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Benton County Pud #1

Benton County, Benton County Auditor's Office



Return Name and Address:

Benton PUD

PO Box 6270

Kennewick, WA 99336

CONTRACT NO. 40-17

Document Title: Interlocal Cooperative Agreement For Sunset Road-to-Reata 115-kV Transmission Line
Reference Number(s) of Documents assigned or release: Benton PUD Contract #17-21-08 – City of Richland Contract #40-17
Grantor(s) 1. Public Utility District No. 1 of Benton County, Washington Additional names on page _____ of document.
Grantee(s) 1. City of Richland, Washington Additional names on page _____ of documents.
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document or verify the accuracy or completeness of the indexing information provided herein.

INTERLOCAL COOPERATIVE AGREEMENT
For
Sunset Road-to-Reata 115-kV Transmission Line

I. PARTIES

PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY, a public utility district of the State of Washington, hereafter referred to as "PUD."

THE CITY OF RICHLAND, a municipal corporation of the State of Washington, hereafter referred to as "City."

The Parties may hereafter be jointly referred to as the "Parties."

II. RECITALS

WHEREAS, the Parties are each authorized by statute to design, construct and operate electric transmission and distribution facilities for the purpose of providing retail electric service to their respective customers; and

WHEREAS, the Parties have adjacent retail electric service territories; and

WHEREAS, the Parties each have the need for new electrical 115-kV transmission lines south of Badger Mountain and adjacent to Interstate 82 ("Project Area") to interconnect to their respective future and existing substations and to the Bonneville Power Administration ("BPA") transmission system; and

WHEREAS, the PUD currently owns and operates a 115-kV transmission line sourced from the BPA Red Mountain station to the west of the Project Area ("Sunset Road Line"); and

WHEREAS, the BPA currently owns and operates a 115-kV transmission line sourced from their Badger Canyon station to the east of the Project Area ("Reata Line"); and

WHEREAS, the City has future plans to build a new substation near the Dallas Road area ("Dallas Road Substation") and expects to gain approval from the BPA to interconnect a new 115-kV transmission line to the Reata Line as a means of providing service to the Dallas Road Substation ("Reata-to-Dallas-Road Line"); and

WHEREAS, the PUD anticipates the need for future electrical capacity to serve loads south of

the Dallas Road Substation in the Badger Canyon area and currently operates the Sunset Road and Reata substations on radial lines fed from the BPA Red Mountain station and BPA Badger Canyon station respectively; and

WHEREAS, the construction of a 115-kV transmission line by the PUD from the Sunset Road Line to the Dallas Road Substation ("Sunset-Road-to-Dallas-Road Line") would provide the means for redundant BPA power services in the Project Area including at the existing PUD substations and the future City and PUD substations; and

WHEREAS, the interconnection of the Sunset-Road-to-Dallas-Road Line (owned by the PUD) and the Reata-to-Dallas-Road Line (owned by the City) is mutually beneficial to the Parties and their respective customers through improved long term electric reliability and operational flexibility; and

WHEREAS, the Parties want to provide for the coordinated design, construction and operation of their individually-owned 115-kV transmission line segments in the Project Area collectively referred to as the Sunset-Road-to-Reata 115-kV Transmission Line ("Transmission Line").

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the Parties do hereby mutually agree as follows:

III. AGREEMENT

- 1. Interlocal Cooperation.** RCW Chapter 39.34 (the Interlocal Cooperation Act hereafter referred to as the "Act") authorizes public entities to jointly exercise those powers which have been granted by statute to each party individually. The Parties have entered into this Agreement to provide for the coordinated and cooperative design, construction and operation of the Transmission Line. Nothing contained in this Agreement shall be deemed to allow either Party to exercise any powers which it has not been granted by law.
- 2. Purpose.** The purpose of this Agreement is to provide a framework for the Parties to undertake joint planning, design, construction and operation of the Sunset-Road-to-Dallas-Road Line and Reata-to-Dallas-Road Line which the Parties believe will maximize the reliability, capacity and operational flexibility of the resulting Transmission Line while minimizing the individual cost to the Parties. This Agreement shall not change the intent or implementation of the current service area agreement signed by the Parties on May 24, 2005, and titled "Electrical Service Area and Facilities Purchase Agreement."
- 3. Project Description.** The Parties will independently design, construct and fund their respective segments of the Transmission Line but will work together to facilitate and

proportionately share in the cost of interconnection of the segments near or in the Dallas Road Substation.

