



Item: Customer Agreement with NorthWestern Energy for work associated with the Great Falls Water Treatment Plant Facility Upgrades, O.F. 1519

From: Engineering Division

Initiated By: Public Works Department

Presented By: Jim Rearden, Public Works Director

Action Requested: Consider proposal and approve contract.

Suggested Motion:

1. Commissioner moves:

“I move the City Commission (approve / not approve) a Customer Services Agreement in the amount of \$439,903.29 with NorthWestern Energy for construction services associated with the Water Treatment Plant Facility Upgrades, and authorize the City Manager to execute the contract documents.”

2. Mayor calls for a second, discussion, public comment, and calls for the vote.

Staff Recommendation: Approve Customer Services Agreement.

Background:

Significant Impacts

The construction services provided by NorthWestern Energy and their contractors will relocate overhead power lines that feed the Water Treatment Plant (WTP) substation. The new lines will be buried and will be rerouted outside of the area where new WTP facilities will be located. This work will include reconnecting the new underground power feeds to the existing substation.

Citizen Participation

The Great Falls WTP provides the only source of drinking water to the City potable water distribution system. The current facilities improvement project will replace aging electric switchgear to create a more reliable power source for the treatment plant. Burying the existing overhead lines will also provide for a more secure power supply to the WTP.

Workload Impacts

Engineering analysis, design and construction will be completed by NorthWestern Energy. City staff will help coordinate NorthWestern Energy's activities with the WTP Facilities Upgrade Project.

Purpose

The WTP Facilities Upgrade project will replace aging switch gear in the WTP. The project will also install an ultraviolet (UV) treatment system in order to help the WTP meet the recently implemented Long Term 2 Enhanced Surface Water Treatment Rule. In preparation for the installation of the new UV facility and the associated surge tank, the overhead lines feeding the WTP from the north will need to be relocated and buried. This Customer Agreement with NorthWestern Energy allows for the relocation ahead of the full construction project. With the completion of the line burial early next year, the areas needed for new construction will be clear of the existing utilities.

Project Work Scope

NorthWestern Energy will design and contract out the boring of conduit under Overlook Drive and to the east of the location of the new surge tank at the WTP. They will then pull new supply lines through the conduit and make connections back to the existing substation. Transformer Facilities will also be included with this work. The main conduit will be installed in the fall of 2015 with the remainder of the work to be completed in early 2016.

Conclusion

City staff recommends approving the Customer Agreement with NorthWestern Energy in the amount of \$439,903.29

Fiscal Impact:

The City is applying for a State Revolving Fund Loan to cover the costs associated with the WTP Facility Improvements. The work completed by NorthWestern Energy has been approved as a reimbursable expense as part of this loan.

Alternatives:

The City Commission could vote to disapprove of the Customer Agreement.

Attachments/Exhibits:

1. Customer Agreement

Is this a Residential Electric Advance?

N/A - CIAC

10 YR. Residential Advance

5 YR. Advance

CUSTOMER AGREEMENT

THIS AGREEMENT is made and entered into on 07/27/2015, by and between NorthWestern Energy "Company" and CITY OF GREAT FALLS of PO BOX 5021 , GREAT FALLS, MT 59403, "Customer".

I. THE COMPANY AGREES:

1. To install, operate and maintain utility facilities to provide services to the Customer at 1301 LOWER RIVER RD, GREAT FALLS, MT 59405 in accordance with the applicable rules and regulations and at rates set by the Montana Public Service Commission (MPSC). The Company shall locate lines and facilities on right of way provided and initially prepared and cleared as necessary by Customer. The lines and facilities shall remain the Company's property.
2. To abide by the general conditions and terms described in sections III and IV.

II. THE CUSTOMER AGREES:

1. To make a Contribution in Aid of Construction in the sum of \$ 8,310.00 , USD for construction of Transformer Multi Phase UG. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
2. To make a Contribution in Aid of Construction in the sum of \$ 367,245.00 , USD for construction of Primary UG 3 Phase. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
3. To make a Contribution in Aid of Construction in the sum of \$ 12,272.00 , USD for construction of OH Primary Removal. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
4. To make a Contribution in Aid of Construction in the sum of \$ 5,578.26 , USD for construction of Pole Replacement - Removal. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
5. To make a Contribution in Aid of Construction in the sum of \$ 21,498.57 , USD for construction of Pole Replacement - Install. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
6. To make a Contribution in Aid of Construction in the sum of \$ 3,395.46 , USD for construction of Transformer Removal. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
7. To make a Contribution in Aid of Construction in the sum of \$ 3,625.00 , USD for construction of OH Elect Service Removal. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
8. To make a Contribution in Aid of Construction in the sum of \$ 17,979.00 , USD for construction of Elect Svc-UG from Stub Com. Customer shall make payment prior to Company scheduling the project for a construction start date. It is agreed that the Company will not refund any part of this sum.
9. To general conditions and terms as explained in sections III and IV.

