

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, SEPTEMBER 1, 2015**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, September 1, 2015, commencing at 7:02 a.m.

Present: Council Member Kuehne, Council Member Nakanishi, Mayor Pro Tempore Chandler, and Mayor Johnson

Absent: Council Member Mounce

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

NOTE: Council Member Kuehne arrived at 7:02 a.m.

B. Topic(s)

B-1 PG&E Northern San Joaquin Power Connect (EU)

Electric Utility Director Elizabeth Kirkley explained that in 2012, as part of the California Independent System Operator (Cal-ISO) planning process, the transmission system for this area was evaluated and it was determined that upgrades were necessary to repair reliability issues. The City of Lodi is involved in the process because it is interested in providing the best capacity and reliability for its citizens, and staff is working with Cal-ISO and PG&E to develop a solution. The Northern San Joaquin Power Connect project, which is on Cal-ISO's approval list, includes construction of two 230 kV lines by PG&E that would feed from its two substations, one on Eight Mile Road and one in Lockeford, to Lodi's Industrial Substation. This will result in a \$2.5 million a year savings in low-voltage charges, which would be applied toward debt service payments for construction of a new substation. Lodi's portion of the project will include new transformers, as well as a pad for the future, and PG&E will bring the new lines into the Industrial Substation.

Dylan George, Local Government Relations Representative with PG&E, introduced members from PG&E, the project consultants, and right-of-way agents and provided information from the PowerPoint presentation regarding PG&E's local division. Mr. George stated there is a need to bring more power and capacity into Lodi and this is the beginning stage of the project of publicly discussing the proposal and bringing awareness to the public and interested parties.

Shannon Koontz-Monis, Government Relations Representative with PG&E, provided a PowerPoint presentation regarding the PG&E Northern San Joaquin Power Connect project. Specific topics of discussion included investing in California, the current situation, growing energy demand, project overview, reliability, continued economic growth, efficient delivery of electricity, project area, and commitment to community engagement.

In response to Council Member Nakanishi, Ms. Koontz-Monis stated that the cost for this project will be spread over all of PG&E's customers, not just local customers.

In response to Mayor Johnson, Ms. Koontz-Monis stated that PG&E must exercise due diligence on this project by talking to concerned parties and ensuring all opportunities and constraints of the project area are resolved before submitting its final report; otherwise, the California Public Utilities Commission (CPUC) could reject the project. PG&E does not see any problems with the service as it is now; however, as the community grows, it is safe to assume some issues will need to be addressed. She anticipated the design and environmental process could take a year to complete, during which PG&E will perform public outreach. The report and preferred route of the

230 kV lines would then be submitted to the CPUC for its review, which could take 12 to 24 months to complete, after which the project would be turned over to PG&E for land acquisition and construction.

In response to Council Member Kuehne, Ms. Koontz-Monis stated that a preferred route has not yet been determined and PG&E will be discussing alternatives with the community, as well as reviewing environmental constraints and another conflicts to the project.

In response to Council Member Nakanishi, Ms. Koontz-Monis confirmed that the 230 kV lines can run in any formation, not solely in a triangular shape, but it will depend upon the final outcome of the discussions and studies.

Chris Wahl, President of Southwest Strategies, LLC, PG&E's consultant for public affairs, strategic communications, and public relations, provided a PowerPoint presentation regarding the phases of outreach: Phase 1 - initial stakeholder outreach and feedback; Phase 2 - route and site development and feedback; and Phase 3 - proponent's environmental assessment analysis with outreach on preferred route alternative, and contact information. Mr. Wahl stated that engaging the public during the initial phase of the project is the best recipe for successfully getting the project approved. He anticipated that the first of the open houses will take place in fall, with Phase 2 initializing next year.

In response to Mayor Johnson, Mr. Wahl stated that the natural starting point is to consider areas where there are existing lines, an encumbered lane, and infrastructure; however, often times there are inadequate spacing requirements or there are future developments that may make an area unsuitable. The goal is to locate the lines as close to existing lines as possible, but that is not always feasible.