- a. Interconnection of the Transmission Line segments is initially expected to be through a PUD 115-kV switch installed on the Sunset-Road-to-Dallas-Road Line and then ultimately may be within the Dallas Road Substation through 115-kV switches in a configuration mutually agreed to by the Parties.
 - b. The Parties agree the normal operating configuration of the Transmission Line will be with an open switch between the source terminals of the BPA Badger Canyon station and the BPA Red Mountain station. The Transmission Line and selected 115-kV switches will be designed for momentary paralleling of the BPA source terminals for the purposes of sectionalizing the Transmission Line for maintenance or repairs or for substation load transfers that may be requested by BPA, the PUD or the City. It is not anticipated that permanent looped operation of the Transmission Line will be desirable due to the possibility of parallel power flows beneficial to BPA and other transmission customers other than the Parties and that looped operation would likely result in the designation of the Transmission Line as a bulk electric system (BES) element subject to North American Electric Reliability Corporation (NERC) standards which would be complex and burdensome to the Parties.
- 4. Rights and Responsibilities of both PARTIES.** Each Party will have the following rights and responsibilities, at their own cost, in the planning, design, construction, operation and ownership of the Transmission Line:
- a. The Parties agree to work cooperatively to select the number, placement and ratings of 115-kV switches in the Transmission Line needed to ensure flexible and mutually beneficial operation under normal and contingency conditions. The Parties agree to evaluate line and load dropping as well as loop-making and loop-breaking in their analysis when selecting 115-kV switch ratings and features. The Parties agree to share the results of BPA system impact and facilities studies associated with their respective line and load interconnection requests. The final plans for Transmission Line switching and sectionalizing shall be agreed to in writing as part of a Transmission Line Operating Agreement (TLOA) initiated by the PUD and mutually agreed to by the Parties prior to the PUD initiating construction of the Sunset-Road-to-Reata-Road Line.
 - b. The TLOA shall also include provisions addressing the following:
 - i. Identification and physical location of the ownership demarcation point (ODP) for initial and long-term interconnection of the Parties' respective transmission line

segments.

- ii. Identification of the normal operating configuration for the Transmission Line
 - iii. Winter and summer capacity ratings for each of the Parties line segments and the ratings and limitations of each 115-kV switch.
 - iv. Operation and maintenance requirements and responsibilities for each Party along with the protocol for outage planning and coordination.
 - v. Relevant terms and conditions under which each Party receives power from BPA including identification of points-of-delivery, points-of-metering and the application of any loss adjustment factors needed to ensure power transmission costs are allocated to the correct Party.
 - vi. Confirmation there will be no wheeling charges for power flows over another Party's line segment.
5. **PUD Rights and Responsibilities.** The PUD shall have the following rights and responsibilities:
- a. The PUD shall be responsible for all direct costs and for planning, design and construction of the Sunset-Road-to-Dallas-Road Line.
 - i. The PUD shall acquire all right-of-way, easements and permits including completing the State Environmental Policy Act (SEPA) Check List up to the ODP.
 - ii. The PUD shall be responsible for obtaining authorization for and completing the interconnection of the Sunset-Road-to-Dallas-Road Line to the PUD's existing Sunset Road Line. The interconnection shall be a tapped connection which may include a 115-kV switch for line segment isolation purposes. The PUD will seek to complete line construction and interconnection no later than 2019.
 - iii. The PUD shall coordinate with the City on design and construction of the City's Reata-to-Dallas-Road Line to ensure provisions are made for initial and long-term interconnection with the PUD's Sunset-Road-to-Dallas-Road Line.
 - b. The PUD shall coordinate with BPA to perform power system analysis to evaluate normal and contingency performance of the Transmission Line and will provide information to the City necessary to specify current-carrying and interruption ratings of associated 115-kV switches.

- c. The PUD agrees to include the Transmission Line in regular planning and power flow studies and will provide switching and outage study information to be included in the initial TLOA as well as future updates that may be required due to load growth and/or changes in the BPA transmission system that may require analysis.
6. **City Rights and Responsibilities.** The City shall have the following rights and responsibilities:
 - a. The City shall be responsible for all direct costs and for planning, design and construction of the Reata-to-Dallas-Road Line.
 - i. The City shall acquire all right-of-way, easements and permits. The City has completed the State Environmental Policy Act (SEPA) Check List and has determined no probable significant adverse impact on the environment.
 - ii. The City shall construct and operate the portion of the Reata-to-Dallas-Road Line identified in the "Pole Contact Agreement – Summit View Plat" (PUD Contract No. 14-22-01 and City Contract No. 108-14) in accordance with the requirements of the referenced agreement.
 - iii. The City shall be responsible for obtaining authorization for and completing the interconnection of the Reata-to-Dallas-Road Line to the existing BPA Reata Line. The interconnection shall be a tapped connection which may include a 115-kV switch for line segment isolation purposes. The City will seek to complete the line construction and interconnection no later than 2019.
 - iv. The City shall coordinate with the PUD on design and construction of the PUD's Sunset-Road-to-Dallas-Road Line to ensure provisions are made for initial and long-term interconnection with the City's Reata-to-Dallas-Road Line.
7. **Allocation of Costs.** The Parties recognize interconnection of the Transmission Line at the ODP will provide maximum long-term benefit primarily due to independent interconnections of the Transmission Line to the BPA transmission system at the Source Terminals in the BPA Badger Canyon station and the BPA Red Mountain station. The Parties recognize neither Source Terminal is currently fed from a dedicated 115-kV circuit breaker position and that it may be in the long term interest of both Parties to consider establishing such dedicated breaker positions. The Parties further recognize the City as a Network Transmission Customer of BPA and the PUD as a Point-to-Point Transmission Customer of BPA are subject to different initial and ongoing costs for system studies and ultimately for facilities that may be required to be added or upgraded as a consequence of the Parties desire to jointly operate the Transmission Line.