10. Total Amount for this agreement \$ 439,903.29

III. GENERAL CONDITIONS:

1. All terms, prices and conditions set forth in this Agreement are subject to changes or additions due to rules, regulations, ordinances, changes in scope of project, and laws that may be amended or enacted.
2. Prices set forth in this agreement are in effect for 4 months from the agreement date entered into between the customer and NorthWestern Energy.
3. The Customer shall pay the costs of moving Company facilities or making other modifications required to meet city, state, or national codes.
4. The Customer shall provide service entrance and termination points as specified by the Company's installation standards in effect at the time construction begins.
5. The Company shall establish service within a reasonable period of time after the Customer's equipment passes inspection by the state and local authorities as required by law.
6. The Company will proceed with the survey, design and construction of its facilities in a normal manner using its existing work force and material supply sources. All work is to be done during normal working hours and the Company may reschedule the work to achieve efficient workload of Company forces. Availability of materials, weather conditions, frozen ground, access, or obtaining permits from governmental agencies or railroads may cause delays beyond the Company's or the Customer's control.
7. The customer requests utilities to be installed with the understanding that ground-level is to final grade. Should changes to grade be made in the future that result in NorthWestern Energy's facilities needing to be either raised or lowered, the customer is responsible for the costs associated with this change.
8. Prior to installation of facilities, the Customer is responsible for physically marking on the property any customer-owned facilities including, but not limited to, underground sprinkling systems, septic tanks, and satellite dish cabling. NorthWestern Energy is not responsible for repairing any unmarked customer-owned facilities. The NorthWestern Energy Construction Department can be contacted with questions on how to appropriately mark customer-owned facilities.
9. If the Customer requests that electric and gas facilities be installed in frozen ground, the Customer may be responsible for additional charges for installation. The Company will notify the Customer of these charges prior to installation.
10. The Customer is responsible for the restoration of private roadway(s) and/or landscaping. The Company will make a reasonable attempt to preserve the private roadway(s) and/or landscaping, but final compaction and restoration is the Customer's responsibility.
11. MPSC rules governing gas and electric line extensions are available upon request.

IV. DEFINITIONS

1. CONTRIBUTION IN AID OF CONSTRUCTION

A non-refundable payment made by a Customer to pay for costs beyond the free allowance when there are no more customers expected to connect to facilities installed by this Agreement.

2. CUSTOMER ADVANCE

A refundable payment made by a customer to pay for costs beyond the free allowance when more Customers are expected to connect to facilities installed under this Agreement.

New customers that attach to existing lines with a current Advance line protection may be required to share equitably in the outstanding payment amount if connecting within 5 years (10 years for Single Family Residential Electric Service - excluding new residential subdivision and townhouse connects) from the construction date of the original line.

Or

A refundable payment made by a Customer to pay for a line extension to a new load of uncertain duration

V. ADDITIONAL CONDITIONS:

THIS COST ESTIMATE/QUOTATION IS FOR PHASE 1 CONSTRUCTION WORK AS REQUESTED BY THE CITY OF GREAT FALLS AND BLACK & VEATCH TO REBUILD CIRCUITS 34 AND 64 FEEDS INTO WATER TREATMENT PLANT SUBSTATION FROM OVERHEAD TO UNDERGROUND. COST ESTIMATE INCLUDES ALL MATERIAL, LABOR, AND OVERHEAD COSTS FOR THE OPERATIONAL ACTIVITIES LISTED ON THIS QUOTE.

THIS COST ESTIMATE ALSO INCLUDES:

- 1.) RE-FEEDING THE EXISTING IRRIGATION PUMP WITH A 150 KVA PADMOUNT TRANSFORMER AND UNDERGROUND 3-PHASE SERVICE. THE REMOVAL OF THE EXISTING OVERHEAD TRANSFORMERS AND SERVICE, AND ALL ASSOCIATED METER WORK.
- 2.) PHASE 1 SUBSTATION WORK AND RISER MATERIAL.
- 3.) DIRECTIONAL BORE FOR BOTH CIRCUITS 34 & 64 UNDERNEATH OVERLOOK DR.
- 4.) TWO PADMOUNT SWITCHGEARS ALONG WITH OTHER NON-STOCK MATERIAL FOR THE LINE TAP DISCONNECTS AT THE DIP POLES.

**** CONTRACTOR IS TO PROVIDE ALL TRENCH AND DUCT WORK PER NWE STANDARDS. ****

CUSTOMER MUST SIGN AND RETRUN CONSTRUCTION AGREEMENT TO NWE. ONCE SIGNED CUSTOMER AGREEMENT IS RECEIVED, NWE WILL PROGRESS BILL CUSTOMER FOR ANY CONSTRUCTION WORK THAT NEEDS TO BE COMPLETED IN 2015. PAYMENT FOR 2015 CONSTRUCTION WORK MUST BE SUBMITTED TO NWE PRIOR TO SCHEDULING AND ORDER OF MATERIALS. THE REMAINING BALANCE WILL BE BILLED IN 2016.

NorthWestern Energy

By : Brandi Ford

Its : ENGINEER

CITY OF GREAT FALLS (Customer)

By : X

Date : X