

Hawley Street Substation Update

APRIL 29, 2019

Early notification for board action May 13 and June 3
No action required today



Why we are here

- Background
- New information and schedule impacts
- Agreements for future approval
- Next steps

No Action Requested Today

Background

- District substation capacity inadequate to serve customer request (Diamond Foundry)
- Diamond Foundry to be located in Stemilt building
- Property owner (Stemilt) proposed customer-built substation
- City, Stemilt and PUD recognized long-term benefits to the consolidation of electrical stations near existing infrastructure

Stemilt Diamond Foundry Station

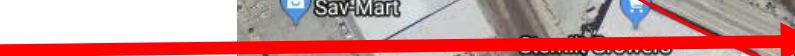
PUD Hawley Street Facilities



Proposed New Substation Location



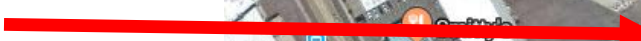
Future location of equipment



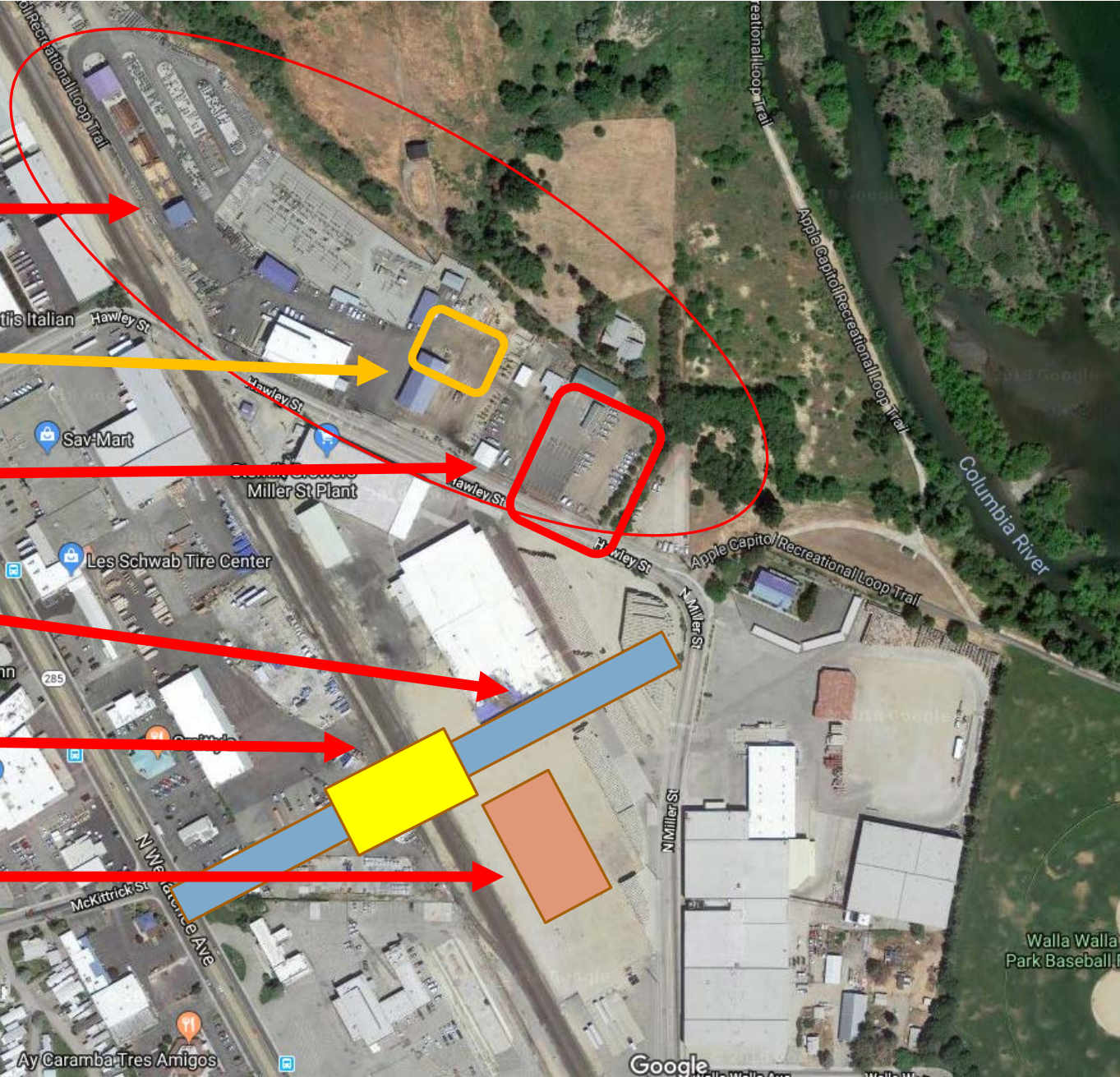
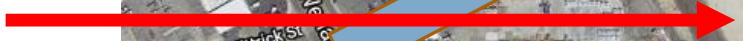
McKittrick Street Extension