- a. The Parties shall share equally those mutually agreed to costs for the Transmission Line that directly benefit and are necessary for both Parties ("Shared Costs"). The Shared Costs may include, but are not limited to:
 - i. Costs incurred to provision 115-kV interconnection of the PUD's Sunset-Road-to-Dallas-Road Line and the City's Reata-to-Dallas-Road Line at the ODP. Costs may include equipment, material and labor costs associated with structures that are mutually beneficial to the Parties such as transmission line dead-end and switching structures along with associated foundations or footings.
 - ii. The Shared Costs shall not include the fees and costs incurred by either Party in the negotiation of this Agreement or any fees charged to the Parties by BPA for performing system impact and facilities studies associated with the Line and Load Interconnection
Requests independently submitted by each Party to BPA for the interconnection of their respective line segments.
 - b. Any costs for facility additions or upgrades at the Badger Canyon station or Red Mountain station required or recommended by BPA as a consequence of interconnecting the Transmission Line to the BPA transmission system shall be identified by the Parties as soon as practicable. The Parties agree to discuss and consider the mutual benefit of proposed BPA facilities and to determine a cost sharing approach. Any cost sharing by the Parties at the ODP or elsewhere or for BPA facilities at Badger Canyon station or Red Mountain station shall be agreed to in writing under a separate Cost Sharing Letter of Agreement (CSLA) prior to the PUD initiating construction of their Sunset-Road-to-Dallas-Road Line.
8. **Administration.** This Agreement shall not require formation of any new governance entity. The PUD shall be responsible for appointing an administrator pursuant to RCW 39.34.030(4). The administrator shall be an employee of the PUD and shall oversee the implementation of this Agreement.
9. **Exchange of Information/Confidentiality.** The Parties may exchange information as needed to facilitate the collaborative efforts. To the extent either Party has access to sensitive and confidential materials, including, but not limited to, attorney-client privileged documents, e-mails, a Party shall not exchange that information if it would become a public record subject to disclosure. Employees of the Parties shall not disclose this information to any person without the prior written permission of the Party who maintains the information. Nothing in this Section is intended to modify or limit the obligations of either Party under the Public Records Act, Chapter 42.56 RCW, and neither Party shall be liable to the other under this Section, or under any other legal theory, for actions taken in conformance with the Public Records Act.

10. Allocation of Liability/Indemnification. The Parties agree that:

- a. Each of the Parties to this Agreement shall be solely responsible for the acts or omissions of its employees, agents and contractors.
- b. Each of the Parties to this Agreement shall indemnify and hold the other Party harmless from liability, obligation or claims arising solely from the actions or omissions of the indemnifying Party, to the extent permitted by law. In the event the liability, obligation or claim arises from the joint action or inaction of the Parties, then each Party shall be responsible to the extent that its action or inaction contributed to the liability, obligation or claim.
- c. Each of the Parties to this Agreement shall indemnify and hold the other Party harmless from any environmental claims and liabilities that derive from transport, installation, maintenance, use, ownership or decommissioning of the Parties' separate equipment and facilities, and will also indemnify each other for any such claims deriving from the Parties' individual transport, installation, maintenance, use, or decommissioning of Shared Property, to the extent otherwise allowed by law. The Parties shall defend and share equally in environmental claims or liability deriving from Shared Property for which neither Party has greater responsibility.

11. Non-Delegation/Non-assignment. No Party may delegate the performance of any contractual obligation to a third Party unless mutually agreed in writing. No Party may assign this Agreement without the written consent of the other Party.

12. No Third Party Rights. Except as expressly provided herein, nothing in this Agreement shall be construed to permit anyone other than the Parties hereto and their successors and assigns to rely upon the covenants and agreements herein, nor to give any such third party a cause of action (as a third-party beneficiary or otherwise) on account of nonperformance hereunder.

