



# City of Grand Island

Tuesday, August 22, 2017

Council Session

## Item G-4

**#2017-223 - Approving Agreement for Transmission Operator Services**

Staff Contact: Tim Luchsinger, Jerry Janulewicz

# **Council Agenda Memo**

**From:** Timothy Luchsinger, Utilities Director  
Jerry Janulewicz, City Attorney

**Meeting:** August 22, 2017

**Subject:** Transmission Operator Services Agreement

**Presenter(s):** Timothy Luchsinger, Utilities Director

## **Background**

In 2007 the federal government began enforcing regulatory standards on electric utilities across the country. Applicable standards were determined by the various roles each utility played. Larger utilities with larger service areas and more transmission and generation assets were subject to a larger number of standards than smaller utilities.

Each utility was registered under certain functions such as Transmission Owner (TO), Transmission Operator (TOP), Generator Owner (GO), Generator Operator (GOP), etc. Since the Grand Island electric system utilizes a 115,000 volt transmission system, Grand Island Utilities was registered as a TO among other functions. However, Grand Island Utilities has not been registered as a TOP.

The TOP function requires a significant amount of man-hours and training as well as some sophisticated equipment to maintain compliance. In February of this year, Midwest Reliability Organization (MRO), informed Grand Island Utilities (GIUD) that they would require registration as a TOP by July 1, 2017 and be fully compliant within two years.

## **Discussion**

GIUD began evaluating options for addressing this requirement. Implementing this function internally didn't appear to be feasible based upon the additional staff that would be required as well as the tight time-line that was being followed.

Volkman Consulting, a consultant that GIUD has contracted with for assistance with regulatory compliance, estimates an upfront cost of \$440,000 and four full time equivalents (FTEs) to implement this function internally.

Another option is to contract with a company that is already a registered TOP and has the necessary processes and procedures in place. Based upon the estimate by Volkman

Consulting and the concern about meeting the required timeline, it was decided to issue a Request for Proposal for the services. Three proposals were received on June 16<sup>th</sup> from Nebraska Public Power District (NPPD), Lincoln Electric System (LES) and Omaha Public Power District (OPPD). Proposals were evaluated on responsiveness, company experience, personnel experience and commercial terms. The evaluation determined that OPPD provided the best proposal with an upfront cost of approximately 15% of our internal cost and an annual price that is roughly 50% of what it would cost GIUD to perform this function internally.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council approve the Transmission Operator Services Agreement with Omaha Public Power District.

### **Sample Motion**

Move to approve the Transmission Operator Services Agreement with Omaha Public Power District.



Stacy Nonhof, Purchasing Agent

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Better Tomorrow, Today*

**REQUEST FOR PROPOSAL  
FOR  
TRANSMISSION OPERATOR SERVICES**

**RFP DUE DATE:** June 16, 2017 at 4:00 p.m.

**DEPARTMENT:** Utilities

**PUBLICATION DATE:**

**NO. POTENTIAL BIDDERS:**

**SUMMARY OF PROPOSALS RECEIVED**

**Nebraska Public Power District  
Doniphan, NE**

**Omaha Public Power District  
Omaha, NE**

**Lincoln Electric System  
Lincoln, NE**

cc: Tim Luchsinger, Utilities Director  
Marlan Ferguson, City Administrator  
Stacy Nonhof, Purchasing Agent

Pat Gericke, Utilities Admin. Assist.  
Renae Griffiths, Finance Director  
Travis Burdett, Assist. Utilities Director

**P1978**

RESOLUTION 2017-223

WHEREAS, in 2007 the federal government began enforcing regulatory standards on electric utilities across the country and applicable standards were determined by the various roles each utility played; and

WHEREAS, each utility was registered under certain functions and since Grand Island Utilities electric system utilizes a 115,000 volt transmission system, Grand Island Utilities was registered as a Transmission Owner; and

WHEREAS, in February of 2017, the Midwest Reliability Organization (MRO) informed Grand Island Utilities that they would be required to register as a Transmission Operator (TOP) by July 1, 2017 and be fully compliant within two years; and

WHEREAS, implementing this function internally would require an upfront cost of \$440,000.00 and four full time equivalents (FTEs) to implement this function internally; and

WHEREAS, another option is to contract with a company that is already a registered TOP; and

WHEREAS, GIUD issued a Request for Proposal for these services and three proposals were received on June 16, 2017; and

WHEREAS, proposals were evaluated on responsiveness, company experience, personnel experience and commercial terms; and

WHEREAS, Omaha Public Power District (OPPD) provided the best proposal with an upfront cost of approximately 15% of our internal cost and an annual price that is roughly 50% of what it would cost GIUD to perform this function internally.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Agreement for Transmission Operator Services between the Omaha Public Power District and Grand Island Utilities is approved, and the Mayor is hereby authorized to sign the Agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 22 2017.

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Jeremy L. Jensen, Mayor

Attest:

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RaNae Edwards, City Clerk

Approved as to Form	☐ _____
August 18, 2017	☐ City Attorney