariff schedules plus an ownership charge, either (a) or (b) below as specified in Appendix A, namely:

(a) COST-OF-OWNERSHIP CHARGE representing PG&E's continuing monthly cost of financing (if applicable), owning and maintaining Special Facilities; or

(b) An EQUIVALENT ONE-TIME CHARGE which is equal to the present worth of the monthly COST-OF-OWNERSHIP CHARGE in perpetuity. The COST-OF-OWNERSHIP CHARGE shall commence on the date Special Facilities are first available for Applicant's use, as such date is established in PG&E's records. PG&E will notify Applicant in writing of such commencement date. The EQUIVALENT ONE-TIME CHARGE (if applicable) shall be payable by Applicant to PG&E on demand.

4. The ownership charge set forth in paragraphs 3(a) or 3(b) herein is determined in accordance with the applicable percentage rates established in the Special Facilities section of PG&E's electric Rule 2, copy attached. Should the California Public Utilities Commission (Commission) subsequently authorize higher or lower percentage rates, the monthly COST-OF-OWNERSHIP CHARGE shall automatically increase or decrease without formal amendment to Appendix A as of the effective date of the Commission's authorization.

5. Where it is necessary to install Special Facilities on Applicant's premises, Applicant hereby grants to PG&E:

(a) the right to make such installation on Applicant's premises along the shortest practical route thereon with sufficient legal clearance from all structures now or hereafter erected on Applicant's premises; and

(b) the right of ingress and egress from Applicant's premises at all reasonable hours for any purpose reasonably connected with the operation and maintenance of Special Facilities.

6. Where formal rights of way or easements are required on or over property of Applicant or the property of others for the installation of Special Facilities, Applicant agrees that PG&E shall obtain them at Applicant's expense, or if Applicant and PG&E agree otherwise, Applicant shall obtain any necessary permanent rights of way or easements, satisfactory to and without cost to PG&E.

7. PG&E shall not be responsible for any delay in completion of the installation of Special Facilities resulting from shortages of labor or materials, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or regulatory agency, delay in obtaining necessary rights of way and easements, acts of God, or any other cause or condition beyond the control of PG&E, nor shall PG&E be liable for incidental, indirect, special, punitive, or consequential damages for any such delay. PG&E shall have the right, if for one of the above reasons it is unable to obtain materials or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers, and any delay in construction, hereunder resulting from such allocation shall be deemed to be a cause beyond PG&E's control. In any event, PG&E's total liability for any delay in the completion of the installation of Special Facilities shall not exceed the amount of Special Facilities Charges paid by Applicant.

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8. In the event that PG&E prevented from completing the installation of Special Facilities for reasons beyond its control after two (12) months following the date of this Agreement, PG&E shall have the right to supersede this Agreement subject to Applicant's election as provided below upon at least thirty (30) days' written notice to Applicant and adjust any amounts paid or required to be paid by Applicant hereunder that may be due based on that portion of the Special Facilities then completed, if any, utilizing the estimated costs developed by PG&E for this Agreement. Such a superseding agreement, if any, shall be in substantially the same form as this agreement, be executed by both parties hereto, and shall provide that costs be allocated to the portion of the Special Facilities then completed, if any, consistent with those costs estimated by PG&E for this agreement. If Applicant elects not to execute a superseding agreement, this agreement shall be terminated and the provisions hereof.

9. If it becomes necessary for PG&E to alter, rearrange or make addition to Special Facilities in order to maintain parallel operation of Applicant's generation or electrical standby service to Applicant's premises, Applicant shall be notified, in writing, of such necessity and shall be given the option to either terminate this Agreement upon thirty (30) days' written notice to PG&E, or to pay to PG&E additional Special Facilities charges consisting of:

(a) a facility termination charge for that portion of Special Facilities which is being removed because of alteration, rearrangement or addition to Special Facilities. Such charge to be determined in the same manner as described in paragraph 11 herein; plus,

(b) an additional ADVANCE and/or REARRANGEMENT CHARGE, if any, for any new Special Facilities which shall be applied in the same manner as prescribed in paragraph 2 herein; plus,

(c) a revised monthly COST-OF-OWNERSHIP CHARGE or EQUIVALENT ONE-TIME CHARGE based on the estimated installed costs of all new and remaining Special Facilities. Such revised monthly COST-OF-OWNERSHIP CHARGE or EQUIVALENT ONE-TIME CHARGE shall be applied in the same manner as prescribed in paragraph 3 herein.

10. This Agreement shall become effective when executed by the parties hereto and, except as provided for in paragraphs 8 and 9 herein, shall remain in force until one of the following events occurs:

(a) a power purchase, parallel operation, electrical standby service or other form of agreement no longer exists between Applicant and PG&E which would occasion the need for Special Facilities; or

(b) the ownership of Special Facilities or any portion thereof is devolved to a public authority; or

(c) Applicant fails to pay the monthly COST-OF-OWNERSHIP CHARGE prescribed in the Agreement, if applicable.

Either party shall provide the other at least thirty (30) days' written notice of termination pursuant to this paragraph.