In response to Mayor Pro Tempore Chandler, Mr. Wahl stated that the 60 kV lines are still necessary and that the 230 kV and 60 kV lines are not in the same right-of-way. In further response, Mr. Wahl stated that a 300-foot right-of-way is desired initially for installing lines, but it can be narrowed down, depending on final placement. The larger requirement provides flexibility to minimize the impact and disrupt fewer people. Mr. Wahl confirmed that the three substations will be interconnected with a new transmission line and that all routes will be considered based on a combination of expert advise and land use, environmental, and engineering input, but there are no defined ideas at this time. Ms. Kirkley stated that the Lodi Industrial Substation will have a connection from the Eight Mile Road Substation and the Lockeford Substation, but the route has not yet been determined. In further response, Mr. Wahl stated that, despite the other connections which are fully utilized, this project will need new 230 kV transmission lines to connect the three substations.

In response to Council Member Nakanishi, Mr. Schwabauer stated that the route will not matter in terms of cost to the City as PG&E will pay through transmission access charges for everything east and south of Lodi. The City, however, will pay to receive the power, as well as for the improvements to the Lodi Industrial Substation. Council Member Nakanishi expressed concern about routing the lines through the vineyards, which may negatively affect the grape growers, to which Mr. Schwabauer stated that the City is obligated by law to come into the process with an open mind and to listen to all perspectives on the route. If PG&E decides where it will locate the lines and the City is not open to considering the possibility, there may be difficulty getting the project through the regulatory and legal process. Mr. Schwabauer explained that the public will not discuss the route with the City, but it will with regard to the improvements at the Lodi Industrial Substation because it is located in the City limits. Mr. Wahl agreed, stating that, if the project were solely within Lodi's boundary, the project would be much simpler. The CPUC has its own process, and if it feels it was not handled properly, it can delay a project. Mr. Wahl confirmed that PG&E will contact individuals in those areas, as well as publish advertisements in the newspaper, work with interested parties and agencies, provide open house events, and meet with anyone concerned about the project.

Mayor Johnson questioned if this project will eliminate the problem centered around Lockeford Substation providing sole source power, which often leaves Lodi with power outages because of

the lack of redundancy. Mr. George confirmed that this will resolve the redundancy issue, in addition to providing additional capacity and reliability.

In response to Mayor Johnson, Ms. Kirkley explained that Lodi is charged by Cal-ISO for transmission services, which is the cost of shipping power to the substation. Cal-ISO, which operates the transmission grid in this area, collects money from all of the rate payers in its area for this shipping charge and passes it onto the transmission owner, which is PG&E in this case. Agencies are charged for high- and low-voltage transmission, and once this project is complete, the City will no longer pay the low-voltage costs because it will no longer use the 60 kV system, which will result in a savings of \$2.5 million per year.

In response to Mayor Pro Tempore Chandler, Ms. Kirkley stated that the 60 kV lines will no longer serve Lodi and those lines coming into Lodi will be disconnected, and Mr. Schwabauer added that those 60 kV lines will continue to serve others. In further response, Mr. Schwabauer explained that the estimate for this project is \$20 million; the City will save \$2.5 million a year from the low-voltage charge; and ten years after the project is built, the savings will reduce utility costs by \$2.5 million per year. Ms. Kirkley added that the system will have increased capacity and reliability as well.

In response to Council Member Kuehne, Ms. Kirkley further explained that the \$2.5 million savings will initially be applied to the debt service. Mr. Schwabauer added that once the debt service has been paid, the \$2.5 million, minus operating and maintenance costs, is savings.

Ms. Koontz-Monis clarified that it will likely take four or so years to get to the point of construction. In response to Mayor Pro Tempore Chandler, Ms. Koontz-Monis stated that project construction takes two years on average. In further response, Ms. Koontz-Monis further explained that the three substations will create a loop with the 230 kV lines, similar to that of the existing 60 kV lines.

In response to Council Member Nakanishi, Ms. Koontz-Monis confirmed that PG&E's rates are the same system-wide and it is based on a tiered rate structure and how much electricity a customer uses. Mr. George added that there are different classes of rates, such as industrial, agricultural, and business customers.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:48 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk