ITEM # 37
DATE: 03-27-12

COUNCIL ACTION FORM

SUBJECT: MID-AMERICAN ENERGY COMPANY INTERCONNECTION 161KV LINE CONSTRUCTION

BACKGROUND:

This project is to construct a 161kV line from Ames' Plant Substation to Mid-American Energy Company's (MEC) 161kV switching station northeast of Ankeny. This project is the final phase of a 5 phase project to increase electric delivery into the City and provide reliable electric service to the customers of Ames under many different outage scenarios. This will complete a multi-year project started in FY 2003/04.

Prior to 2003, Ames provided electric power through three sources – in-town generation, a 69 kilovolt (kV) transmission line to Boone Junction substation near Boone, and a 54-year old 69 kV line to MidAmerican Energy at their John Deere substation in Johnston. As a vital commodity to our daily lives, staff designs and plans for the electric system to continue to serve our customers under a wide range of equipment outage conditions. The existing system is no longer capable to meet our utility's reliability standards. A long-term deliverability study was completed and a 5 phase project was designed to eliminate the constraints and increase electric load-serving services.

As part of the project, in FY 06/07 Ames converted its 69 kV line interconnection with Alliant Utilities at Boone from 69 kV operation to 161 kV operation. During this time, work was completed to create two 161 kV terminations at the Stange Substation and at the Ames Plant Substation. In 2010, the Ames "in-town" 161 kV line was completed, which created the backbone between the Stange and Ames Plant substations. MEC also completed construction of an additional 161 kV terminal at its northeast Ankeny Substation to allow for the interconnection of a future Ames Plant/Northeast Ankeny 161 kV line.

The final phase is to build this future new line from Ames to Northeast Ankeny to provide a new transmission source. This 161 kV interconnection is essential to provide Ames with needed transmission capacity and to satisfy the current and future needs of our customers.

In order to build the portion of this line outside the city limits, a franchise must be granted by the Iowa Utilities Board (IUB). In 2008 the line to Ankeny was delayed due to a franchise denial by the IUB. The City then performed a new route study, and on January 13, 2010 filed our second petition with the IUB. **On March 21, 2012 the IUB administrative law judge issued a proposed order granting this franchise. Unless it is appealed, it is expected that the proposed order should become final on or about April 20, 2012.**

The total cost estimate for this entire project is $28,201,253, and the Engineer's estimate for this portion of the project is $8,300,000. The FY 2012/13 CIP approved a budget of $9,010,000 to construct this final phase of the MidAmerican Energy Interconnection, which is shared between Iowa State University (21.4%, or $1,928,140 of the budgeted amount) and the City's Electric Fund (78.6%, or $7,081,860 of the budgeted amount). To date, approximately $19.2 million has been spent on the entire Interconnection project.

ALTERNATIVES:

1. Approve the preliminary plans and specifications for the MEC Interconnection 161 kV Line Construction, set May 9, 2012, as the bid due date, and set May 22, 2012, as the date of hearing and award of contract.

2. Delay the construction of the 161kV transmission line.

MANAGER'S RECOMMENDED ACTION:

This project is the last and most important piece of a 5 phase project to add redundancy to our electric delivery system. It will help improve the reliability of electric service to our customers under a wide range of system contingencies.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the preliminary plans and specifications for the 161 kV Transmission Line Construction, and establishing May 9, 2012, as the bid due date and May 22, 2012, as the date of hearing and award of contract.