11. Upon termination of the Agreement for any reason:

(a) Applicant shall pay to PG&E on written demand (in addition to all other monies to which PG&E may be legally entitled by virtue of such termination) a facility termination charge defined as the estimated installed cost, plus the estimated removal cost less the estimated salvage value for any Special Facilities which can be removed, all as determined by PG&E in accordance with its standard accounting practices. PG&E shall deduct from the facility termination charge the ADVANCE plus the unamortized balance of the EQUIVALENT ONE-TIME CHARGE previously paid, if any. If the ADVANCE paid plus the unamortized balance of the EQUIVALENT ONE-TIME CHARGE, if any, is greater than the facility termination charge, PG&E shall refund the difference, without interest to Applicant; and

(b) PG&E shall be entitled to remove and shall have a reasonable time in which to remove any portion of the Special Facilities located on the Applicant's premises; and

(c) PG&E may, at its option, alter, rearrange, convey or retain in place any portion of the Special Facilities located on other property off Applicant's premises. Where all or any portion of the Special Facilities located off Applicant's premises are retained in place in anticipation of providing permanent service to customers of PG&E, an equitable adjustment shall be made in the facility termination charge.

12. In the event any of the Special Facilities are used during the term of this Agreement to provide permanent service to customers of PG&E, an adjustment shall be made in accordance with PG&E's Electric Rule 21, copy attached.

13. Special Facilities shall at all times be the property of PG&E.
14. As provided in PG&E's electric Rule 14, copy attached, PG&E does not guarantee electrical standby service to be free from outages, interruptions or curtailments and the charges for Special Facilities represent PG&E's cost associated with providing Special Facilities rather than for a guaranteed level of service or reliability.

15. This Agreement shall be subject to all of PG&E's applicable tariffs on file with and authorized by the Commission, and shall at all times be subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction.

Dated this 10 day of Feb 19 99

__________________________  ____________________________
City of Stockton Application
(PACIFIC GAS AND ELECTRIC COMPANY
BY: (Signature) (Signature)

Dwight Mitchell Tim Behan
(Type or Print Name) (Type or Print Name)

TITLE: City Manager Manager, Area 5 Account Services Director

Mailing Address:

City of Stockton MUD
Attn: Robert L. Granberg
2500 Navy Drive
Stockton, CA 95206

Attachments:

Electric Rule 2
Electric Rule 14
Electric Rule 21
Appendix A

APPROVED AS TO FORM

__________________________
CITY ATTORNEY

Deputy City Attorney
STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING THE CITY MANAGER TO PAY PACIFIC GAS AND ELECTRIC COMPANY THE AMOUNT OF $120,083 PURSUANT TO AN EXISTING AGREEMENT WITH PACIFIC GAS AND ELECTRIC COMPANY FOR THE MODIFICATIONS TO HIGH VOLTAGE EQUIPMENT AT THE 60 KILOVOLT SUBSTATION, STOCKTON REGIONAL WASTEWATER TREATMENT CONTROL FACILITY

The City of Stockton, Municipal Utilities Department owns and operates the 60kv substation located at 2501 Navy Drive; and

The 60 Kilovolt Substation receives its power supply from the Pacific Gas and Electric Company ("PG&E") Stagg Substation located on Feather River Drive and the PG&E Weber Substation located on Pock Lane; and

The Municipal Utilities Department also owns and operates a 3,000 Kilowatt cogeneration facility that is connected to the PG&E grid with the capabilities of exporting power to the PG&E grid; and

This connection and generation operation is considered by PG&E as a "Parallel Operation"; and

In order for Municipal Utilities to operate the cogeneration facility while connected to the PG&E grid, several pieces of equipment referred to "Special Facilities" are needed; and

The existing agreement between PG&E and the City of Stockton for installation or allocation of Special Facilities for Parallel Operation of Nonutility-owned Generation states:

"If it becomes necessary for Pacific Gas and Electric Company to alter, rearrange, or make addition to Special Facilities in order to maintain parallel operation of Applicant's generation or electrical standby service to Applicant's premises, Applicant shall be notified, in writing, of such necessity and shall be given the option to either terminate this Agreement upon thirty (30) days written notice to Pacific Gas and Electric Company, or to pay to Pacific Gas and Electric Company additional Special Facilities charges"; and

City Atty
Review Date October 21, 2008
To improve the reliability of PG&E power transmission service to the Stockton Regional Wastewater Control Facility, PG&E intends to transfer normal transmission from the Weber Substation to Station “A” as part of their Weber No. 1 60 Kilovolt Reliability Project; and

To remain interconnected to the PG&E transmission grid and to provide transmission line and safety protection from PG&E Station “A” to the Stockton Regional Wastewater Control Facility, new Direct Transfer Trip and other ancillary equipment need to be installed at the PG&E Station “A” and the City’s 60 Kilovolt Substation; and

In accordance with the existing agreement between PG&E and the City of Stockton, the City is responsible to pay PG&E for the cost of the required upgrades; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The City Manager of the City of Stockton is hereby authorized to pay Pacific Gas and Electric Company the amount of $120,083 pursuant to an existing agreement with PG&E for the modifications of the special facilities to upgrade high voltage protection at the Stockton Regional Wastewater Control Facility’s 60 Kilovolt Substation.

2. The City Manager is authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED AND ADOPTED ____________________________.

ATTEST: ________________________________

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

KATHERINE GONG MEISSNER, City Clerk
of the City of Stockton