



City of Grand Island

Tuesday, February 10, 2015

Council Session

Item G-8

#2015-35 - Approving Construction Agreement between the City of Grand Island and Nebraska Public Power District

Staff Contact: Tim Luchsinger, Stacy Nonhof

Council Agenda Memo

From: Tim Luchsinger, Utilities Director
Stacy Nonhof, Assistant City Attorney

Meeting: February 10, 2015

Subject: NPPD Construction Agreement

Item #'s: G-8

Presenter(s): Tim Luchsinger, Utilities Director

Background

The Grand Island Electric System utilizes a 115,000 volt transmission loop to provide reliable power to the substations scattered around the City. This loop has five connections to Nebraska Public Power District (NPPD) at four locations. The oldest connection is Line 1093 which runs east from the Grand Island Substation E adjacent to the Grand Island Wastewater Treatment Plant to the NPPD 115 kV Grand Island Substation approximately three miles east of the City.

Due to the age and increasing loads, an upgrade to Line 1093 has been recommended by several past transmission studies and the Electric System Master Plan that is currently being conducted. A contract was signed with Advantage Engineering in 2006 to perform a transmission system study. This study contained several recommendations including the rebuild of Line 1093.

Advantage Engineering has been contracted to design the changes to the line. The design work for Line 1093 is currently underway with a construction bid package anticipated later this spring and construction to begin this fall. The attached agreement is for the changes that are required within the NPPD substation to accommodate the increased capacity of the rebuilt line.

Discussion

Line 1093 connects to the NPPD 115 kV Grand Island Substation east of the City. Since NPPD is the owner and operator of that substation and minor upgrades are required to accommodate the rebuild, it will be necessary for NPPD to make those changes. This agreement provides the mechanism to accomplish those changes.

Alternatives

It appears that the Council that 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 a future date
4. Take no action on the issue

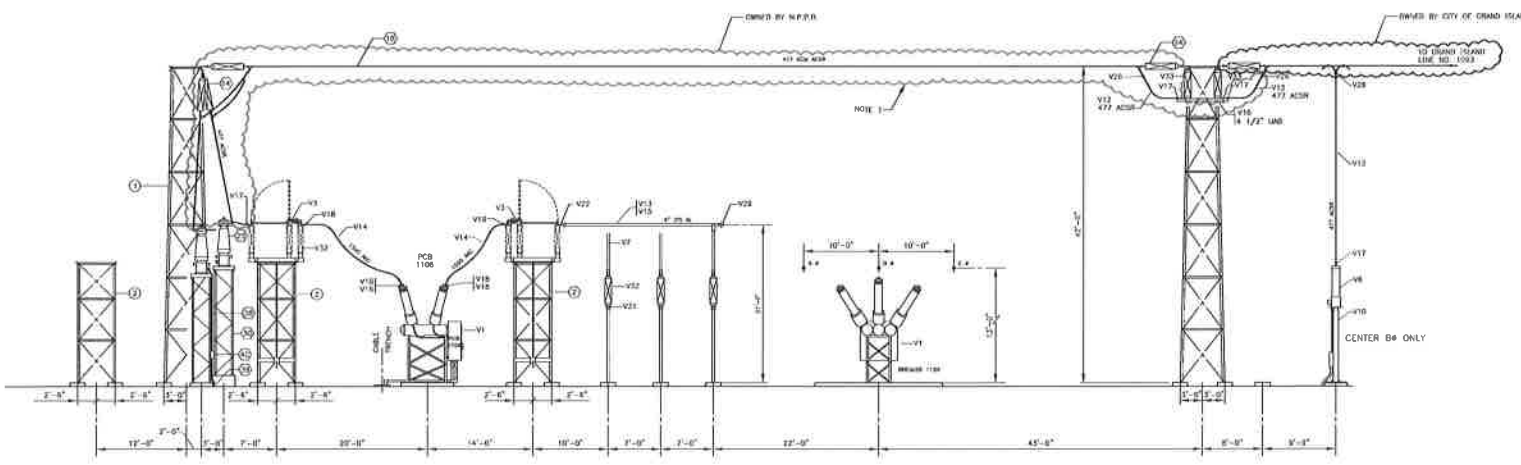
Recommendation

City Administration recommends that the Council approve the Construction Agreement with Nebraska Public Power District.

Sample Motion

Move to approve the Construction Agreement with Nebraska Public Power District.

