

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: City of Lodi Letter of Agreement (LOA) Western Area Power Administration (Western) to perform engineering studies on City of Lodi Direct Interconnect Project (Project) (\$70,000)

MEETING DATE: May 20, 1998

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council authorize the City Manager to sign the attached LOA with Western for \$70,000.

BACKGROUND: The portion of the Project to be reviewed by Western consists of the 230kV Interconnection to Western's Tracey-Hurley 230kV Line #1 from a new substation to be constructed by the City at a location near the Northern California Power Agency's Lodi 230kV substation. The new substation will be the point of origin for the new 60kV transmission line to the City and will contain the 230/60kV transformers and associated equipment which comprise the Interconnection.

As previously discussed with the Council and the public at various meetings, the Project is designed to provide a reliable, alternate source of power supply for the City and to insure the City's ability to participate a deregulated electric energy marketplace.

The LOA sets the terms and conditions under which Western will review and comment on Lodi's system studies or perform studies that are additionally required for the direct interconnect of the Lodi system to Western electric systems, provide technical support, design data, perform design review and provide preliminary land and environmental compliance and planning support as may be appropriate.

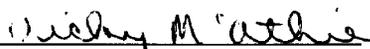
The \$70,000 total cost for the LOA scope of work must be advanced prior to Western's beginning work. The estimated time to completion of the work in the LOA is four months.

FUNDING: Electric Utility Outlay 161: \$70,000



Alan N. Vallow
Electric Utility Director

FUNDING APPROVAL:


Vicky McAthie, Finance Director

Prepared by: J.L. Stone, Manager, Business Planning and Marketing

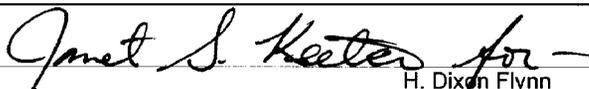
ANV/JLS/pn

c: City Attorney
Revenue Manager

Finance Director
Manager, Rates & resources

Accounting Manager

Approved


H. Dixon Flynn
City Manager

Mr. Alan N. Vallow
Electric Utility Director
City of Lodi
Electric Department
1331 South Ham Lane
Lodi, CA 95242

Letter Agreement No. 98-SNR-00045
City of Lodi Direct Interconnect Support

Dear Mr. Vallow:

As discussed between members of our respective staffs, the City of Lodi (City) is proposing a direct interconnection with the Western Area Power Administration's (Western) 230-kV transmission system. The proposed project will be referred to as the Lodi Direct Interconnection Project (LDIP) and consists of a 230-kV interconnection to Western's Hurley-Tracy 230-kV No. 1 transmission line from a new City constructed 230-kV substation near the Northern California Power Agency's Lodi 230-kV substation. Prior to Western performing any LDIP work on behalf of the City, an advancement of funds into a Trust Account will be required as described hereunder.

This Letter of Agreement (LOA) sets the terms and conditions under which Western will review and comment on the City's system studies, perform additional system studies and preliminary design review, provide technical support, design data, and preliminary land and environmental compliance and planning support as may be appropriate.

It should be noted that the obligations and estimated costs included as part of this LOA are only for preliminary project development work by Western and do not include the substantially complete design review, commissioning, and other costs that the City would be obligated to fund in advance under a separate direct interconnection agreement. Western and the City agree to develop a LDIP direct interconnection agreement and other agreement(s) as may be appropriate.

The terms and conditions of this LOA are as follows:

1. At the sole expense of Lodi, Western shall provide labor and associated materials and equipment to:
 - 1.1 Review and comment on the City's system studies or perform additional system studies as they may relate to LDIP's impact on Western's system and neighboring utilities. (\$7,000)
 - 1.2 Participate in discussions with affected neighboring electric utilities as appropriate. (\$3,000)
 - 1.3 Gather and disseminate field data. (\$10,000)
 - 1.4 Provide technical support, data, and design review comments on the City's preliminary LDIP design. (\$40,000)

- 1.5 Provide preliminary land acquisition and/or easement support as appropriate. (\$5,000)
- 1.6 Provide preliminary environmental compliance and planning support as appropriate. (\$5,000)
- 1.7 Upon completion of the work as provided herein, return to the City all unused Trust Account funds without interest.
- 1.8 Make best efforts to complete the work as described in items 1.1 through 1.6 within four (4) months from the date the City advances the estimated funds into the Trust Account, or four (4) months from the date the necessary technical information and data from the City is provided to Western to perform the obligations described herein, or as may otherwise be mutually agreed to between Western and the City.

2. The City, at its sole expense, shall:

- 2.1 Pay Western's actual costs incurred as a result of performing the work described herein. The estimated cost for Western to perform the work described in items 1.1 through 1.6 is seventy thousand dollars (\$70,000.00).
- 2.2 Upon signing this Letter of Agreement, advance to Western the sum of seventy thousand dollars (\$70,000.00), which is the estimated cost of performing the work described herein. Such sum shall be applied to the total cost of Western performing the work.
- 2.3 In the event the deposit of funds advanced by the City are not sufficient for Western to complete the work described herein, within ten (10) days after receipt of a written request notice from Western, advance such additional funds to Western which may be required to complete the work described herein as mutually agreed to by both Parties. Western shall not be obligated to perform any work described as part of this LOA without sufficient funds in the Trust Account.

This Letter Agreement shall become effective on the date signed by Lodi, and shall remain in effect for eighteen (18) months or until the work has been completed by Western and all costs have been paid to Western by Lodi, whichever occurs first.

Please reference Account No. NN-RA-01359 on your check and mail it, along with the stub from the enclosed Bill for Collection, to:

Western Area Power Administration
Department of Energy
File No. 51587
P.O. Box 60000
San Francisco, CA 94160-1587

If these provisions are satisfactory, please sign both copies of this Letter of Agreement and return one copy to Ms. Peggy Muir. Western will proceed with the work upon deposit of the funds into the Trust Account.

Sincerely,

Jerry W. Toenyas
Regional Manager

Enclose (Bill for Collection)

WESTERN:

CITY OF LODI:

By: _____

By: _____

H. Dixon Flynn, City Manager

Date: _____

Date: _____

APPROVED AS TO FORM:

ATTEST:



Randall A. Hays, City Attorney

Alice M. Reimche, City Clerk

RESOLUTION NO. 98-70

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE
CITY MANAGER TO EXECUTE LETTER OF AGREEMENT WITH
WESTERN AREA POWER ADMINISTRATION (WAPA) TO
PERFORM ENGINEERING STUDIES ON CITY OF LODI DIRECT
INTERCONNECT PROJECT

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BE IT RESOLVED, that the Lodi City Council hereby authorizes the City Manager to execute Letter of Agreement with Western Area Power Administration (WAPA) to perform engineering studies on City of Lodi Direct Interconnect Project.

Dated: May 20, 1998

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I hereby certify that Resolution No. 98-70 was passed and adopted by the Lodi City Council in a regular meeting held May 20, 1998 by the following vote:

AYES: COUNCIL MEMBERS - Johnson, Land, Mann and Sieglock (Mayor)
NOES: COUNCIL MEMBERS - None
ABSENT: COUNCIL MEMBERS - Pennino
ABSTAIN: COUNCIL MEMBERS - None


ALICE M. REIMCHE
City Clerk