13. Term and Termination. This Agreement shall commence on the date it is signed by the Parties and shall continue until such time as the Transmission Line Operating Agreement (TLOA) and Cost Sharing Letter of Agreement (CSLA) are approved by both parties or until one Party provides three months written notice to the other Party of their decision to terminate the Agreement.

14. Compliance with Law. The Parties to this Agreement shall comply with all applicable federal, state and local laws, rules and regulations in carrying out the terms and conditions of this Agreement.

15. Complete Agreement. This Agreement contains all the terms and conditions agreed upon. No other understanding, oral or otherwise, regarding this Agreement shall be deemed to exist or bind the Parties. There shall be no modification of this Agreement except in writing and referencing this Agreement.

- 16. Dispute Resolution Venue.** It is the Parties' intent to resolve any disputes relating to the interpretation or application of this Agreement informally through discussions at the staff level. In the event disputes cannot be resolved informally at the staff level, then the Parties agree to first submit the dispute to non-binding mediation/dispute resolution before resorting to litigation. In the event that either Party deems it necessary to institute legal action or proceedings to enforce any right or obligation under this Agreement, the Parties hereto agree that any such action shall be initiated in the Superior Court of the State of Washington, situated in Benton County. The Parties hereto agree that all questions shall be resolved by application of Washington law.
- 17. Severability.** If any provision of this Agreement or its application is held invalid, the remainder of the Agreement or the applications of the remainder of the Agreement shall not be affected.
- 18. Notices.** All notices required by this Agreement shall be considered given when delivered in person, by confirmed electronic transmission (facsimile or email), or sent by first class U.S. mail, postage prepaid, duly placed in the U.S. mail, or by overnight delivery service, directed to the attention of the following:

To City:

Robert R. Hammond,
Energy Services Director
505 Swift Blvd, MS-21
Richland, WA 99352
Phone(509) 942-7403
Email: rhammond@ci.richland.wa.us

To PUD:

Chad B. Bartram, General Manager
P.O. Box 6270
2721 W. 10th Avenue
Kennewick, WA 99336
Phone (509) 582-1202
Fax(509)582-1285
Email: bartramc@bentonpud.org

19. **Evidence of Authority.** This Agreement shall be executed in originals. Upon execution of this Agreement, each party shall provide the other with a certified copy of the resolution, ordinance, or other authority given to execute this Agreement pursuant to RCW 39.34.030(2), and said document will be attached hereto and incorporated herein as Exhibit A (City) and Exhibit B (PUD). A copy of the executed Agreement shall be filed with the Benton County auditor as provided in RCW 39.34.040.

In Witness Whereof, the Parties have signed this Agreement as of the day and year written below.

**PUBLIC UTILITY DISTRICT NO. 1
OF BENTON COUNTY, WASHINGTON**

CITY OF RICHLAND



Chad B. Bartram
General Manager

Cynthia D. Reents, ICMA-CM
City Manager

Date: May 23, 2017

Date: _____

Approved as to Form:

Heather Kintzley
City Attorney

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In Witness Whereof, the Parties have signed this Agreement as of the day and year written below.

**PUBLIC UTILITY DISTRICT NO. 1
OF BENTON COUNTY, WASHINGTON**

CITY OF RICHLAND

Chad B. Bartram
General Manager



Cynthia D. Reents, ICMA-CM
City Manager

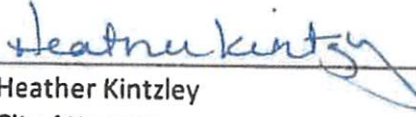
Date: _____

Date: 5/6/2017

Approved as to Form:

Approved as to Form:

Dan Hultgren
Attorney for Benton PUD



Heather Kintzley
City Attorney

RESOLUTION NO. 07-17

A RESOLUTION of the City of Richland authorizing the execution of an Interlocal Cooperation Agreement with Benton PUD for a transmission line between Reata and Sunset Substations.

WHEREAS, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantages and thereby to provide services and facilities in a manner pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

WHEREAS, the City of Richland (City) and Benton PUD (PUD) have adjacent retail electric service territories; and

WHEREAS, the City and PUD each have the need for an electrical transmission line in the southwest Richland area to interconnect their respective distribution systems to the Bonneville Power Administration transmission system; and

WHEREAS, the Parties want to provide for the coordinated design, construction and operation of a collocated electrical transmission line in the southwest Richland area.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Richland authorizes the City Manager to sign and execute an Interlocal Cooperation Agreement with Benton PUD for a transmission line between Reata and Sunset Substations.

BE IT FURTHER RESOLVED that this resolution shall take effect immediately.


ADOPTED by the City Council of the City of Richland at a regular meeting on the 2nd day of May, 2017.


ROBERT J. THOMPSON
Mayor

ATTEST:


MARCIA HOPKINS
City Clerk

APPROVED AS TO FORM:


HEATHER KINTZLEY
City Attorney