0 5 10 15 20
 SCALE 1/8"=1'-0"



SECTION VIEW
 115KV LINE BAY FOR CITY OF GRAND ISLAND LINE 1093

ORDER 5054375
 1 REPLACE EXISTING 477 KCM ACSR STRAIN BUS & JUMPERS WITH 654 KCM ACSR CONDUCTOR INCLUDING INSULATORS REPLACEMENT OF CONDUCTOR REQUIRED FOR CITY OF GRAND ISLAND REBUILD OF L-1093.

ME1 REVISIONS/REVOLUTIONS
 1
 28

Substation Number	910020	2140						Sheet	12-35-14
OWNER	T.K.I.M.E.							STATUS	Issue for BEL
OWNER	T.K.I.M.E.							STATUS DATE	01/02/2015
OWNER	T.K.I.M.E.							DS APPROVED	T.K.I.M.E.
OWNER	T.K.I.M.E.							VER:XA	REV: 01ZL D
GRAND ISLAND 115KV SUBSTATION 115KV BAY FOR CITY OF GRAND ISLAND LINE 1093 EXHIBIT "1"								460006845	

CONSTRUCTION AGREEMENT
for
GRAND ISLAND 115KV SUBSTATION BUS UPGRADE
between
NEBRASKA PUBLIC POWER DISTRICT
and
CITY OF GRAND ISLAND, NEBRASKA

This Construction Agreement ("Agreement") is made and entered into this _____(____) day of _____, 2015 by and between NEBRASKA PUBLIC POWER DISTRICT (hereinafter referred to as "NPPD"), a public corporation and political subdivision of the State of Nebraska, and THE CITY OF GRAND ISLAND, NEBRASKA (hereinafter referred to as "City"), a municipal corporation and political subdivision of the State of Nebraska, each referred to herein individually as a "Party" and collectively, the "Parties".

WITNESSETH:

WHEREAS, NPPD and City each own and operate electric generating and transmission facilities and are each engaged in the generation, transmission and sale of electric power and energy, and

WHEREAS, the respective transmission system of NPPD and City are presently interconnected and, from time to time, NPPD and City engage in the purchase and sale of energy pursuant to contractual arrangements between the Parties, and

WHEREAS, the City is upgrading their line 1093 between Sub E and NPPD's Grand Island 115kV substation (Substation) and NPPD needs to upgrade the strain bus between the dead-end tower and Bay 1106 to accommodate the City's line 1093 upgrading, and

WHEREAS, the Parties wish to set forth the terms and conditions governing the design, construction, payment and ownership of the transmission facilities to be constructed.

NOW, THEREFORE, in consideration of the mutual benefits to the Parties, the Parties hereby agree as follows:

SECTION 1
Work Scope

- 1.1 NPPD shall be responsible for the design, procurement, coordination of the protection settings, and construction activities related to replacing the existing 477 KCM ACSR strain bus and jumpers with 954 KCM ACSR and re-insulate as needed in Bay 1106 for line 1093, as illustrated on Exhibit 1, attached hereto and made a part of this Agreement.
- 1.2 City shall be responsible to remove the City owned conductors and attach the new City owned line conductors to NPPD's dead-end tower in the Substation.
 - 1.2.1 NPPD shall grant to the City the right of ingress and egress to the Substation for the purpose of construction and testing of the new City owned line section. City shall notify NPPD's Doniphan Control Center (402-845-5207) each time they enter and leave the Substation.
- 1.3 The above mentioned transmission facilities shall be installed in accordance with Good Utility Practice and shall be subject to final inspection and coordination testing by the Parties before energizing the transmission facilities. The transmission facilities shall be energized upon the sole determination and approval of NPPD.
- 1.4 Upon completion of the work identified herein, City shall own and be responsible for the maintenance and replacement of the City owned line specifically identified as the conductor, dead-end clamps and line side insulators attached to NPPD's tower in the Substation as depicted on Exhibit 1. NPPD shall own and be responsible for the maintenance and

replacement of the tower, bus side insulators, jumpers and strain bus located in Bay 1106.

SECTION II
Term and Termination of Agreement

- 2.1. This Agreement shall become effective on the date first above written and shall remain in effect until all obligations of this Agreement, including but not limited to, the payment obligations of the Parties, have been fully satisfied as determined by NPPD.