Railroad Underpass



Original Substation Proposed Location, Temporary PUD Storage



Challenges

- Recently notified by Stemilt that transformers have been ordered and are scheduled for delivery Sept. 1
- Desired Customer energization date of March 2020 (10 months from projected date of signed agreements)
- Typically takes 18 months for Chelan PUD to energize a substation once transformers are ordered.
- Construction would have to begin this summer
- Other District work would be significantly impacted in order to meet desired energization date now being studied.
- Not sure schedule can be met; will require significant teamwork with Stemilt

Necessary District Activities

- Agreements to be developed, reviewed and approved (target May 13)
- Schedule approvals (once submittals received)
- Design approvals (once submittals received)
- Relocate materials and remove Hawley Street storage buildings for site prep
- Procurement and construction of transmission system modifications
- Construction inspection, testing, and provisioning
- Coordination with customer and contractors

Agreements required for PUD to proceed

Three Stemilt Agreements

1. Design and Construct Agreement for Hawley Substation
2. Lease Agreement
3. Collaboration Agreement

One Diamond Foundry Schedule 4 Large Load Contract

1. Customer rates and charges related to service

Stemilt Design and Construct Agreement

- Station capacity of 28 MW allocated to Stemilt tenants for a term of years based on estimated life of assets
- Describes design standards, which Stemilt must meet
- Allocates station construction costs to Stemilt
- Permitting and procurement obligations are Stemilt's
- Sets conditions where District could assume ownership and operation following construction
- Establishes charges for proportional share of operating costs if District assumes ownership

Lease Agreement

- Cross Leases:
 - District leases property to Stemilt for substation location
 - Stemilt leases property to District for storage of equipment
- District's lease extends to completion of new service center
- Stemilt to construct substation
- Waiting on property boundary description to complete leases
- Lease to Stemilt to terminate if District assumes ownership of substation

Stemilt Collaboration Agreement

Establishes the process for review of station design, construction, and connections to District's system

Diamond Foundry Large Load Contract

Contract for service over 5 aMW requires Board approval, targeted for June 3

Jan. 21 large load presentation first introduced Diamond Foundry service

Contract Element	Amount/Rate	Applicability
Term	14-yr, to match remaining facility lease	
Authorized limits	7 MW increasing to 19 MW	With substation availability
Basic customer charge	Per Schedule 35 (\$860/ month)	Immediately
Energy Charge	~1,591 aKW at Schedule 3, remaining at Schedule 35	Immediately
Delivery Charge	1,675 KW at Schedule 3, remaining at Schedule 35	Immediately
Streamflow Risk Charge	TBD (future consideration)	
Energy Capacity Charge		
Load Imbalance Charge		
Load Following Charge		
Demand Exceedance Charge		
Excess Energy Charge		

Schedule 4 charges expected to have minimal impact to billing under expected operation

Next steps

- Targeting May 13 to request approval of Stemilt contracts
- Targeting May 13 final staff update on Diamond Foundry contract
 - Post redacted contract for public feedback by mid-May
- Targeting June 3 to request approval of Diamond Foundry contract