

**COUNCIL ACTION FORM**

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

**BACKGROUND:**

This project is to construct a 161kV line from the Ames Plant Substation to Mid-American Energy Company's (MEC) 161kV switching station northeast of Ankeny. This project is the final phase of a five phase project to increase electric delivery into the City and provide reliable electric service to the customers of Ames under many different outage scenarios.

On March 27, 2012, City Council approved preliminary plans and specifications for MEC Interconnection 161 kV Line Construction. The bid due date of May 9, 2012, and date of hearing and award of contract of May 22, 2012, were each established. The original bid and award dates were chosen in anticipation of receiving a final decision from the Iowa Utilities Board granting the franchises needed to construct this line before May 9.

Two franchises are needed for the construction of this line—one in Polk County and one in Story County. It is expected that they will both be granted at the same time, since the petition is in the form of a consolidated docket before the Iowa Utilities Board. A proposed order granting Ames the franchises to construct its line was issued on March 21, 2012. Barring appeals, this order would have become final on April 11.

However, there were appeals from two parties, both of which have been responded to by the City. One of these appeals included a request to reopen the record, which would further delay the process. In its response, the City has replied to the appeals and submitted a resistance to the request to reopen the record. The City has requested that the Iowa Utilities Board promptly issue the required franchises, making them effective on April 11, 2012.

While a final order could be issued yet in May, it is anticipated that this could take longer. Since bids have expiration dates and must be awarded or rejected soon after opening, staff prefers to simply delay the bid opening until after the franchises are obtained. By delaying the bid opening, an award can be made in a timely manner once bids are opened without assuming the unnecessary risk of awarding a contract without having the necessary franchises. While further delays could develop, staff, with legal counsel, feels that delaying the bid opening to 6/13/2012 will allow a reasonable amount of time for the franchises to be granted, barring further appeals and considerations by the Iowa Utilities Board.

**ALTERNATIVES:**

1. Approve the requested date changes for the MEC Interconnection 161 kV Line Construction, set June 13, 2012, as the new bid due date, and set June 26, 2012, as the new date of hearing and award of contract.
2. Reject the request and leave the dates as currently established.

**MANAGER'S RECOMMENDED ACTION:**

This project is the last and most important piece of a five 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. While we could receive the bids on the original date of May 9<sup>th</sup>, there is a strong possibility we will not have resolution to the appeals. Likewise, discontinuing the bidding process only to have the appeals resolved in the next few weeks would add at least two months to the project schedule.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the requested date changes for the MEC Interconnection 161 kV Line Construction by setting June 13, 2012, as the new bid due date, and June 26, 2012, as the new date of hearing and award of contract.