

Ownership Transfer Agreement – Saskatoon Light & Power Transmission Structures

ISSUE

SaskPower Corporation (SaskPower) transmits power on a section of line east of W.J. Bunn substation that is owned by Saskatoon Light & Power (SL&P).

The current SL&P-SaskPower Operating Agreement does not properly address these transmission structures. Additionally, there is no maintenance agreement in place for SaskPower to use this transmission segment. Furthermore, SaskPower is not a party on the easements for the land that the transmission line occupies. This lack of agreement has created several issues:

1. SaskPower supplies power to the University of Saskatchewan (USask) with this line. USask is a very large power consumer and a high-criticality customer due to the nature of its operations. This type of customer demands fast response time for any power outages.
2. SL&P does not own and does not generally require immediate access to high-reach equipment (i.e., cranes) required to work on a transmission line. This equipment is typically rented when performing transmission line work.
3. SL&P must plan all transmission line work on this section with SaskPower's requirements considered. This requires extensive planning and coordination to maintain service levels to SaskPower's customers, creating an additional burden on SL&P project teams and forcing longer project timelines.
4. SL&P owns and operates an overhead distribution circuit installed on the same section of poles. Maintenance on this line will require coordination with SaskPower now that they operate on the transmission circuit.

BACKGROUND

SL&P built a section of electrical transmission line in the 1980's from Lowe Road to Forestry Farm Road to provide a second power supply to the W.J. Bunn substation. This section comprised of 14 structures that tied SaskPower's M1Q line to SL&P's system. As time went on, it became the primary feed for the substation.

More recently (2020-2022), SaskPower and SL&P partnered to build a joint transmission line that replaced part of the line that supplied the W.J. Bunn substation from the west. This allowed SaskPower to utilize SL&P's existing transmission corridor to provide upgraded capacity to USask.

Current Status

Both SL&P and SaskPower are transmitting power on SL&P's infrastructure without a valid Operating Agreement nor a maintenance agreement in place.

Public Engagement

Given that there is no impact to SL&P's level of service to the public, no engagement has been done to date and no future engagement is planned.

City of Saskatoon's Current Approach

SL&P is operating per normal conditions. SaskPower is aware that a substandard agreement exists for this section. We are informally organized to ensure that both parties' needs are met.

Approaches in Other Jurisdictions

This is a unique situation that would not likely occur in other jurisdictions.

OPTIONS

Option 1 - Transfer Ownership to SaskPower

SL&P contacted SaskPower to propose a transfer of ownership for this small section of transmission line with the following conditions:

1. SaskPower would assume maintenance of the line and operate as the primary owner. The Operating Agreement between SL&P and SaskPower would be updated to properly reflect this change.
2. SaskPower would pay SL&P \$250,000 to remove the distribution circuit from the transmission structures. This amount would facilitate the basic work to move the infrastructure underground.

SL&P and SaskPower would alter the existing easements to reflect the cohabitation of the land for an overhead transmission circuit and an underground distribution circuit. Any incurred costs would be shared by both parties.

Option 2 - SL&P Maintains Ownership of the Transmission Structures

This would keep the existing arrangement intact. Changes would need to be made to address the operational changes as well as performance requirements as follows:

1. SL&P would assume maintenance of the line and operate as the primary owner. The existing Operating Agreement would need to be updated to reflect this specific section of line since it is not currently included.
2. Since the line segment is reaching its end-of-life, SL&P would need to upgrade it to provide a high level of reliability to SaskPower. The estimated cost to SL&P for direct replacement would be approximately \$210,000. SaskPower's resiliency requirements may be higher, but these upgrades would be at their cost.

SL&P and SaskPower would alter the existing easements to reflect the cohabitation of the land for an overhead transmission/distribution circuit. Any incurred costs would be shared by both parties.

Option 3 - Status Quo

SL&P and SaskPower operate within the current arrangement. This is not a viable option for the following reasons:

1. Coordination of any operation or maintenance on this line segment is not properly defined. This creates a safety concern for any activities on either the transmission or distribution circuits.

2. Priority of the line operation is mismatched between the parties. SL&P can allow the line to be off because of an available backup. SaskPower has no backup and requires this line to always remain energized.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

1. That City Council approve Option 1 to allow for the transfer of ownership for the 14 transmission line structures from the W.J. Bunn substation to Lowe Road to SaskPower Corporation; and
2. That the City Solicitor be requested to prepare the appropriate agreement and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

RATIONALE

1. The transmission circuit is 40 years old, which is reaching its end-of-life and will need to be replaced soon. Given an estimated cost of \$210,000 to replace the structures, SL&P would avoid this and future investments with this ownership transfer.
2. SaskPower will operate and maintain the transmission line at a higher standard than SL&P normally would, simply because of their high-criticality customer. This directly benefits the City of Saskatoon since SL&P will continue to use the transmission line to fully maintain its current reliability standards for its customers under the revised Operating Agreement.
3. Through this transfer arrangement, SL&P receives a payment of \$250,000 to install new underground assets for the 25kV distribution circuit. This will permit SL&P to remove the existing overhead distribution circuit from the transmission line in question, and relocate it underground, which will result in physical separation of the infrastructure. In the future, SL&P can operate and maintain the distribution equipment without requiring coordination with SaskPower; only simple notifications of work being performed will be required.

ADDITIONAL IMPLICATIONS/CONSIDERATIONS

There are no additional implications or considerations at this time.

COMMUNICATION ACTIVITIES

As the transfer of ownership does not impact the level of service to the public, a communications plan is not required.

Report Approval

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