SECTION III
Schedule

- 3.1 Upon execution of this Agreement, the Parties will initiate the work and use good faith efforts to upgrade the transmission facilities described in Section 1.1 by October 1, 2015.
- 3.2 It is understood by the Parties that the completion date may be affected by other uncontrollable circumstances, such as electric system demands, unavailability of labor and materials, governmental actions, weather, and other Acts of God that may delay the schedule or performance of this Agreement.

SECTION IV
Funding

- 4.1 The preliminary estimated cost of the work identified in Section 1.1 is Forty Five Thousand Dollars (\$45,000.00). The City shall be responsible for the total actual costs associated with completion of the work identified in Section 1.1, and the actual costs shall be determined in accordance with Section 4.2.
- 4.2 NPPD will keep records of the actual costs that are incurred for the work identified in Section 1.1. Actual costs will be determined by using NPPD standard charge rates. Actual costs shall include, but not be limited to, labor costs, material costs, equipment costs, design and engineering costs, construction costs, and general administration costs. Any applicable taxes will be paid by NPPD and included in the calculation of the actual costs.

- 4.3 Upon completion of the work for which NPPD is responsible under Section 1.1, NPPD will determine final actual costs in accordance with Section 4.2 and issue to the City a final billing which shall be due within thirty (30) days of the receipt of the invoice from NPPD.
- 4.4 If the City disputes any portion of the billing provided by NPPD, the City shall nevertheless pay the full amount of said billing when due within thirty (30) days of receipt of the invoice from NPPD. The City shall notify NPPD in writing of the amount of the billing dispute and the basis for the dispute. If settlement of the dispute results in a refund to the City, the amount refunded shall not exceed the amount identified as being in dispute.
- 4.5 After NPPD has initiated the work for the design and procurement for the Substation as described in Section 1.1, if for any reason, the City is unable or unwilling to proceed with the uprating of the City's line 1093, then the City shall be responsible for One Hundred Percent (100%) of all of the costs incurred by NPPD associated with this project in accordance with Section 4.2.

SECTION V **Indemnification**

- 5.1 NPPD agrees to indemnify and hold harmless the City or its representatives, agents, or employees from all claims, demands, suits, actions, payments, and judgments arising from any negligent act or omission of NPPD, its agents, servants, or employees, during the construction of the facilities covered in this Agreement.
- 5.2 The City agrees to indemnify and hold harmless NPPD or its representatives, agents, or employees from all claims, demands, suits, actions, payments, and judgments arising from any negligent act or omission of the City, its agents, servants, or employees, during the construction of the facilities covered in this Agreement

SECTION VI **Good Utility Practice**

- 6.1 Good Utility Practice shall mean any of the practices, methods, and acts at a particular time, which, in the exercise of reasonable judgment in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility

industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost, consistent with the reliability, safety and expediency of the action. In applying a Good Utility Practice standard to any matter under this Agreement, equitable consideration should be given to the circumstances, requirements, and obligations of each of the Parties. It is recognized that a Good Utility Practice is not intended to be limited to a single best practice, method, or act, to the exclusion of all others, but rather can be within a spectrum of possible practices, methods, or acts which could reasonably have been expected to accomplish the action.

SECTION VII
Governing Law

7.1 This Agreement is deemed to have been effectively entered into in the State of Nebraska and it shall be interpreted and controlled by the laws of said State. The Parties agree that any action arising out of or related to this Agreement brought by either Party shall be brought only in the federal or state courts of the State of Nebraska.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives as of the date first above written.

Nebraska Public Power District

City of Grand Island, Nebraska

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

RESOLUTION 2015-35

WHEREAS, the Grand Island Electric System utilizes a 115,000 volt transmission loop to provide reliable power to the substations around the City; and

WHEREAS, this loop has connections to Nebraska Public Power District (NPPD) locations; and

WHEREAS, due to age and increasing loads, an upgrade to Line 1093 has been recommended by transmission studies; and

WHEREAS, the design work for Line 1093 is currently underway and a construction bid package is anticipated later this spring with construction to begin this fall; and

WHEREAS, Line 1093 connects to the NPPD 115 kV Grand Island Substation east of the City and NPPD is the owner and operator of that substation and there are minor upgrades required to accommodate the rebuild, it will be necessary for NPPD to make those changes; and

WHEREAS, this agreement provides the mechanism to make those changes.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Agreement, by and between the City and the Nebraska Public Power District (NPPD), is hereby approved; and the Mayor is hereby authorized to sign such 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, February 10, 2015

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
February 6, 2015	☐ City Attorney